Translation

January 31, 2018

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2018 <under IFRS>

Company name: **Yutaka Giken Co., Ltd.**
Listing: Tokyo Stock Exchange
Securities code: 7229
URL: https://www.yutakagiken.co.jp/en/index.html
Representative: Katsuhiro Kurokawa, President & Representative Director
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Scheduled date to file quarterly securities report: February 14, 2018
Scheduled date to commence dividend payments: –
Preparation of supplementary results briefing material on quarterly financial results: None
Holding of quarterly financial results presentation meeting: None

(Millions of yen with fractional amounts rounded, unless otherwise noted.)

1. Consolidated financial results for first nine months of the fiscal year ending March 31, 2018 (from April 1, 2017 to December 31, 2017)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit for the period		Profit attributable to owners of parent		Total comprehensive income	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2017	133,824	16.5	8,501	(5.1)	8,867	6.7	6,063	4.8	4,517	(0.8)	7,686	23.0
December 31, 2016	114,887	(4.9)	8,957	(9.9)	8,314	(9.9)	5,786	(8.5)	4,553	(8.1)	6,248	68.6

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2017	304.80	–
December 31, 2016	307.25	–

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
December 31, 2017	158,687	90,126	78,431	49.4	5,292.76
March 31, 2017	154,906	84,828	73,850	47.7	4,983.66

2. Cash dividends

	Annual cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	–	30.00	–	30.00	60.00
Fiscal year ending March 31, 2018	–	31.00	–		
Fiscal year ending March 31, 2018 (Forecast)				31.00	62.00

Note: Revisions to the forecasts of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit for the period		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2018	162,000	3.1	11,700	(3.3)	12,000	5.9	7,800	8.4	6,000	10.0	404.90

Note: Revisions to the consolidated earnings forecasts most recently announced: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: None

Excluded: None

(2) Changes in accounting policies and changes in accounting estimates

a. Changes in accounting policies required by IFRS: None
b. Changes in accounting policies other than the above: None
c. Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

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

As of December 31, 2017	14,820,000 shares
As of March 31, 2017	14,820,000 shares

b. Number of treasury shares at end of period

As of December 31, 2017	1,520 shares
As of March 31, 2017	1,479 shares

c. Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2017	14,818,494 shares
Nine months ended December 31, 2016	14,818,595 shares

* Quarterly reviews are not required for quarterly financial results reports.

* Proper use of earnings forecasts, and other special notes

The forward-looking statements including earnings forecasts contained in these materials are based on information currently available to the Company and certain assumptions deemed reasonable by the Company, and are not intended as the Company's commitment to achieve such forecasts. Actual business and other results may differ significantly from these forecasts due to a wide range of factors.

Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	28,136	30,790
Trade and other receivables	33,890	33,344
Inventories	23,075	24,694
Other current assets	2,033	2,134
Subtotal	87,134	90,962
Assets held for sale	327	–
Total current assets	87,461	90,962
Non-current assets		
Property, plant and equipment	61,846	61,926
Intangible assets	1,164	1,052
Net defined benefit asset	729	698
Other non-current assets	927	801
Deferred tax assets	2,777	3,249
Total non-current assets	67,444	67,725
Total assets	154,906	158,687
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade and other payables	38,171	38,930
Borrowings	18,136	17,222
Income taxes payable	1,847	2,070
Other current liabilities	2,659	2,422
Total current liabilities	60,813	60,644
Non-current liabilities		
Borrowings	4,058	3,835
Net defined benefit liability	2,649	2,654
Deferred tax liabilities	1,711	596
Other non-current liabilities	846	833
Total non-current liabilities	9,264	7,917
Total liabilities	70,077	68,561
Equity		
Issued capital	1,754	1,754
Capital surplus	486	8
Retained earnings	70,891	74,504
Treasury shares	(2)	(2)
Other components of equity	721	2,167
Total equity attributable to owners of parent	73,850	78,431
Non-controlling interests	10,978	11,695
Total equity	84,828	90,126
Total liabilities and equity	154,906	158,687

(2) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Revenue	114,887	133,824
Cost of sales	94,244	112,630
Gross profit	20,643	21,195
Selling, general and administrative expenses	12,025	12,818
Other income	391	322
Other expense	51	197
Operating profit	8,957	8,501
Finance income	822	556
Finance costs	1,465	190
Profit before tax	8,314	8,867
Income tax expense	2,528	2,804
Profit for the period	5,786	6,063
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in financial assets at fair value through other comprehensive income	6	(1)
Total items that will not be reclassified to profit or loss	6	(1)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	456	1,624
Total items that may be reclassified to profit or loss	456	1,624
Total other comprehensive income, net of tax	463	1,622
Comprehensive income for the period	6,248	7,686
Profit attributable to:		
Owners of parent	4,553	4,517
Non-controlling interests	1,233	1,547
Profit for the period	5,786	6,063
Comprehensive income attributable to:		
Owners of parent	5,038	5,898
Non-controlling interests	1,210	1,788
Comprehensive income	6,248	7,686
Earnings per share (attributable to owners of parent)		
Basic earnings per share (Yen)	307.25	304.80

