

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2014 (Based on Japanese GAAP)

May 8, 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 of ordinary general meeting of shareholders: June 25, 2014  
 Scheduled date to file Securities Report: June 26, 2014  
 Scheduled date to commence dividend payments: June 4, 2014  
 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, 2014 (from April 1, 2013 to March 31, 2014)

#### (1) Consolidated financial results

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	%
Year ended March 31, 2014	561,173	16.9	10,936	40.8	12,454	29.7	8,669	30.7
Year ended March 31, 2013	479,942	-	7,765	-	9,603	-	6,630	-

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2014	137.01	-	8.1	4.3	1.9
Year ended March 31, 2013	104.29	-	7.6	3.6	1.6

#### (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, 2014	305,037	115,881	37.7	1,817.68
As of March 31, 2013	276,938	98,665	35.3	1,547.09

#### (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, 2014	(764)	(5,467)	3,638	18,402
Year ended March 31, 2013	19,400	277	(12,880)	18,985

### 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, 2013	-	10.00	-	13.00	23.00	1,460	22.1	1.7
Year ended March 31, 2014	-	11.00	-	19.00	30.00	1,904	21.9	1.8
Year ending March 31, 2015 (Forecast)	-	15.00	-	15.00	30.00		25.3	

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
Six months ending September 30, 2014	280,000	1.5	5,200	(8.4)	6,200	(5.1)	3,700	(18.4)	58.48
Full year	570,000	1.6	11,000	0.6	12,500	0.4	7,500	(13.5)	118.54

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2014

(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: Yes

Changes in accounting policies due to other reasons: Yes

Changes in accounting estimates: Yes

Restatement of prior period financial statements after error corrections: 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, 2014	65,159,227 shares	As of March 31, 2013	65,159,227 shares
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Number of treasury shares at the end of the period

As of March 31, 2014	1,886,225 shares	As of March 31, 2013	1,887,522 shares
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Average number of shares during the period

Year ended March 31, 2014	63,271,936 shares	Year ended March 31, 2013	63,576,451 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Assets		
Current assets		
Cash and deposits	19,258	23,262
Notes and accounts receivable - trade	137,571	144,006
Merchandise and finished goods	31,418	38,125
Work in process	705	332
Raw materials and supplies	2,616	3,310
Deferred tax assets	709	1,058
Other	5,695	5,764
Allowance for doubtful accounts	(666)	(1,202)
Total current assets	197,308	214,659
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,613	12,551
Accumulated depreciation	(7,956)	(8,670)
Buildings and structures, net	3,657	3,881
Machinery, equipment and vehicles	12,602	15,546
Accumulated depreciation	(9,518)	(10,845)
Machinery, equipment and vehicles, net	3,084	4,700
Land	2,014	2,087
Construction in progress	90	134
Other	2,773	2,775
Accumulated depreciation	(1,930)	(1,922)
Other, net	843	852
Total property, plant and equipment	9,690	11,656
Intangible assets	4,220	3,690
Investments and other assets		
Investment securities	60,278	69,785
Long-term loans receivable	1,541	1,574
Net defined benefit asset	-	2,023
Deferred tax assets	308	420
Other	4,626	2,700
Allowance for doubtful accounts	(1,036)	(1,471)
Total investments and other assets	65,718	75,031
Total non-current assets	79,629	90,378
Total assets	276,938	305,037

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	85,789	84,008
Short-term loans payable	57,341	63,134
Income taxes payable	1,429	1,890
Accrued expenses	1,275	1,083
Provision for bonuses	908	1,171
Provision for loss on business liquidation	305	40
Other	3,413	3,747
Total current liabilities	150,463	155,076
Non-current liabilities		
Long-term loans payable	10,730	13,448
Deferred tax liabilities	14,700	17,608
Provision for retirement benefits	638	-
Provision for directors' retirement benefits	22	28
Provision for loss on business liquidation	34	42
Provision for loss on guarantees	18	18
Net defined benefit liability	-	1,277
Other	1,664	1,654
Total non-current liabilities	27,808	34,080
Total liabilities	178,272	189,156
<b>Net assets</b>		
Shareholders' equity		
Capital stock	9,364	9,364
Capital surplus	7,708	7,708
Retained earnings	55,876	64,272
Treasury shares	(934)	(932)
Total shareholders' equity	72,015	80,413
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28,692	33,862
Deferred gains or losses on hedges	30	(20)
Foreign currency translation adjustment	(2,850)	1,609
Remeasurements of defined benefit plans	-	(854)
Total accumulated other comprehensive income	25,871	34,596
Minority interests	778	871
Total net assets	98,665	115,881
<b>Total liabilities and net assets</b>	<b>276,938</b>	<b>305,037</b>

