

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2017
(Based on Japanese GAAP)**

May 11, 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: Director, Managing Executive Officer Kenichi Yokota TEL 03-3639-6421
 Scheduled date of ordinary general meeting of shareholders: June 23, 2017
 Scheduled date to file Securities Report: June 26, 2017
 Scheduled date to commence dividend payments: June 2, 2017
 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, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

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	%
Year ended March 31, 2017	586,630	1.7	12,616	11.0	13,672	11.5	9,687	1.9
Year ended March 31, 2016	577,037	0.9	11,371	5.5	12,257	(7.3)	9,510	10.2

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	156.25	–	7.1	4.2	2.2
Year ended March 31, 2016	151.91	–	7.5	3.9	2.0

(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, 2017	340,147	147,629	43.0	2,378.31
As of March 31, 2016	305,436	127,025	41.3	2,029.70

(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, 2017	1,840	4,504	(481)	22,935
Year ended March 31, 2016	11,866	(161)	(11,129)	17,088

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, 2016	–	16.00	–	20.00	36.00	2,252	23.7	1.8
Year ended March 31, 2017	–	18.00	–	22.00	40.00	2,478	25.6	1.8
Year ending March 31, 2018 (Forecast)	–	20.00	–	20.00	40.00		24.6	

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	310,000	7.3	6,000	5.6	6,300	(1.8)	4,800	2.6	78.05
Full year	630,000	7.4	12,500	(0.9)	13,000	(4.9)	10,000	3.2	162.61

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

(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: No

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, 2017	63,499,227 shares	As of March 31, 2016	63,499,227 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	2,002,305 shares	As of March 31, 2016	1,402,268 shares
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Average number of shares during the period

Year ended March 31, 2017	62,004,644 shares	Year ended March 31, 2016	62,604,763 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	21,315	27,365
Notes and accounts receivable - trade	145,565	157,375
Merchandise and finished goods	41,472	43,293
Work in process	526	579
Raw materials and supplies	2,824	3,020
Deferred tax assets	898	734
Other	11,031	7,344
Allowance for doubtful accounts	(1,188)	(1,271)
Total current assets	222,446	238,441
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,958	13,572
Accumulated depreciation	(8,965)	(8,938)
Buildings and structures, net	3,992	4,634
Machinery, equipment and vehicles	14,520	14,615
Accumulated depreciation	(11,668)	(11,723)
Machinery, equipment and vehicles, net	2,851	2,891
Land	3,107	2,878
Construction in progress	466	50
Other	2,937	3,010
Accumulated depreciation	(2,088)	(2,084)
Other, net	848	925
Total property, plant and equipment	11,266	11,381
Intangible assets	3,585	3,473
Investments and other assets		
Investment securities	62,715	81,106
Long-term loans receivable	1,056	659
Net defined benefit asset	2,502	2,721
Deferred tax assets	585	675
Other	1,956	2,679
Allowance for doubtful accounts	(679)	(991)
Total investments and other assets	68,137	86,850
Total non-current assets	82,989	101,705
Total assets	305,436	340,147

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	83,264	87,777
Short-term loans payable	44,384	51,800
Income taxes payable	2,046	3,251
Accrued expenses	1,227	1,044
Provision for bonuses	1,123	1,123
Other	6,101	5,519
Total current liabilities	138,147	150,517
Non-current liabilities		
Long-term loans payable	23,993	19,275
Deferred tax liabilities	13,587	19,724
Provision for directors' retirement benefits	32	33
Allowance for investment loss	–	114
Provision for loss on guarantees	18	318
Net defined benefit liability	1,291	1,191
Other	1,339	1,341
Total non-current liabilities	40,263	41,999
Total liabilities	178,410	192,517
Net assets		
Shareholders' equity		
Capital stock	9,364	9,364
Capital surplus	7,708	7,708
Retained earnings	75,909	83,205
Treasury shares	(1,177)	(2,069)
Total shareholders' equity	91,804	98,209
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31,858	45,641
Deferred gains or losses on hedges	(68)	(18)
Foreign currency translation adjustment	3,055	2,701
Remeasurements of defined benefit plans	(612)	(275)
Total accumulated other comprehensive income	34,233	48,048
Non-controlling interests	987	1,371
Total net assets	127,025	147,629
Total liabilities and net assets	305,436	340,147