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of parent				
	Issued capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity
					Net change in financial assets at fair value through other comprehensive income
Balance as of April 1, 2016	1,754	566	65,380	(2)	12
Profit for the period	–	–	4,553	–	–
Other comprehensive income	–	–	–	–	3
Comprehensive income for the period	–	–	4,553	–	3
Purchase and sales of treasury shares	–	–	–	(0)	–
Dividends paid	–	–	(859)	–	–
Changes in ownership interests in subsidiaries	–	(80)	–	–	–
Total transactions with owners	–	(80)	(859)	(0)	–
Balance as of December 31, 2016	1,754	486	69,074	(2)	15

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Total other components of equity			
Balance as of April 1, 2016	1,979	1,991	69,689	10,527	80,217
Profit for the period	–	–	4,553	1,233	5,786
Other comprehensive income	482	485	485	(22)	463
Comprehensive income for the period	482	485	5,038	1,210	6,248
Purchase and sales of treasury shares	–	–	(0)	–	(0)
Dividends paid	–	–	(859)	(130)	(990)
Changes in ownership interests in subsidiaries	(1)	(1)	(81)	105	24
Total transactions with owners	(1)	(1)	(940)	(25)	(965)
Balance as of December 31, 2016	2,459	2,475	73,787	11,713	85,499

(Millions of yen)

	Equity attributable to owners of parent				
	Issued capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity
					Net change in financial assets at fair value through other comprehensive income
Balance as of April 1, 2017	1,754	486	70,891	(2)	15
Profit for the period	–	–	4,517	–	–
Other comprehensive income	–	–	–	–	(1)
Comprehensive income for the period	–	–	4,517	–	(1)
Purchase and sales of treasury shares	–	–	–	(0)	–
Dividends paid	–	–	(904)	–	–
Changes in ownership interests in subsidiaries	–	(478)	–	–	–
Total transactions with owners	–	(478)	(904)	(0)	–
Balance as of December 31, 2017	1,754	8	74,504	(2)	14

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Total other components of equity			
Balance as of April 1, 2017	707	721	73,850	10,978	84,828
Profit for the period	–	–	4,517	1,547	6,063
Other comprehensive income	1,382	1,381	1,381	241	1,622
Comprehensive income for the period	1,382	1,381	5,898	1,788	7,686
Purchase and sales of treasury shares	–	–	(0)	–	(0)
Dividends paid	–	–	(904)	(369)	(1,273)
Changes in ownership interests in subsidiaries	64	64	(413)	(702)	(1,115)
Total transactions with owners	64	64	(1,317)	(1,071)	(2,388)
Balance as of December 31, 2017	2,153	2,167	78,431	11,695	90,126

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Cash flows from (used in) operating activities		
Profit before tax	8,314	8,867
Depreciation and amortization	6,102	6,822
Finance costs (income)	(29)	(73)
Decrease (increase) in trade and other receivables	(619)	1,812
Decrease (increase) in inventories	(767)	(1,147)
Increase (decrease) in trade and other payables	(1,398)	995
Increase (decrease) in net defined benefit liability	159	125
Other inflows (outflows) of cash	560	(1,307)
Subtotal	12,322	16,093
Interest received	225	264
Dividends received	1	1
Interest paid	(178)	(192)
Income taxes refund (paid)	(2,069)	(3,434)
Net cash flows from (used in) operating activities	10,302	12,732
Cash flows from (used in) investing activities		
Net decrease (increase) in term deposits	(73)	73
Purchase of property, plant and equipment	(7,833)	(5,821)
Proceeds from sales of property, plant and equipment	404	362
Purchase of intangible assets	(265)	(93)
Proceeds from redemption of investment securities	20	–
Payments for loans receivable	(1)	(4)
Proceeds from collection of loans receivable	35	3
Net cash flows from (used in) investing activities	(7,712)	(5,480)
Cash flows from (used in) financing activities		
Net increase (decrease) in current borrowings	1,819	128
Repayments of finance lease obligations	(225)	(17)
Proceeds from non-current borrowings	864	784
Repayments of non-current borrowings	(2,304)	(2,341)
Capital contribution from non-controlling interests	24	–
Payments for acquisition of interests in subsidiaries from non-controlling interests	–	(1,115)
Purchase of treasury shares	(0)	(0)
Dividends paid	(859)	(902)
Dividends paid to non-controlling interests	(872)	(1,767)
Net cash flows from (used in) financing activities	(1,552)	(5,231)
Effect of exchange rate changes on cash and cash equivalents	(43)	703
Net increase (decrease) in cash and cash equivalents	994	2,725
Cash and cash equivalents at beginning of period	21,342	25,849
Cash and cash equivalents at end of period	22,335	28,573