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

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net sales	479,942	561,173
Cost of sales	446,939	522,662
Gross profit	33,002	38,511
Selling, general and administrative expenses	25,237	27,574
Operating income	7,765	10,936
Non-operating income		
Interest income	262	323
Dividend income	1,353	866
Foreign exchange gains	83	180
Share of profit of entities accounted for using equity method	568	505
Miscellaneous income	775	835
Total non-operating income	3,044	2,710
Non-operating expenses		
Interest expenses	968	938
Miscellaneous loss	237	254
Total non-operating expenses	1,205	1,192
Ordinary income	9,603	12,454
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	-	1,116
Gain on sales of non-current assets	130	220
Gain on reversal of loss on valuation of stocks of subsidiaries and affiliates	-	131
Insurance income	-	109
Gain on sales of investment securities	321	-
Gain on sale of goodwill	291	-
Total extraordinary income	742	1,577
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	-	553
Impairment loss	216	377
Loss on valuation of investment securities	-	221
Loss on sales of shares of subsidiaries and associates	110	136
Provision for loss on business liquidation	280	-
Loss on valuation of shares of subsidiaries and associates	257	-
Total extraordinary losses	865	1,289
Income before income taxes and minority interests	9,481	12,742
Income taxes - current	2,366	3,354
Income taxes for prior periods	-	174
Income taxes - deferred	336	341
Total income taxes	2,702	3,871
Income before minority interests	6,778	8,871
Minority interests in income	147	202
Net income	6,630	8,669

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Income before minority interests	6,778	8,871
Other comprehensive income		
Valuation difference on available-for-sale securities	12,849	5,054
Deferred gains or losses on hedges	(3)	(45)
Foreign currency translation adjustment	3,240	2,211
Share of other comprehensive income of entities accounted for using equity method	285	133
Total other comprehensive income	16,370	7,354
Comprehensive income	23,149	16,225
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	23,014	16,002
Comprehensive income attributable to minority interests	135	222

## Consolidated statements of changes in net assets

Fiscal year ended March 31, 2013

(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	50,908	(495)	67,485
Cumulative effect of changes in accounting policies			(260)		(260)
Retained earnings as restated	9,364	7,708	50,647	(495)	67,225
Changes of items during period					
Dividends of surplus			(1,401)		(1,401)
Net income			6,630		6,630
Purchase of treasury shares				(439)	(439)
Disposal of treasury shares					-
Change of scope of equity method					-
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	5,228	(438)	4,790
Balance at end of current period	9,364	7,708	55,876	(934)	72,015

	Accumulated other comprehensive income					Minority 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	15,809	33	(6,355)	-	9,488	756	77,730
Cumulative effect of changes in accounting policies			260		260		-
Retained earnings as restated	15,809	33	6,094	-	9,748	756	77,730
Changes of items during period							
Dividends of surplus							(1,401)
Net income							6,630
Purchase of treasury shares							(439)
Disposal of treasury shares							-
Change of scope of equity method							-
Change in treasury shares arising from change in equity in entities accounted for using equity method							0
Net changes of items other than shareholders' equity	12,882	(3)	3,244	-	16,123	21	16,144
Total changes of items during period	12,882	(3)	3,244	-	16,123	21	20,934
Balance at end of current period	28,692	30	(2,850)	-	25,871	778	98,665

