

Summary of Financial Results for the Second Quarter Ended August 31, 2017 [Japan GAAP] (Consolidated)

October 4, 2017

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 Stock Code 9787
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Expected date of filing of quarterly report: October 13, 2017 Expected starting date of dividend payment: November 10, 2017
 Preparation of quarterly supplementary financial document: Yes
 Quarterly results briefing: Yes (for institutional investors and analysts)

(Rounded down to million yen)

1. Consolidated business results for the six months ended August 2017 (March 1, 2017 through August 31, 2017)

(1) Consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Aug. 2017	151,801	0.3	8,806	3.5	8,878	4.4	5,573	4.3
Six months ended Aug. 2016	151,400	6.0	8,505	4.7	8,506	4.5	5,342	14.1

(Note) Comprehensive income

Six months ended August 2017: 5,959 million yen (15.5%)

Six months ended August 2016: 5,160 million yen (7.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Aug. 2017	106.03	105.76
Six months ended Aug. 2016	101.66	101.40

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Aug. 2017	144,898	96,468	64.6
As of Feb. 2017	139,505	92,089	64.0

(Reference) Shareholders' equity:

As of August 2017: 93,662 million yen

As of February 2017: 89,345 million yen

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Feb. 2017	—	28.00	—	27.00	55.00
Year ending Feb. 2018	—	30.00	—	—	—
Year ending Feb. 2018 (forecast)	—	—	—	31.00	61.00

(Note) Revisions to dividend forecast for the current quarter: None

3. Forecast of consolidated business results for the year ending February 2018

(March 1, 2017 through February 28, 2018) (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Year ending Feb. 2018	305,000	3.5	18,000	4.3	18,000	3.6	10,700	4.5
								203.60

(Note) Revisions to business forecast for the current quarter: None

※Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None

(2) Application of accounting procedures specific to preparation of the consolidated quarterly financial statements:
None

(3) Changes in accounting policies, accounting estimates and restatement

- | | |
|---|--------|
| ①Changes in accounting policies associated with revision of accounting standards: | : None |
| ②Changes in accounting policies other than ① | : None |
| ③Changes in accounting estimates | : None |
| ④Restatement | : None |

(4) Shares outstanding (common stock)

①Number of shares outstanding at the end of period (treasury stock included)

As of August 2017	54,169,633 shares
As of February 2017	54,169,633 shares

②Treasury stock at the end of period

As of August 2017	1,591,810 shares
As of February 2017	1,615,195 shares

③Average number of stock during period (quarterly cumulative period)

Six months ended August 2017	52,569,708 shares
Six months ended August 2016	52,546,701 shares

***Financial summary is not subject to the quarterly review procedures**

***Explanation regarding appropriate use of business forecasts and other special instructions**

(Precautions regarding forward-looking statements)

Forecasts regarding future performance in this material are based on information currently available to the company and certain assumptions that the company deems to be reasonable at the time this report was prepared. The company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheet

(Million yen)

	Previous fiscal year (February 28, 2017)	Current Second Quarter (August 31, 2017)
Assets		
Current assets		
Cash and deposits	31,717	33,472
Notes and accounts receivable-trade	36,958	37,620
Electronically recorded monetary obligations	3,577	6,362
Investment securities	—	100
Inventories	3,050	2,974
Deposit of subsidiaries and affiliates	31,713	31,713
Other	5,591	6,004
Allowance for doubtful accounts	-202	-189
Total current assets	112,405	118,059
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	1,644	1,609
Land	1,975	1,911
Other, net	5,469	5,923
Total tangible fixed assets	9,089	9,444
Intangible fixed assets		
Goodwill	7,038	6,628
Other	2,056	1,999
Total intangible fixed assets	9,095	8,628
Investments and other assets		
Investment securities	4,546	4,646
Other	4,905	4,655
Allowance for doubtful accounts	-536	-535
Total investments and other assets	8,915	8,766
Total fixed assets	27,099	26,838
Total assets	139,505	144,898

(Million yen)

	Previous fiscal year (February 28, 2017)	Current Second Quarter (August 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	23,474	25,493
Electronically recorded monetary obligations	5,133	6,130
Short-term loans payable	241	212
Current portion of long-term loans payable	30	40
Income taxes payable	3,493	3,364
Reserve for bonuses	1,298	1,644
Reserve for directors' bonuses	117	63
Other	10,277	8,511
Total current liabilities	44,065	45,461
Fixed liabilities		
Long-term loans payable	293	358
Reserve for directors' retirement benefits	221	167
Liabilities relating to retirement benefits	1,613	1,537
Asset retirement obligation	49	49
Other	1,172	854
Total fixed liabilities	3,350	2,968
Total liabilities	47,416	48,429
Net assets		
Shareholders' equity		
Capital	3,238	3,238
Capital surplus	18,949	18,987
Retained earnings	66,795	70,949
Treasury stock	-436	-430
Total shareholders' equity	88,546	92,743
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	964	1,080
Foreign currency translation adjustment	251	211
Total accumulated adjustment relating to retirement benefits	-417	-373
Total accumulated other comprehensive income	799	918
Stock acquisition rights	263	309
Non-controlling interests	2,480	2,497
Total net assets	92,089	96,468
Total liabilities and net assets	139,505	144,898

