

Consolidated Financial Results (Japanese Accounting Standards) for the Six Months Ended September 30, 2016 (Q2 FY2016)

Company name: Itoham Yonekyu Holdings Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 2296
 URL: <http://www.itoham-yonekyu-holdings.com>
 Representative: Isao Miyashita, President and Representative Director
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 Tel. +81-3-5723-6889
 Scheduled date for filing of securities report: November 14, 2016
 Scheduled date of commencement of dividend payment: —
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes (for analysts and institutional investors)

(Amounts of less than one million yen are truncated)

1. Consolidated Financial Results for the Six Months Ended September 30, 2016 (April 1, 2016–September 30, 2016)

(1) Consolidated Results of Operations (Accumulated Total) (% figures show year-on-year change)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|------------------------------------|-------------|---|------------------|---|-----------------|---|---|---|
| | Million Yen | % | Million Yen | % | Million Yen | % | Million Yen | % |
| Six month ended September 30, 2016 | 398,878 | — | 10,512 | — | 11,957 | — | 9,526 | — |
| September 30, 2015 | | | | | | | | |

(Note) Comprehensive income: Six months ended September 30, 2016 3,476 million (- %)
 Six months ended September 30, 2015 - million (- %)

| | Net income per share | | Fully diluted net income per share | |
|------------------------------------|----------------------|--|------------------------------------|--|
| | Yen | | Yen | |
| Six month ended September 30, 2016 | 32.04 | | 32.01 | |
| September 30, 2015 | — | | — | |

(2) Consolidated financial position

| | Total assets | | Net assets | | Equity ratio | |
|--------------------------|--------------|--|-------------|--|--------------|--|
| | Million Yen | | Million Yen | | % | |
| As of September 30, 2016 | 360,147 | | 203,700 | | 54.6 | |
| As of March 31, 2016 | — | | — | | — | |

(Reference) Shareholders' equity: As of September 30, 2016 196,805 million
 As of March 31, 2016 — million

2. Dividends

| | First quarter-end | Secound quarter-end | Third quarter-end | Fiscal year-end | Total |
|---------------------------------------|-------------------|---------------------|-------------------|-----------------|-------|
| | Yen | Yen | Yen | Yen | Yen |
| Year ended March 31, 2016 | — | — | — | — | — |
| Year ending March 31, 2017 | — | 0.00 | | | |
| Year ending March 31, 2017 (Forecast) | | | — | 15.00 | 15.00 |

(Note) Amendment to forecasts of dividends recently announced: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(% figures show year-on-year change)

| | Net Sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Net income per share |
|-----------|-------------|---|------------------|---|-----------------|---|---|---|----------------------|
| | Million Yen | % | Million Yen | % | Million Yen | % | Million Yen | % | Yen |
| Full year | 800,000 | — | 20,000 | — | 22,000 | — | 15,000 | — | 50.45 |

(Note) Amendment to forecasts of consolidated financial results recently announced: None

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million Yen)

As of September 30, 2016

| ASSETS | |
|--|----------------|
| Current assets | |
| Cash and deposits | 41,913 |
| Notes and account receivable - trade | 80,380 |
| Securities | 10,200 |
| Merchandise and finished goods | 53,326 |
| Work in process | 1,764 |
| Raw materials and supplies | 17,590 |
| Other | 6,473 |
| Allowance for doubtful accounts | (27) |
| Total current assets | 211,621 |
| Non-current assets | |
| Property, plant and equipment | |
| Buildings and structures, net | 30,392 |
| Machinery, equipment and vehicles, net | 22,069 |
| Tools, furniture & fixtures, net | 1,188 |
| Land | 26,052 |
| Leased assets, net | 1,412 |
| Others, net | 1,477 |
| Total property, plant and equipment | 82,593 |
| Intangible assets | |
| Goodwill | 26,368 |
| Other | 2,098 |
| Total intangible assets | 28,466 |
| Investments and other assets | |
| Investment securities | 28,245 |
| Net defined benefit assets | 1,620 |
| Other | 7,789 |
| Allowance for doubtful receivables | (189) |
| Total investments and other assets | 37,466 |
| Total non-current assets | 148,526 |
| Total Assets | 360,147 |

(Million Yen)

As of September 30, 2016

| | |
|---|----------------|
| Liabilities | |
| Current liabilities | |
| Notes and accounts payable - trade | 63,368 |
| Short-term loans payable | 14,529 |
| Current portion of Long-term loans | 7,004 |
| Current portion of Bonds payable | 10,000 |
| Income taxes payable | 2,194 |
| Provision for bonuses | 4,156 |
| Other | 22,055 |
| Total current liabilities | <u>123,308</u> |
| Non-current liabilities | |
| Long-term loans payable | 26,314 |
| Net defined benefit liability | 806 |
| Asset retirement obligation | 1,104 |
| Other | 4,913 |
| Total non-current liabilities | <u>33,138</u> |
| Total liabilities | <u>156,446</u> |
| Net assets | |
| Shareholder's equity | |
| Capital stock | 30,000 |
| Capital surplus | 98,005 |
| Retained earnings | 70,788 |
| Treasury stock | (4) |
| Total shareholder's equity | <u>198,789</u> |
| Other accumulated comprehensive income | |
| Valuation difference on available-for-sale securities | 4,656 |
| Deferred gains or losses on hedges | (887) |
| Foreign currency translation adjustment | (3,659) |
| Remeasurements of defined benefit plan | (2,097) |
| Total accumulated other comprehensive income | <u>(1,984)</u> |
| Subscription rights to shares | 220 |
| Non-controlling interests | <u>6,674</u> |
| Total net assets | <u>203,700</u> |
| Total liabilities and net assets | <u>360,147</u> |

