Translation

October 27, 2016

Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2017 <under IFRS>

Company name: **Yutaka Giken Co., Ltd.**
Listing: Tokyo Stock Exchange
Securities code: 7229
URL: http://www.yutakagiken.co.jp/en/index.html
Representative: Minoru Okamoto, President & Representative Director
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Scheduled date to file quarterly securities report: November 14, 2016
Scheduled date to commence dividend payments: December 5, 2016
Preparation of supplementary results briefing material on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: Yes

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

1. Consolidated financial results for first six months of the fiscal year ending March 31, 2017 (from April 1, 2016 to September 30, 2016)

(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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2016	73,467	(7.6)	5,674	(15.1)	4,428	(32.6)	3,051	(32.7)	2,361	(34.3)	(3,022)	–
September 30, 2015	79,523	16.2	6,686	8.6	6,567	1.9	4,531	(5.2)	3,591	(11.3)	1,975	(71.0)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2016	159.34	–
September 30, 2015	242.36	–

(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
September 30, 2016	136,418	76,674	66,145	48.5	4,463.63
March 31, 2016	145,905	80,217	69,689	47.8	4,702.81

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, 2016	–	22.00	–	28.00	50.00
Fiscal year ending March 31, 2017	–	30.00			
Fiscal year ending March 31, 2017 (Forecast)			–	30.00	60.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

(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, 2017	151,000	(8.7)	11,200	(23.5)	10,200	(24.2)	6,500	(25.6)	5,100	(29.1)	344.16

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 September 30, 2016	14,820,000 shares
As of March 31, 2016	14,820,000 shares

b. Number of treasury shares at end of period

As of September 30, 2016	1,401 shares
As of March 31, 2016	1,401 shares

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

Six months ended September 30, 2016	14,818,599 shares
Six months ended September 30, 2015	14,818,704 shares

* Indication regarding execution of quarterly review procedures

This quarterly financial results report is out of the scope of the quarterly review procedures that are required by the Financial Instruments and Exchange Act. The quarterly review procedures for the quarterly financial statements pursuant to this Act have not been completed at the time of disclosure of this quarterly financial results report.

* 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, 2016	As of September 30, 2016
ASSETS		
Current assets		
Cash and cash equivalents	23,716	21,826
Trade and other receivables	32,354	29,278
Inventories	22,317	20,601
Other current assets	1,785	1,533
Subtotal	80,172	73,238
Assets held for sale	320	292
Total current assets	80,492	73,530
Non-current assets		
Property, plant and equipment	60,011	56,943
Intangible assets	1,459	1,509
Other non-current assets	1,401	820
Deferred tax assets	2,542	3,616
Total non-current assets	65,413	62,888
Total assets	145,905	136,418
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade and other payables	35,830	32,292
Borrowings	13,826	12,868
Income taxes payable	909	959
Other current liabilities	2,623	3,188
Total current liabilities	53,189	49,308
Non-current liabilities		
Borrowings	7,490	5,120
Net defined benefit liability	3,034	3,166
Deferred tax liabilities	1,189	1,444
Other non-current liabilities	787	705
Total non-current liabilities	12,500	10,436
Total liabilities	65,689	59,744
Equity		
Issued capital	1,754	1,754
Capital surplus	566	486
Retained earnings	65,380	67,327
Treasury shares	(2)	(2)
Other components of equity	1,991	(3,420)
Total equity attributable to owners of parent	69,689	66,145
Non-controlling interests	10,527	10,529
Total equity	80,217	76,674
Total liabilities and equity	145,905	136,418

(2) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Revenue	79,523	73,467
Cost of sales	64,791	60,067
Gross profit	14,732	13,399
Selling, general and administrative expenses	7,987	7,906
Other income	157	208
Other expense	216	28
Operating profit	6,686	5,674
Finance income	94	146
Finance costs	212	1,392
Profit before tax	6,567	4,428
Income tax expense	2,036	1,377
Profit for the period	4,531	3,051
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	(2,562)	(6,073)
Total items that may be reclassified to profit or loss	(2,562)	(6,073)
Total other comprehensive income, net of tax	(2,556)	(6,072)
Comprehensive income for the period	1,975	(3,022)
Profit attributable to:		
Owners of parent	3,591	2,361
Non-controlling interests	940	689
Profit for the period	4,531	3,051
Comprehensive income attributable to:		
Owners of parent	1,376	(3,049)
Non-controlling interests	599	27
Comprehensive income	1,975	(3,022)
Earnings per share (attributable to owners of parent)		
Basic earnings per share (Yen)	242.36	159.34

