

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2016 (Based on Japanese GAAP)

May 10, 2016

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 of ordinary general meeting of shareholders: June 23, 2016  
 Scheduled date to file Securities Report: June 24, 2016  
 Scheduled date to commence dividend payments: June 3, 2016  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

#### (1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	577,037	0.9	11,371	5.5	12,257	(7.3)	9,510	10.2
Year ended March 31, 2015	572,114	1.9	10,774	(1.5)	13,217	6.1	8,630	(0.4)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	151.91	–	7.5	3.9	2.0
Year ended March 31, 2015	137.20	–	7.1	4.2	1.9

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	305,436	127,025	41.3	2,029.70
As of March 31, 2015	326,862	128,526	39.1	2,036.31

#### (3) 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, 2016	11,866	(161)	(11,129)	17,088
Year ended March 31, 2015	8,354	(3,044)	(8,193)	17,394

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (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, 2015	–	15.00	–	18.00	33.00	2,075	24.1	1.7
Year ended March 31, 2016	–	16.00	–	20.00	36.00	2,252	23.7	1.8
Year ending March 31, 2017 (Forecast)	–	18.00	–	18.00	36.00		24.8	

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		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, 2016	294,000	0.4	5,700	(3.9)	6,100	(9.5)	4,400	(8.1)	70.86
Full year	590,000	2.2	11,500	1.1	12,500	2.0	9,000	(5.4)	144.93

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2016

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2016	63,499,227 shares	As of March 31, 2015	63,499,227 shares
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Number of treasury shares at the end of the period

As of March 31, 2016	1,402,268 shares	As of March 31, 2015	801,996 shares
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Average number of shares during the period

Year ended March 31, 2016	62,604,763 shares	Year ended March 31, 2015	62,905,588 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	23,572	21,315
Notes and accounts receivable - trade	155,960	145,565
Merchandise and finished goods	44,477	41,472
Work in process	452	526
Raw materials and supplies	3,213	2,824
Deferred tax assets	456	898
Other	8,248	11,031
Allowance for doubtful accounts	(1,406)	(1,188)
Total current assets	234,975	222,446
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,854	12,958
Accumulated depreciation	(8,930)	(8,965)
Buildings and structures, net	3,924	3,992
Machinery, equipment and vehicles	17,244	14,520
Accumulated depreciation	(12,650)	(11,668)
Machinery, equipment and vehicles, net	4,594	2,851
Land	2,129	3,107
Construction in progress	1,127	466
Other	2,995	2,937
Accumulated depreciation	(2,121)	(2,088)
Other, net	873	848
Total property, plant and equipment	12,649	11,266
Intangible assets	3,624	3,585
Investments and other assets		
Investment securities	68,255	62,715
Long-term loans receivable	1,531	1,056
Net defined benefit asset	3,795	2,502
Deferred tax assets	576	585
Other	2,267	1,956
Allowance for doubtful accounts	(814)	(679)
Total investments and other assets	75,612	68,137
Total non-current assets	91,886	82,989
Total assets	326,862	305,436

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	91,158	83,264
Short-term loans payable	54,460	44,384
Income taxes payable	1,650	2,046
Accrued expenses	1,297	1,227
Provision for bonuses	1,150	1,123
Other	4,997	6,101
Total current liabilities	154,713	138,147
Non-current liabilities		
Long-term loans payable	24,354	23,993
Deferred tax liabilities	16,630	13,587
Provision for directors' retirement benefits	33	32
Provision for loss on guarantees	18	18
Net defined benefit liability	909	1,291
Other	1,675	1,339
Total non-current liabilities	43,622	40,263
Total liabilities	198,335	178,410
<b>Net assets</b>		
Shareholders' equity		
Capital stock	9,364	9,364
Capital surplus	7,708	7,708
Retained earnings	68,837	75,909
Treasury shares	(469)	(1,177)
Total shareholders' equity	85,440	91,804
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34,934	31,858
Deferred gains or losses on hedges	(78)	(68)
Foreign currency translation adjustment	6,911	3,055
Remeasurements of defined benefit plans	463	(612)
Total accumulated other comprehensive income	42,230	34,233
Non-controlling interests	855	987
Total net assets	128,526	127,025
Total liabilities and net assets	326,862	305,436

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	572,114	577,037
Cost of sales	533,073	535,973
Gross profit	39,040	41,064
Selling, general and administrative expenses	28,266	29,692
Operating income	10,774	11,371
Non-operating income		
Interest income	273	280
Dividend income	2,017	1,584
Foreign exchange gains	81	–
Share of profit of entities accounted for using equity method	515	600
Miscellaneous income	985	1,121
Total non-operating income	3,873	3,587
Non-operating expenses		
Interest expenses	945	1,275
Foreign exchange losses	–	873
Miscellaneous loss	484	551
Total non-operating expenses	1,430	2,701
Ordinary income	13,217	12,257
Extraordinary income		
Gain on sales of investment securities	293	833
Gain on sales of non-current assets	–	331
Total extraordinary income	293	1,165
Extraordinary losses		
Impairment loss	371	–
Total extraordinary losses	371	–
Profit before income taxes	13,139	13,422
Income taxes - current	3,429	4,227
Income taxes - deferred	945	(553)
Total income taxes	4,375	3,673
Profit	8,764	9,748
Profit attributable to non-controlling interests	133	238
Profit attributable to owners of parent	8,630	9,510