Fiscal year ended March 31, 2014

(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	55,876	(934)	72,015
Changes of items during period					
Dividends of surplus			(1,518)		(1,518)
Net income			8,669		8,669
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		1	1
Change of scope of equity method			333		333
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Effect of changes in accounting period			912		912
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	8,396	2	8,398
Balance at end of current period	9,364	7,708	64,272	(932)	80,413

	Accumulated other comprehensive income					Minority 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	28,692	30	(2,850)	-	25,871	778	98,665
Changes of items during period							
Dividends of surplus							(1,518)
Net income							8,669
Purchase of treasury shares							(0)
Disposal of treasury shares							1
Change of scope of equity method							333
Change in treasury shares arising from change in equity in entities accounted for using equity method							0
Effect of changes in accounting period							912
Net changes of items other than shareholders' equity	5,169	(50)	4,459	(854)	8,724	92	8,817
Total changes of items during period	5,169	(50)	4,459	(854)	8,724	92	17,215
Balance at end of current period	33,862	(20)	1,609	(854)	34,596	871	115,881



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	9,481	12,742
Depreciation	3,047	2,179
Impairment loss	216	377
Increase (decrease) in allowance for doubtful accounts	(589)	630
Interest and dividend income	(1,616)	(1,189)
Interest expenses	968	938
Share of (profit) loss of entities accounted for using equity method	(568)	(505)
Increase (decrease) in provision for loss on business liquidation	101	(214)
Loss (gain) on sales of non-current assets	(130)	(220)
Loss (gain) on sales of investment securities	(321)	-
Loss (gain) on valuation of investment securities	-	221
Loss (gain) on sales of shares of subsidiaries and associates	110	(980)
Loss on valuation of shares of subsidiaries and associates	257	-
Gain on reversal of loss on valuation of stocks of subsidiaries and affiliates	-	(131)
Loss on liquidation of subsidiaries and associates	-	553
Insurance income	-	(109)
Gain on sales of Goodwill	(291)	-
Decrease (increase) in notes and accounts receivable - trade	9,311	(1,671)
Decrease (increase) in inventories	74	(3,792)
Decrease (increase) in other current assets	212	(464)
Decrease (increase) in other non-current assets	519	(615)
Increase (decrease) in notes and accounts payable - trade	(324)	(4,977)
Increase (decrease) in other current liabilities	(868)	(1,036)
Other, net	41	99
Subtotal	19,631	1,835
Interest and dividend income received	1,647	1,237
Interest expenses paid	(986)	(953)
Proceeds from compensation	159	-
Proceeds from insurance income	-	109
Income taxes paid	(1,744)	(2,993)
Refund of corporate tax	692	-
Net cash provided by (used in) operating activities	19,400	(764)

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Cash flows from investing activities		
Payments into time deposits	(768)	(4,788)
Proceeds from withdrawal of time deposits	1,038	271
Purchase of property, plant and equipment	(1,469)	(3,162)
Proceeds from sales of property, plant and equipment	391	272
Purchase of intangible assets	(312)	(272)
Proceeds from sales of intangible assets	-	142
Purchase of investment securities	(77)	(249)
Proceeds from sales of investment securities	869	1,466
Proceeds from redemption of investment securities	100	-
Purchase of shares of subsidiaries	(386)	(774)
Proceeds from liquidation of subsidiaries	-	616
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(14)	(56)
Decrease (increase) in short-term loans receivable	(116)	616
Payments of long-term loans receivable	(4)	(4)
Collection of long-term loans receivable	806	437
Income of sales of goodwill	291	-
Other, net	(69)	17
Net cash provided by (used in) investing activities	277	(5,467)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(9,409)	3,775
Proceeds from long-term loans payable	4,000	6,500
Repayments of long-term loans payable	(5,404)	(4,884)
Purchase of treasury shares	(439)	(0)
Cash dividends paid	(1,406)	(1,523)
Cash dividends paid to minority shareholders	(123)	(127)
Other, net	(97)	(101)
Net cash provided by (used in) financing activities	(12,880)	3,638
Effect of exchange rate change on cash and cash equivalents	1,233	867
Net increase (decrease) in cash and cash equivalents	8,031	(1,726)
Cash and cash equivalents at beginning of period	10,756	18,985
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	197	-
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	18,985	18,402