Quarterly Consolidated Statement of Income and Quarterly Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(For the six months period)

(Million yen)

	Previous Second Quarter (March 1, 2016 – August 31, 2016)	Current Second Quarter (March 1, 2017 – August 31, 2017)
Net sales	151,400	151,801
Cost of sales	131,855	131,765
Gross profit	19,544	20,035
Selling, general and administrative expenses	11,039	11,228
Operating income	8,505	8,806
Non-operating revenues		
Interest income	32	24
Dividend income	41	38
Equity in earnings of affiliates	32	37
Other	64	80
Total non-operating revenues	170	180
Non-operating expenses		
Interest expenses	10	15
Other	158	92
Total non-operating expenses	169	107
Ordinary income	8,506	8,878
Extraordinary profit		
Gain on transfer from business divestitures	469	—
Gain on sale of investment securities	—	2
Total extraordinary profit	469	2
Extraordinary loss		
Loss on liquidation of business	133	11
Loss on disaster	56	—
Others	12	77
Total extraordinary loss	202	89
Income before income taxes and others	8,773	8,792
Corporate, inhabitant and enterprise taxes	2,952	2,834
Income taxes-deferred	264	101
Total income taxes	3,217	2,936
Net income	5,556	5,855
Net income attributable to non-controlling interests	214	281
Net income attributable to owners of parent	5,342	5,573

(Quarterly Consolidated Statement of Comprehensive Income)

(For the six months period)

(Million yen)

	Previous Second Quarter (March 1, 2016 – August 31, 2016)	Current Second Quarter (March 1, 2017 – August 31, 2017)
Net income	5,556	5,855
Other comprehensive income		
Valuation difference on available-for-sale securities	-99	118
Foreign currency translation adjustment	-349	-58
Remeasurements of defined benefit plans	53	44
Total other comprehensive income	-395	103
Comprehensive income	5,160	5,959
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	5,041	5,692
Comprehensive income attributable to non-controlling interests	119	266

Quarterly Consolidated Statement of Cash Flows

(Million yen)

	Previous Second Quarter (March 1, 2016 – August 31, 2016)	Current Second Quarter (March 1, 2017 – August 31, 2017)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	8,773	8,792
Depreciation and amortization	989	1,121
Amortization of goodwill	430	400
Increase (decrease) in provision	545	264
Interest and dividends income	-73	-62
Interest expenses	10	15
Investment loss (gain) on equity method	-32	-37
Loss (gain) on transfer from business divestitures	-469	—
Decrease (increase) in notes and accounts receivable-trade	-5,173	-3,496
Decrease (increase) in inventories	-1	76
Increase (decrease) in notes and accounts payable-trade	4,414	3,025
Increase (decrease) in accounts payable-other	-318	-1,935
Increase (decrease) in accrued consumption tax etc.	-301	159
Decrease (increase) in accounts receivable-other	-459	-453
Other	-157	-75
Subtotal	8,176	7,794
Interest and dividends income received	101	83
Interest expenses paid	-12	-14
Income taxes paid	-3,512	-2,953
Net cash provided by (used in) operating activities	4,753	4,910
Net cash provided by (used in) investing activities		
Payments into time deposits	-140	-200
Proceeds from withdrawal of time deposits	340	200
Purchase of property, plant and equipment and intangible fixed assets	-1,832	-1,500
Purchase of investment securities	-114	-13
Proceeds from sales and redemption of short-term and long-term investment securities	200	3
Payments for deposit of subsidiaries and affiliates	-103,351	-123,400
Collection of deposit of subsidiaries and affiliates	107,000	123,400
Proceeds from business divestitures	471	—
Other	-413	9
Net cash provided by (used in) investing activities	2,159	-1,500
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	28	-28
Proceeds from long-term loans payable	340	90
Repayments of long-term loans payable	—	-15
Cash dividends paid	-1,370	-1,419
Dividends paid to non-controlling interests	-50	-226
Other	-17	-10
Net cash provided by (used in) financing activities	-1,070	-1,609
Effect of exchange rate change on cash and cash equivalents	-187	-45
Net increase (decrease) in cash and cash equivalents	5,655	1,755
Cash and cash equivalents at beginning of period	19,473	31,004
Cash and cash equivalents at end of period	25,128	32,759