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Profit	8,764	9,748
Other comprehensive income		
Valuation difference on available-for-sale securities	946	(2,959)
Deferred gains or losses on hedges	(58)	(13)
Foreign currency translation adjustment	5,260	(3,823)
Remeasurements of defined benefit plans, net of tax	1,318	(1,075)
Share of other comprehensive income of entities accounted for using equity method	310	(177)
Total other comprehensive income	7,778	(8,049)
Comprehensive income	16,542	1,699
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,326	1,512
Comprehensive income attributable to non-controlling interests	216	186

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,364	7,708	64,272	(932)	80,413
Changes of items during period					
Dividends of surplus			(2,142)		(2,142)
Profit attributable to owners of parent			8,630		8,630
Purchase of treasury shares				(604)	(604)
Retirement of treasury shares		(0)	(1,060)	1,060	–
Disposal of treasury shares		0		0	0
Change in treasury shares arising from change in equity in entities accounted for using equity method				6	6
Change of scope of consolidation			58		58
Change of scope of equity method			(921)		(921)
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	(0)	4,564	462	5,026
Balance at end of current period	9,364	7,708	68,837	(469)	85,440

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	33,862	(20)	1,609	(854)	34,596	871	115,881
Changes of items during period							
Dividends of surplus							(2,142)
Profit attributable to owners of parent							8,630
Purchase of treasury shares							(604)
Retirement of treasury shares							–
Disposal of treasury shares							0
Change in treasury shares arising from change in equity in entities accounted for using equity method							6
Change of scope of consolidation							58
Change of scope of equity method							(921)
Net changes of items other than shareholders' equity	1,072	(58)	5,301	1,318	7,634	(15)	7,618
Total changes of items during period	1,072	(58)	5,301	1,318	7,634	(15)	12,645
Balance at end of current period	34,934	(78)	6,911	463	42,230	855	128,526



Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,364	7,708	68,837	(469)	85,440
Changes of items during period					
Dividends of surplus			(2,131)		(2,131)
Profit attributable to owners of parent			9,510		9,510
Purchase of treasury shares				(707)	(707)
Retirement of treasury shares					–
Disposal of treasury shares					–
Change in treasury shares arising from change in equity in entities accounted for using equity method					–
Change of scope of consolidation			(306)		(306)
Change of scope of equity method					–
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	–	7,072	(707)	6,364
Balance at end of current period	9,364	7,708	75,909	(1,177)	91,804

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	34,934	(78)	6,911	463	42,230	855	128,526
Changes of items during period							
Dividends of surplus							(2,131)
Profit attributable to owners of parent							9,510
Purchase of treasury shares							(707)
Retirement of treasury shares							–
Disposal of treasury shares							–
Change in treasury shares arising from change in equity in entities accounted for using equity method							–
Change of scope of consolidation							(306)
Change of scope of equity method							–
Net changes of items other than shareholders' equity	(3,075)	10	(3,855)	(1,076)	(7,997)	131	(7,865)
Total changes of items during period	(3,075)	10	(3,855)	(1,076)	(7,997)	131	(1,501)
Balance at end of current period	31,858	(68)	3,055	(612)	34,233	987	127,025

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	13,139	13,422
Depreciation	2,150	2,270
Impairment loss	371	–
Increase (decrease) in allowance for doubtful accounts	(614)	(192)
Interest and dividend income	(2,291)	(1,864)
Interest expenses	945	1,275
Share of (profit) loss of entities accounted for using equity method	(515)	(600)
Increase (decrease) in provision for loss on business liquidation	(84)	–
Loss (gain) on sales of non-current assets	–	(331)
Loss (gain) on sales of investment securities	(293)	(833)
Decrease (increase) in notes and accounts receivable - trade	(1,050)	3,616
Decrease (increase) in inventories	(2,036)	947
Decrease (increase) in other current assets	(1,536)	(1,139)
Decrease (increase) in other non-current assets	387	387
Increase (decrease) in notes and accounts payable - trade	1,129	(4,290)
Increase (decrease) in other current liabilities	917	1,438
Other, net	(4)	795
Subtotal	10,614	14,899
Interest and dividend income received	2,487	2,100
Interest expenses paid	(929)	(1,295)
Income taxes paid	(3,818)	(3,839)
Net cash provided by (used in) operating activities	8,354	11,866
Cash flows from investing activities		
Payments into time deposits	(5,821)	(4,310)
Proceeds from withdrawal of time deposits	5,185	5,849
Purchase of property, plant and equipment	(2,151)	(2,391)
Proceeds from sales of property, plant and equipment	61	780
Purchase of intangible assets	(514)	(676)
Purchase of investment securities	(45)	(431)
Proceeds from sales of investment securities	754	1,535
Purchase of shares of subsidiaries	(400)	(442)
Decrease (increase) in short-term loans receivable	(68)	103
Payments of long-term loans receivable	(248)	(252)
Collection of long-term loans receivable	222	228
Other, net	(16)	(155)
Net cash provided by (used in) investing activities	(3,044)	(161)

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(13,118)	(9,731)
Proceeds from long-term loans payable	12,001	3,955
Repayments of long-term loans payable	(3,982)	(2,370)
Purchase of treasury shares	(604)	(707)
Cash dividends paid	(2,149)	(2,138)
Dividends paid to non-controlling interests	(231)	(54)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(20)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	20
Other, net	(108)	(81)
Net cash provided by (used in) financing activities	(8,193)	(11,129)
Effect of exchange rate change on cash and cash equivalents	1,664	(931)
Net increase (decrease) in cash and cash equivalents	(1,218)	(356)
Cash and cash equivalents at beginning of period	18,402	17,394
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	210	49
Cash and cash equivalents at end of period	17,394	17,088