

Consolidated Financial Results (Japanese Accounting Standards) for the Six Months Ended September 30, 2017 (Q2 FY 2017)

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 Akira Kotake, Manager, Investor Relations Section
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Scheduled date for filing of securities report:	November 13, 2017
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, 2017 (April 1, 2017–September 30, 2017)

(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	%
Three month ended								
September 30, 2017	416,637	4.5	11,434	8.8	12,552	5.0	8,418	-11.6
September 30, 2016	398,878	—	10,512	—	11,957	—	9,526	—

(Note) Comprehensive income: Six months ended September 30, 2017 7,468 million(114.8%)
Six months ended September 30, 2016 3,476 million(- %)

	Net income per share		Fully diluted net income per share	
	Yen		Yen	
Three month ended				
September 30, 2017	28.33		28.31	
September 30, 2016	32.04		32.01	

(Note) year-on-year change for September 30, 2016 results not shown as the company was established April 1, 2016

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio
	Million Yen		Million Yen		%
As of September 30, 2017	378,365		221,078		56.4
As of March 31, 2017	373,632		220,033		56.9

(Reference) Shareholders' equity: As of September 30, 2017 213,427 million
As of March 31, 2017 212,519 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, 2017	—	0.00	—	17.00	17.00
March 31, 2018	—	0.00			
For the year fiscal year ending			—	17.00	17.00
March 31, 2018 (Forecast)					

(Note) Changes to most recent dividend forecast: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% 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	840,000	6.0	22,500	4.9	25,000	0.5	16,500	Δ8.5	55.53

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

Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Million Yen)

	As of March 31, 2017	As of September 30, 2017
ASSETS		
Current assets		
Cash and deposits	53,087	26,220
Notes and account receivable - trade	78,559	100,177
Securities	200	-
Merchandise and finished goods	57,956	64,146
Work in process	1,676	1,865
Raw materials and supplies	16,323	19,770
Other	7,564	6,682
Allowance for doubtful accounts	(18)	(21)
Total current assets	215,349	218,841
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	31,706	32,364
Machinery, equipment and vehicles, net	24,349	24,380
Tools, furniture & fixtures, net	1,217	1,280
Land	25,839	26,018
Leased assets, net	1,489	1,565
Others, net	1,477	1,621
Total property, plant and equipment	86,079	87,231
Intangible assets		
Goodwill	25,631	24,874
Other	2,000	1,951
Total intangible assets	27,631	26,825
Investments and other assets		
Investment securities	32,970	33,582
Net defined benefit assets	4,611	5,222
Other	7,158	6,805
Allowance for doubtful receivables	(168)	(143)
Total investments and other assets	44,572	45,466
Total non-current assets	158,283	159,523
Total Assets	373,632	378,365

(Million Yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	61,017	67,602
Electronically recorded obligations	513	1,595
Short-term loans payable	12,952	20,531
Current portion of Long-term loans	3,943	5,192
Current portion of Bonds payable	10,000	-
Income taxes payable	1,991	2,131
Provision for bonuses	5,854	4,528
Other	25,021	24,612
Total current liabilities	121,294	126,193
Non-current liabilities		
Long-term loans payable	24,205	22,347
Net defined benefit liability	1,795	1,785
Asset retirement obligation	1,076	1,213
Other	5,226	5,747
Total non-current liabilities	32,304	31,093
Total liabilities	153,598	157,286
Net assets		
Shareholder's equity		
Capital stock	30,000	30,003
Capital surplus	98,005	97,914
Retained earnings	79,300	82,664
Treasury stock	(5)	(1,312)
Total shareholder's equity	207,300	209,269
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	7,979	7,049
Deferred gains or losses on hedges	(439)	(359)
Foreign currency translation adjustment	(1,884)	(2,057)
Remeasurements of defined benefit plan	(436)	(474)
Total accumulated other comprehensive income	5,218	4,158
Subscription rights to shares	220	257
Non-controlling interests	7,293	7,392
Total net assets	220,033	221,078
Total liabilities and net assets	373,632	378,365