(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, 2015	1,754	566	59,168	(2)	15
Profit for the period	–	–	3,591	–	–
Other comprehensive income	–	–	–	–	4
Comprehensive income for the period	–	–	3,591	–	4
Dividends paid	–	–	(296)	–	–
Total transactions with owners	–	–	(296)	–	–
Balance as of September 30, 2015	1,754	566	62,463	(2)	19

	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, 2015	7,164	7,179	68,665	10,665	79,331
Profit for the period	–	–	3,591	940	4,531
Other comprehensive income	(2,219)	(2,216)	(2,216)	(341)	(2,556)
Comprehensive income for the period	(2,219)	(2,216)	1,376	599	1,975
Dividends paid	–	–	(296)	(105)	(401)
Total transactions with owners	–	–	(296)	(105)	(401)
Balance as of September 30, 2015	4,945	4,963	69,745	11,160	80,905

(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	–	–	2,361	–	–
Other comprehensive income	–	–	–	–	0
Comprehensive income for the period	–	–	2,361	–	0
Dividends paid	–	–	(415)	–	–
Changes in ownership interests in subsidiaries	–	(80)	–	–	–
Total transactions with owners	–	(80)	(415)	–	–
Balance as of September 30, 2016	1,754	486	67,327	(2)	12

	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	–	–	2,361	689	3,051
Other comprehensive income	(5,410)	(5,410)	(5,410)	(662)	(6,072)
Comprehensive income for the period	(5,410)	(5,410)	(3,049)	27	(3,022)
Dividends paid	–	–	(415)	(130)	(545)
Changes in ownership interests in subsidiaries	(1)	(1)	(81)	105	24
Total transactions with owners	(1)	(1)	(496)	(25)	(521)
Balance as of September 30, 2016	(3,433)	(3,420)	66,145	10,529	76,674

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from (used in) operating activities		
Profit before tax	6,567	4,428
Depreciation and amortization	4,492	4,056
Increase (decrease) in net defined benefit liability	(136)	152
Interest and dividends received	(94)	(146)
Interest paid	178	127
Loss (profit) from sale of non-current assets	1	(34)
Loss on retirement of non-current assets	27	11
Extra retirement benefits	63	–
Decrease (increase) in trade and other receivables	(63)	(509)
Decrease (increase) in inventories	964	(363)
Increase (decrease) in trade and other payables	1,068	1,430
Other inflows (outflows) of cash	667	865
Subtotal	13,734	10,018
Interest received	93	143
Dividends received	1	1
Interest paid	(179)	(139)
Extra retirement benefits paid	(222)	(104)
Income taxes refund (paid)	(1,800)	(1,447)
Net cash flows from (used in) operating activities	11,627	8,472
Cash flows from (used in) investing activities		
Net decrease (increase) in term deposits	(193)	(87)
Purchase of property, plant and equipment	(6,768)	(5,756)
Proceeds from sales of property, plant and equipment	853	340
Purchase of intangible assets	(211)	(172)
Proceeds from redemption of investment securities	–	20
Payments for loans receivable	(13)	(1)
Proceeds from collection of loans receivable	–	1
Net cash flows from (used in) investing activities	(6,331)	(5,655)
Cash flows from (used in) financing activities		
Net increase (decrease) in current borrowings	140	(940)
Repayments of finance lease obligations	(21)	(81)
Proceeds from non-current borrowings	–	864
Repayments of non-current borrowings	(1,582)	(1,507)
Capital contribution from non-controlling interests	–	24
Dividends paid	(296)	(415)
Dividends paid to non-controlling interests	(1,013)	(872)
Net cash flows from (used in) financing activities	(2,771)	(2,926)
Effect of exchange rate changes on cash and cash equivalents	(376)	(1,746)
Net increase (decrease) in cash and cash equivalents	2,147	(1,855)
Cash and cash equivalents at beginning of period	17,591	21,342
Cash and cash equivalents at end of period	19,739	19,486