

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2016 (Based on Japanese GAAP)

November 8, 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 to file Quarterly Securities Report: November 11, 2016
 Scheduled date to commence dividend payments: December 1, 2016
 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, 2016 (from April 1, 2016 to September 30, 2016)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2016	288,843	(1.3)	5,679	(4.3)	6,416	(4.8)	4,677	(2.3)
Six months ended September 30, 2015	292,740	5.4	5,932	15.8	6,739	(2.4)	4,785	(5.9)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2016	75.32	–
Six months ended September 30, 2015	76.32	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	321,137	135,793	42.0
As of March 31, 2016	305,436	127,025	41.3

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, 2016	–	16.00	–	20.00	36.00
Year ending March 31, 2017	–	18.00			
Year ending March 31, 2017 (Forecast)			–	18.00	36.00

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
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 six months ended September 30, 2016
(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 September 30, 2016	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 September 30, 2016	1,402,271 shares	As of March 31, 2016	1,402,268 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, 2016	62,096,958 shares	Six months ended September 30, 2015	62,697,138 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	21,315	19,972
Notes and accounts receivable - trade	145,565	155,745
Merchandise and finished goods	41,472	38,513
Work in process	526	503
Raw materials and supplies	2,824	2,806
Other	11,930	8,725
Allowance for doubtful accounts	(1,188)	(1,233)
Total current assets	222,446	225,033
Non-current assets		
Property, plant and equipment	11,266	10,558
Intangible assets	3,585	3,445
Investments and other assets		
Investment securities	62,715	77,036
Net defined benefit asset	2,502	2,485
Other	3,599	3,673
Allowance for doubtful accounts	(679)	(1,095)
Total investments and other assets	68,137	82,099
Total non-current assets	82,989	96,104
Total assets	305,436	321,137
Liabilities		
Current liabilities		
Notes and accounts payable - trade	83,264	88,419
Short-term loans payable	44,384	42,162
Income taxes payable	2,046	1,806
Provision for bonuses	1,123	1,251
Other	7,328	5,896
Total current liabilities	138,147	139,536
Non-current liabilities		
Long-term loans payable	23,993	25,116
Provision for directors' retirement benefits	32	32
Provision for loss on guarantees	18	18
Net defined benefit liability	1,291	1,340
Other	14,927	19,300
Total non-current liabilities	40,263	45,808
Total liabilities	178,410	185,344

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Net assets		
Shareholders' equity		
Capital stock	9,364	9,364
Capital surplus	7,708	7,708
Retained earnings	75,909	79,344
Treasury shares	(1,177)	(1,177)
Total shareholders' equity	91,804	95,240
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31,858	41,561
Deferred gains or losses on hedges	(68)	(110)
Foreign currency translation adjustment	3,055	(1,373)
Remeasurements of defined benefit plans	(612)	(588)
Total accumulated other comprehensive income	34,233	39,488
Non-controlling interests	987	1,064
Total net assets	127,025	135,793
Total liabilities and net assets	305,436	321,137

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, 2015	Six months ended September 30, 2016
Net sales	292,740	288,843
Cost of sales	272,089	268,449
Gross profit	20,651	20,394
Selling, general and administrative expenses	14,718	14,714
Operating income	5,932	5,679
Non-operating income		
Interest income	152	128
Dividend income	1,140	854
Share of profit of entities accounted for using equity method	299	286
Miscellaneous income	483	431
Total non-operating income	2,076	1,700
Non-operating expenses		
Interest expenses	533	609
Foreign exchange losses	589	106
Miscellaneous loss	147	247
Total non-operating expenses	1,269	963
Ordinary income	6,739	6,416
Extraordinary income		
Gain on sales of investment securities	–	682
Total extraordinary income	–	682
Profit before income taxes	6,739	7,099
Income taxes - current	2,365	2,207
Income taxes - deferred	(504)	(0)
Total income taxes	1,860	2,206
Profit	4,878	4,892
Profit attributable to non-controlling interests	93	215
Profit attributable to owners of parent	4,785	4,677

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	4,878	4,892
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,315)	9,673
Deferred gains or losses on hedges	69	(42)
Foreign currency translation adjustment	(1,553)	(4,371)
Remeasurements of defined benefit plans, net of tax	(7)	23
Share of other comprehensive income of entities accounted for using equity method	(87)	(72)
Total other comprehensive income	(5,894)	5,211
Comprehensive income	(1,015)	10,104
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,113)	9,932
Comprehensive income attributable to non-controlling interests	97	171

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	6,739	7,099
Depreciation	1,129	937
Increase (decrease) in allowance for doubtful accounts	(90)	574
Interest and dividend income	(1,293)	(982)
Interest expenses	533	609
Share of (profit) loss of entities accounted for using equity method	(299)	(286)
Loss (gain) on sales of investment securities	–	(682)
Decrease (increase) in notes and accounts receivable - trade	1,756	(18,591)
Decrease (increase) in inventories	(1,867)	(102)
Decrease (increase) in other current assets	(133)	209
Decrease (increase) in other non-current assets	218	(318)
Increase (decrease) in notes and accounts payable - trade	(2,806)	9,542
Increase (decrease) in other current liabilities	(988)	(887)
Other, net	549	510
Subtotal	3,446	(2,368)
Interest and dividend income received	1,529	1,229
Interest expenses paid	(527)	(528)
Income taxes paid	(2,535)	(2,416)
Net cash provided by (used in) operating activities	1,913	(4,083)
Cash flows from investing activities		
Payments into time deposits	(239)	(202)
Proceeds from withdrawal of time deposits	2,005	217
Purchase of property, plant and equipment	(1,690)	(630)
Proceeds from sales of property, plant and equipment	764	1,694
Purchase of intangible assets	(290)	(266)
Purchase of investment securities	(314)	(576)
Proceeds from sales of investment securities	46	914
Purchase of shares of subsidiaries	(373)	(400)
Net decrease (increase) in short-term loans receivable	(116)	276
Payments of long-term loans receivable	(0)	(48)
Collection of long-term loans receivable	115	485
Other, net	12	(25)
Net cash provided by (used in) investing activities	(80)	1,437

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,996)	3,826
Proceeds from long-term loans payable	1,792	2,721
Repayments of long-term loans payable	(1,754)	(2,231)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,132)	(1,245)
Dividends paid to non-controlling interests	(34)	(94)
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	(41)	(35)
Net cash provided by (used in) financing activities	(4,167)	2,940
Effect of exchange rate change on cash and cash equivalents	(243)	(1,287)
Net increase (decrease) in cash and cash equivalents	(2,576)	(993)
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	–
Cash and cash equivalents at end of period	14,867	16,094