

Consolidated Financial Results for the First Six 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>
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Scheduled date to file quarterly securities report: November 14, 2017
 Scheduled date to commence dividend payments: December 5, 2017
 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, 2018 (from April 1, 2017 to September 30, 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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2017	84,448	14.9	4,291	(24.4)	4,695	6.0	3,441	12.8	2,522	6.8	4,428	—
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)	—

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2017	170.16	—
September 30, 2016	159.34	—

(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, 2017	156,219	88,443	76,765	49.1	5,180.35
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	%	
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	Yen 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 September 30, 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 September 30, 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)

Six months ended September 30, 2017	14,818,502 shares
Six months ended September 30, 2016	14,818,599 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 September 30, 2017
ASSETS		
Current assets		
Cash and cash equivalents	28,136	23,603
Trade and other receivables	33,890	37,029
Inventories	23,075	24,420
Other current assets	2,033	2,937
Subtotal	87,134	87,989
Assets held for sale	327	–
Total current assets	87,461	87,989
Non-current assets		
Property, plant and equipment	61,846	62,148
Intangible assets	1,164	1,090
Net defined benefit asset	729	708
Other non-current assets	927	822
Deferred tax assets	2,777	3,461
Total non-current assets	67,444	68,230
Total assets	154,906	156,219
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade and other payables	38,171	39,484
Borrowings	18,136	14,707
Income taxes payable	1,847	1,152
Other current liabilities	2,659	3,332
Total current liabilities	60,813	58,676
Non-current liabilities		
Borrowings	4,058	3,986
Net defined benefit liability	2,649	2,612
Deferred tax liabilities	1,711	1,690
Other non-current liabilities	846	811
Total non-current liabilities	9,264	9,100
Total liabilities	70,077	67,776
Equity		
Issued capital	1,754	1,754
Capital surplus	486	486
Retained earnings	70,891	72,968
Treasury shares	(2)	(2)
Other components of equity	721	1,559
Total equity attributable to owners of parent	73,850	76,765
Non-controlling interests	10,978	11,678
Total equity	84,828	88,443
Total liabilities and equity	154,906	156,219

(2) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Revenue	73,467	84,448
Cost of sales	60,067	71,616
Gross profit	13,399	12,832
Selling, general and administrative expenses	7,906	8,686
Other income	208	294
Other expense	28	150
Operating profit	5,674	4,291
Finance income	146	533
Finance costs	1,392	129
Profit before tax	4,428	4,695
Income tax expense	1,377	1,253
Profit for the period	3,051	3,441
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	1	2
Total items that will not be reclassified to profit or loss	1	2
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(6,073)	985
Total items that may be reclassified to profit or loss	(6,073)	985
Total other comprehensive income, net of tax	(6,072)	987
Comprehensive income for the period	(3,022)	4,428
Profit attributable to:		
Owners of parent	2,361	2,522
Non-controlling interests	689	920
Profit for the period	3,051	3,441
Comprehensive income attributable to:		
Owners of parent	(3,049)	3,359
Non-controlling interests	27	1,069
Comprehensive income	(3,022)	4,428
Earnings per share (attributable to owners of parent)		
Basic earnings per share (Yen)	159.34	170.16

(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	—	—	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

(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	—	—	2,522	—	—
Other comprehensive income	—	—	—	—	1
Comprehensive income for the period	—	—	2,522	—	1
Purchase and sales of treasury shares	—	—	—	(0)	—
Dividends paid	—	—	(445)	—	—
Changes in ownership interests in subsidiaries	—	—	—	—	—
Total transactions with owners	—	—	(445)	(0)	—
Balance as of September 30, 2017	1,754	486	72,968	(2)	16

	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	—	—	2,522	920	3,441
Other comprehensive income	836	838	838	149	987
Comprehensive income for the period	836	838	3,359	1,069	4,428
Purchase and sales of treasury shares	—	—	(0)	—	(0)
Dividends paid	—	—	(445)	(369)	(814)
Changes in ownership interests in subsidiaries	—	—	—	—	—
Total transactions with owners	—	—	(445)	(369)	(814)
Balance as of September 30, 2017	1,543	1,559	76,765	11,678	88,443

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from (used in) operating activities		
Profit before tax	4,428	4,695
Depreciation and amortization	4,056	4,543
Finance costs (income)	(19)	(51)
Decrease (increase) in trade and other receivables	(509)	(2,095)
Decrease (increase) in inventories	(363)	(1,012)
Increase (decrease) in trade and other payables	1,430	2,013
Increase (decrease) in net defined benefit liability	152	83
Other inflows (outflows) of cash	737	(335)
Subtotal	9,914	7,841
Interest received	143	182
Dividends received	1	1
Interest paid	(139)	(129)
Income taxes refund (paid)	(1,447)	(2,942)
Net cash flows from (used in) operating activities	8,472	4,953
Cash flows from (used in) investing activities		
Net decrease (increase) in term deposits	(87)	(379)
Purchase of property, plant and equipment	(5,756)	(4,194)
Proceeds from sales of property, plant and equipment	340	251
Purchase of intangible assets	(172)	(60)
Proceeds from redemption of investment securities	20	—
Payments for loans receivable	(1)	(4)
Proceeds from collection of loans receivable	1	2
Net cash flows from (used in) investing activities	(5,655)	(4,385)
Cash flows from (used in) financing activities		
Net increase (decrease) in current borrowings	(940)	(2,896)
Repayments of finance lease obligations	(81)	(12)
Proceeds from non-current borrowings	864	784
Repayments of non-current borrowings	(1,507)	(1,618)
Capital contribution from non-controlling interests	24	—
Purchase of treasury shares	—	(0)
Dividends paid	(415)	(440)
Dividends paid to non-controlling interests	(872)	(1,767)
Net cash flows from (used in) financing activities	(2,926)	(5,950)
Effect of exchange rate changes on cash and cash equivalents	(1,746)	469
Net increase (decrease) in cash and cash equivalents	(1,855)	(4,914)
Cash and cash equivalents at beginning of period	21,342	25,849
Cash and cash equivalents at end of period	19,486	20,935