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

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	577,037	586,630
Cost of sales	535,973	543,889
Gross profit	41,064	42,740
Selling, general and administrative expenses	29,692	30,123
Operating profit	11,371	12,616
Non-operating income		
Interest income	280	242
Dividend income	1,584	1,309
Foreign exchange gains	–	56
Share of profit of entities accounted for using equity method	600	401
Miscellaneous income	1,121	791
Total non-operating income	3,587	2,801
Non-operating expenses		
Interest expenses	1,275	1,294
Foreign exchange losses	873	–
Miscellaneous loss	551	451
Total non-operating expenses	2,701	1,745
Ordinary profit	12,257	13,672
Extraordinary income		
Gain on sales of investment securities	833	4,457
Gain on reversal of loss on valuation of investment securities	–	296
Gain on sales of non-current assets	331	109
Total extraordinary income	1,165	4,862
Extraordinary losses		
Loss on valuation of investment securities	–	1,701
Impairment loss	–	714
Provision for loss on guarantees	–	300
Loss on sales of non-current assets	–	131
Provision of allowance for investment loss	–	110
Total extraordinary losses	–	2,958
Profit before income taxes	13,422	15,576
Income taxes - current	4,227	5,431
Income taxes - deferred	(553)	0
Total income taxes	3,673	5,431
Profit	9,748	10,144
Profit attributable to non-controlling interests	238	456
Profit attributable to owners of parent	9,510	9,687

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	9,748	10,144
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,959)	13,670
Deferred gains or losses on hedges	(13)	76
Foreign currency translation adjustment	(3,823)	(359)
Remeasurements of defined benefit plans, net of tax	(1,075)	336
Share of other comprehensive income of entities accounted for using equity method	(177)	105
Total other comprehensive income	(8,049)	13,829
Comprehensive income	1,699	23,974
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,512	23,479
Comprehensive income attributable to non-controlling interests	186	495

Consolidated statements of changes in equity

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)
Change of scope of consolidation			(306)		(306)
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)
Change of scope of consolidation							(306)
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

Fiscal year ended March 31, 2017

(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	75,909	(1,177)	91,804
Changes of items during period					
Dividends of surplus			(2,359)		(2,359)
Profit attributable to owners of parent			9,687		9,687
Purchase of treasury shares				(891)	(891)
Change of scope of consolidation			(31)		(31)
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	–	7,296	(891)	6,404
Balance at end of current period	9,364	7,708	83,205	(2,069)	98,209

	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	31,858	(68)	3,055	(612)	34,233	987	127,025
Changes of items during period							
Dividends of surplus							(2,359)
Profit attributable to owners of parent							9,687
Purchase of treasury shares							(891)
Change of scope of consolidation							(31)
Net changes of items other than shareholders' equity	13,782	49	(353)	336	13,815	384	14,199
Total changes of items during period	13,782	49	(353)	336	13,815	384	20,604
Balance at end of current period	45,641	(18)	2,701	(275)	48,048	1,371	147,629

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	13,422	15,576
Depreciation	2,270	2,066
Impairment loss	–	714
Increase (decrease) in allowance for doubtful accounts	(192)	415
Interest and dividend income	(1,864)	(1,551)
Interest expenses	1,275	1,294
Share of (profit) loss of entities accounted for using equity method	(600)	(401)
Increase (decrease) in allowance for investment loss	–	110
Increase (decrease) in provision for loss on guarantees	–	300
Loss (gain) on sales of non-current assets	(331)	22
Loss (gain) on sales of investment securities	(833)	(4,457)
Loss (gain) on valuation of investment securities	–	1,701
Gain on reversal of loss on valuation of investment securities	–	(296)
Decrease (increase) in notes and accounts receivable - trade	3,616	(12,175)
Decrease (increase) in inventories	947	(2,321)
Decrease (increase) in other current assets	(1,139)	1,089
Decrease (increase) in other non-current assets	387	(712)
Increase (decrease) in notes and accounts payable - trade	(4,290)	4,451
Increase (decrease) in other current liabilities	1,438	(311)
Other, net	795	203
Subtotal	14,899	5,717
Interest and dividend income received	2,100	1,771
Interest expenses paid	(1,295)	(1,291)
Income taxes paid	(3,839)	(4,357)
Net cash provided by (used in) operating activities	11,866	1,840
Cash flows from investing activities		
Payments into time deposits	(4,310)	(3,904)
Proceeds from withdrawal of time deposits	5,849	3,898
Purchase of property, plant and equipment	(2,391)	(1,817)
Proceeds from sales of property, plant and equipment	780	1,975
Purchase of intangible assets	(676)	(614)
Purchase of investment securities	(431)	(603)
Proceeds from sales of investment securities	1,535	5,150
Purchase of shares of subsidiaries	(442)	(502)
Decrease (increase) in short-term loans receivable	103	311
Payments of long-term loans receivable	(252)	(196)
Collection of long-term loans receivable	228	852
Other, net	(155)	(44)
Net cash provided by (used in) investing activities	(161)	4,504

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(9,731)	2,850
Proceeds from long-term loans payable	3,955	3,786
Repayments of long-term loans payable	(2,370)	(3,678)
Purchase of treasury shares	(707)	(891)
Cash dividends paid	(2,138)	(2,366)
Dividends paid to non-controlling interests	(54)	(109)
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	(81)	(71)
Net cash provided by (used in) financing activities	(11,129)	(481)
Effect of exchange rate change on cash and cash equivalents	(931)	(199)
Net increase (decrease) in cash and cash equivalents	(356)	5,664
Cash and cash equivalents at beginning of period	17,394	17,088
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	49	183
Cash and cash equivalents at end of period	17,088	22,935