

## Consolidated Financial Results (Japanese Accounting Standards) for the Six Months Ended September 30, 2018 (Q2 FY 2018)

Company name:	Itoham Yonekyu Holdings Inc.
Stock exchange listing:	Tokyo Stock Exchange
Stock code:	2296
URL:	<a href="http://www.itoham-yonekyu-holdings.com">http://www.itoham-yonekyu-holdings.com</a>
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Scheduled date for filing of securities report:	November 13, 2018
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 June 30, 2018 (April 1, 2018–September 30, 2018)

(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 months ended								
September 30, 2018	426,425	2.3	7,949	30.5	8,605	31.4	6,058	28.0
September 30, 2017	416,637	4.5	11,434	8.8	12,552	5.0	8,418	11.6

(Note) Comprehensive income: Six months ended September 30, 2018 7,169 million(-4.0%)  
Six months ended September 30, 2017 7,468 million(114.8%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Six months ended		
September 30, 2018	20.49	20.48
September 30, 2017	28.33	28.31

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million Yen	Million Yen	%
As of September 30, 2018	394,954	222,262	56.0
As of March 31, 2018	376,204	219,861	58.1

(Reference) Shareholders' equity: As of September 30, 2018 220,996 million  
As of March 31, 2018 218,612 million

### 2. Dividends

	First quarter-end	Second quarter-end	Third quarter-end	Fiscal quarter-end	Total
For the year fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2018	—	0.00	—	17.00	17.00
March 31, 2019	—	0.00			
For the year fiscal year ending					
March 31, 2019 (Forecast)			—	17.00	17.00

(Note) Changes to most recent dividend forecast: None

### 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% 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	850,000	2.2	20,000	7.2	21,000	14.0	14,000	11.3	47.35

(Note) Changes to most recent financial results forecast: None

## Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Million Yen)

	As of March 31, 2018	As of September 30, 2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	29,585	20,445
Notes and account receivable - trade	94,056	102,742
Merchandise and finished goods	66,042	74,619
Work in process	1,739	1,787
Raw materials and supplies	18,491	22,738
Other	3,557	6,051
Allowance for doubtful accounts	(8)	(9)
<b>Total current assets</b>	<b>213,465</b>	<b>228,376</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	33,053	34,907
Machinery, equipment and vehicles, net	25,041	28,125
Tools, furniture & fixtures, net	1,328	1,485
Land	25,901	25,465
Leased assets, net	1,539	1,594
Others, net	2,870	3,467
<b>Total property, plant and equipment</b>	<b>89,735</b>	<b>95,046</b>
<b>Intangible assets</b>		
Goodwill	24,109	23,334
Other	1,706	1,576
<b>Total intangible assets</b>	<b>25,816</b>	<b>24,911</b>
<b>Investments and other assets</b>		
Investment securities	31,618	31,127
Net defined benefit assets	8,231	8,600
Other	7,458	7,013
Allowance for doubtful receivables	(122)	(121)
<b>Total investments and other assets</b>	<b>47,186</b>	<b>46,619</b>
<b>Total non-current assets</b>	<b>162,738</b>	<b>166,577</b>
<b>Total Assets</b>	<b>376,204</b>	<b>394,954</b>

(Million Yen)

	As of March 31, 2018	As of September 30, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	63,944	72,058
Electronically recorded obligations	1,637	1,769
Short-term loans payable	21,395	36,207
Current portion of Long-term loans	4,964	1,516
Income taxes payable	2,502	1,516
Provision for bonuses	5,985	3,800
Provision for directors' bonuses	187	80
Other	27,147	29,766
<b>Total current liabilities</b>	<b>127,765</b>	<b>146,716</b>
<b>Non-current liabilities</b>		
Long-term loans payable	20,071	16,875
Net defined benefit liability	1,581	1,608
Asset retirement obligation	1,207	1,208
Other	5,716	6,282
<b>Total non-current liabilities</b>	<b>28,577</b>	<b>25,975</b>
<b>Total liabilities</b>	<b>156,343</b>	<b>172,692</b>
<b>Net assets</b>		
<b>Shareholder's equity</b>		
Capital stock	30,003	30,003
Capital surplus	96,289	96,301
Retained earnings	90,031	91,072
Treasury stock	(1,824)	(1,553)
<b>Total shareholder's equity</b>	<b>214,499</b>	<b>215,823</b>
<b>Other accumulated comprehensive income</b>		
Valuation difference on available-for-sale securities	6,013	7,126
Deferred gains or losses on hedges	(789)	(1,147)
Foreign currency translation adjustment	(2,387)	(2,061)
Remeasurements of defined benefit plan	1,277	1,254
<b>Total accumulated other comprehensive income</b>	<b>4,113</b>	<b>5,172</b>
<b>Subscription rights to shares</b>	<b>257</b>	<b>139</b>
<b>Non-controlling interests</b>	<b>990</b>	<b>1,125</b>
<b>Total net assets</b>	<b>219,861</b>	<b>222,262</b>
<b>Total liabilities and net assets</b>	<b>376,204</b>	<b>394,954</b>