(2) Quarterly consolidated statements of income and comprehensive income
(Consolidated statements of income)
(April 1, 2016 – September 30, 2016)

(Million Yen)

| | Six months ended September 30, 2016 |
|---|--|
| Net sales | 398,878 |
| Cost of goods sold | 336,024 |
| Gross profit | 62,854 |
| Selling, general and administrative expenses | 52,341 |
| Operating income | 10,512 |
| Non-operating income | |
| Interest income | 64 |
| Dividend income | 159 |
| Rent income | 240 |
| Equity in earnings of affiliates | 1,428 |
| Other | 461 |
| Total non-operating income | 2,355 |
| Non-operating expenses | |
| Interest expenses | 524 |
| Rent on real estate | 91 |
| Organization expenses | 210 |
| Other | 84 |
| Total non-operating expenses | 910 |
| Ordinary Income | 11,957 |
| Extraordinary income | |
| Gain on sales of investment securities | 1,949 |
| Other | 227 |
| Total extra-ordinary income | 2,177 |
| Extraordinary loss | |
| Loss on retirement of non-current assets | 96 |
| Loss on sales of investment securities | 47 |
| Others | 74 |
| Total extra-ordinary expenses | 218 |
| Net income before taxes | 13,916 |
| Income taxes-current | 2,655 |
| Income taxes-deferred | 1,521 |
| Total income taxes | 4,176 |
| Net income | 9,739 |
| Income attributable to non-controlling interests | 213 |
| Income attributable to owners of parent | 9,526 |

(Consolidated statements of income)
(April 1, 2016 – September 30, 2016)

| | (Million Yen) |
|---|--|
| | Six months ended September 30, 2016 |
| Net income | 9,739 |
| Other comprehensive income | |
| Valuation difference on available-for- sale securities | (1,696) |
| Deferred gains or losses on hedges | (156) |
| Foreign currency translation adjustment | (2,571) |
| Remeasurements of defined benefit plan | 17 |
| Share of other comprehensive income of entities accounted for using equity method | (1,855) |
| Total other comprehensive income | <u>(6,263)</u> |
| Comprehensive income | <u>3,476</u> |
| Comprehensive income attributable to | |
| Comprehensive income attributable to owners of parent | 3,841 |
| Comprehensive income attributable to non-controlling interests | (365) |

(3) Quarterly consolidated statements of Cash Flows

(Million Yen)

Six months ended
September 30, 2016

| | |
|---|----------------|
| Cash flows from operating activities | |
| Income before income taxes | 13,916 |
| Depreciation | 4,449 |
| Amortization of goodwill | 766 |
| Interest and dividend income | (224) |
| Interest expenses | 524 |
| Equity in earnings of affiliates | (1,428) |
| Loss (Gain) on sales of investment securities | (1,902) |
| Decrease (increase) in notes and accounts receivable - trade | (3,050) |
| Decrease (increase) in inventories | (3,691) |
| Increase (decrease) in notes and accounts payable - trade | 3,436 |
| Increase (decrease) in notes and accounts payable | (1,447) |
| Increase (decrease) in consumption tax payable | (394) |
| Increase (decrease) in net defined benefit liability | (1,250) |
| Decrease (increase) in net defined benefit asset | (849) |
| Other | (131) |
| Subtotal | 8,724 |
| Interest and dividend income received | 581 |
| Interest expenses paid | (524) |
| Income taxes paid | (3,366) |
| Other | 94 |
| Net cash provided by (used in) operating activities | 5,510 |
| Cash flows from investing activities | |
| Purchase of property, plant and equipment | (5,268) |
| Purchase of intangible assets | (283) |
| Proceeds from sales of investment securities | 3,013 |
| Payments of loans receivable | (318) |
| Proceeds from loans receivable | 165 |
| Other | (186) |
| Net cash provided by (used in) investing activities | (2,877) |
| Cash flows from financing activities | |
| Increase (decrease) in short-term loans payable | 124 |
| Proceeds from long-term loans payable | 3,651 |
| Repayment of long-term loans payable | (441) |
| Cash dividends paid | (2,495) |
| Other | (359) |
| Net cash provided by (used in) financing activities | 479 |
| Effect of exchange rate change on cash and cash equivalents | (34) |
| Net increase (decrease) in cash and cash equivalents | 3,076 |
| Cash and cash equivalents at beginning of period | 30,459 |
| Net increase (decrease) in cash and cash equivalents resulting from share transfer | 18,065 |
| Cash and cash equivalents at end of period | 51,601 |