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

(Million Yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	398,878	416,637
Cost of goods sold	336,024	351,529
Gross profit	62,854	65,108
Selling, general and administrative expenses	52,341	53,674
Operating income	10,512	11,434
Non-operating income		
Interest income	64	46
Dividend income	159	140
Rent income	240	197
Equity in income of affiliates	1,428	907
Other	461	392
Total non-operating income	2,355	1,685
Non-operating expenses		
Interest expenses	524	473
Rent on real estate	91	65
Organization expenses	210	-
Other	84	28
Total non-operating expenses	910	567
Ordinary Income	11,957	12,552
Extraordinary income		
Gain on sales of investment securities	1,949	294
Other	227	71
Total extra-ordinary income	2,177	366
Extraordinary loss		
Loss on retirement of non-current assets	96	87
Loss on sales of securities	47	0
Loss from valuation of securities	5	36
Others	68	38
Total extra-ordinary expenses	218	162
Net income before taxes	13,916	12,756
Income taxes-current	2,655	3,192
Income taxes-deferred	1,521	1,066
Total income taxes	4,176	4,258
Net income	9,739	8,497
Income (loss) attributable to non-controlling interests	213	79
Income attributable to owners of parent	9,526	8,418

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

	(Million Yen)	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Net income	9,739	8,497
Other comprehensive income		
Valuation difference on available-for- sale securities	(1,696)	215
Deferred gains or losses on hedges	(156)	132
Foreign currency translation adjustment	(2,571)	(251)
Remeasurements of defined benefit plan	17	(38)
Share of other comprehensive income of entities accounted for using equity method	(1,855)	(1,087)
Total other comprehensive income	<u>(6,263)</u>	<u>(1,028)</u>
Comprehensive income	<u>3,476</u>	<u>7,468</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,841	7,357
Comprehensive income attributable to non-controlling interes	(365)	111

(3) Consolidated statements of Cash Flows

	(Million Yen)	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Income before income taxes	13,916	12,756
Depreciation	4,449	4,258
Increase (decrease) in provision for bonuses	(739)	(1,323)
Amortization of goodwill	766	759
Interest and dividend income	(224)	(187)
Interest expenses	524	473
Equity in earnings of affiliates	(1,428)	(907)
Loss (Gain) on sales of investment securities	(1,902)	(294)
Decrease (increase) in notes and accounts receivable - trade	(3,050)	(21,443)
Decrease (increase) in inventories	(3,691)	(9,611)
Increase (decrease) in notes and accounts payable - trade	3,436	7,649
Increase (decrease) in notes and accounts payable	(1,447)	2,862
Increase (decrease) in net defined benefit liability	(1,250)	25
Decrease (increase) in net defined benefit asset	(849)	(686)
Other	213	285
Subtotal	8,724	(5,383)
Interest and dividend income received	581	843
Interest expenses paid	(524)	(493)
Income taxes paid	(3,366)	(5,355)
Other	94	75
Net cash provided by (used in) operating activities	5,510	(10,312)
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,268)	(5,131)
Purchase of intangible assets	(283)	(259)
Purchases of Investments in Securities	(42)	(1,560)
Proceeds from Sales of Investments in Securities	3,013	886
Payments of loans receivable	(318)	(174)
Proceeds from loans receivable	165	217
Other	(144)	140
Net cash provided by (used in) investing activities	(2,877)	(5,880)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	124	7,238
Proceeds from long-term loans payable	3,651	50
Repayment of long-term loans payable	(441)	(694)
Payments for Redemption of Corporate Bonds	-	(10,000)
Purchase of Treasury Stock	(4)	(1,483)
Cash dividends paid	(2,495)	(5,048)
Other	(355)	(286)
Net cash provided by (used in) financing activities	479	(10,224)
Effect of exchange rate change on cash and cash equivalents	(34)	(448)
Net increase (decrease) in cash and cash equivalents	3,076	(26,866)
Cash and cash equivalents at beginning of period	30,459	52,785
Net increase (decrease) in cash and cash equivalents resulting from share transfer	18,065	-
Cash and cash equivalents at end of period	51,601	25,919