(2) Consolidated statements of income and comprehensive income  
(Consolidated statements of income)  
(April 1 – September 30)

(Million Yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
<b>Net sales</b>	416,637	426,425
<b>Cost of goods sold</b>	351,529	363,425
<b>Gross profit</b>	65,108	63,000
<b>Selling, general and administrative expenses</b>	53,674	55,050
<b>Operating income</b>	11,434	7,949
<b>Non-operating income</b>		
Interest income	46	48
Dividend income	140	128
Rent income	197	212
Equity in income of affiliates	907	207
Other	392	634
<b>Total non-operating income</b>	1,685	1,231
<b>Non-operating expenses</b>		
Interest expenses	473	496
Rent on real estate	65	67
Other	28	10
<b>Total non-operating expenses</b>	567	574
<b>Ordinary Income</b>	12,552	8,605
<b>Extraordinary income</b>		
Gain on sales of investment securities	294	518
Premium income	-	213
Gain on step acquisitions	-	288
Other	71	2
<b>Total extra-ordinary income</b>	366	1,023
<b>Extraordinary loss</b>		
Loss on retirement of non-current assets	87	141
Loss from valuation of securities	36	13
Loss on disaster	-	269
Others	38	2
<b>Total extra-ordinary expenses</b>	162	427
<b>Net income before taxes</b>	12,756	9,201
Income taxes-current	3,192	2,522
Income taxes-deferred	1,066	572
<b>Total income taxes</b>	4,258	3,095
<b>Net income</b>	8,497	6,105
<b>Income (loss) attributable to non-controlling interests</b>	79	47
<b>Income attributable to owners of parent</b>	8,418	6,058

(Consolidated statements of comprehensive income)  
(April 1 – September 30)

(Million Yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
<b>Net income</b>	8,497	6,105
<b>Other comprehensive income</b>		
Valuation difference on available-for- sale securities	215	1,198
Deferred gains or losses on hedges	132	(358)
Foreign currency translation adjustment	(251)	(104)
Remeasurements of defined benefit plan	(38)	(22)
Share of other comprehensive income of entities accounted for using equity method	(1,087)	350
<b>Total other comprehensive income</b>	(1,028)	1,063
<b>Comprehensive income</b>	7,468	7,169
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,357	7,117
Comprehensive income attributable to non-controlling interest	111	52

## (3) Consolidated statements of Cash Flows

(Million Yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
<b>Cash flows from operating activities</b>		
Income before income taxes	12,756	9,201
Depreciation	4,258	4,545
Increase (decrease) in provision for bonuses	(1,323)	(2,184)
Amortization of goodwill	759	1,051
Interest and dividend income	(187)	(177)
Interest expenses	473	496
Equity in earnings of affiliates	(907)	(207)
Loss (Gain) on sales of investment securities	(294)	(518)
Decrease (increase) in notes and accounts receivable - trade	(21,443)	(9,339)
Decrease (increase) in inventories	(9,611)	(14,906)
Increase (decrease) in notes and accounts payable - trade	7,649	8,660
Increase (decrease) in notes and accounts payable	2,862	(1,237)
Increase (decrease) in net defined benefit liability	25	(19)
Decrease (increase) in net defined benefit asset	(686)	(369)
Other	285	(1,911)
<b>Subtotal</b>	<b>(5,383)</b>	<b>(6,918)</b>
Interest and dividend income received	843	2,411
Interest expenses paid	(493)	(496)
Income taxes paid	(5,355)	(4,653)
Other	75	296
<b>Net cash provided by (used in) operating activities</b>	<b>(10,312)</b>	<b>(9,360)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(5,131)	(6,655)
Purchase of intangible assets	(259)	(152)
Purchases of Investments in Securities	(1,560)	(33)
Proceeds from Sales of Investments in Securities	886	686
Payments of loans receivable	(174)	(119)
Proceeds from loans receivable	217	158
Other	140	78
<b>Net cash provided by (used in) investing activities</b>	<b>(5,880)</b>	<b>(6,037)</b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term loans payable	7,238	16,953
Proceeds from long-term loans payable	50	450
Repayment of long-term loans payable	(694)	(6,873)
Payments for Redemption of Corporate Bonds	(10,000)	-
Purchase of Treasury Stock	(1,483)	0
Cash dividends paid	(5,048)	(5,015)
Other	(286)	(499)
<b>Net cash provided by (used in) financing activities</b>	<b>(10,224)</b>	<b>5,013</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(448)</b>	<b>1,244</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(26,866)</b>	<b>(9,140)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>52,785</b>	<b>29,284</b>
<b>Cash and cash equivalents at end of period</b>	<b>25,919</b>	<b>20,143</b>