

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018
[Japanese Standards] (Consolidated)

May 10, 2018

Company name: OKAMOTO INDUSTRIES,INC.
 Stock exchange listing: Tokyo
 Stock code: 5122 URL <http://www.okamoto-inc.jp/>
 Representative: Yoshiyuki Okamoto, President and CEO
 Inquiries: Hiroshi Takashima, Managing Director Accounting Dept.
 Scheduled date of ordinary general meeting of shareholders: June 28, 2018
 Scheduled date to commence dividend payments: June 29, 2018
 Scheduled date to file Securities Report: June 28, 2018
 Supplemental material on quarterly results: No
 Presentation on quarterly results: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2017

(from April 1, 2017 to March 31, 2018)

(1) Consolidated operating results(cumulative) (% represents changes over the same period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY Ended March 31, 2018	90,089	4.0	10,155	△ 2.6	10,926	1.7	6,820	△ 14.2
FY Ended March 31, 2017	86,604	△ 2.0	10,431	26.6	10,738	11.1	7,952	56.9

(Note) Comprehensive income: FY Ended March 31, 2018 : 8,670 million yen △ 4.7 %
 FY Ended March 31, 2017 : 9,100 million yen 224.0 %

	Net income per share	Diluted net income per share	Return on equity	ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
FY Ended March 31, 2018	69.89	-	11.5	10.8	11.3
FY Ended March 31, 2017	80.95	-	15.0	11.8	12.0

(Reference) Equity in net income of affiliates: FY Ended March 31, 2018 : 83 million yen
 FY Ended March 31, 2017 : 95 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2018	108,116	65,216	57.2	643.79
As of March 31, 2017	94,972	57,016	60.0	580.38

(Reference) Own capital: As of March 31, 2018 : 61,892 million yen
 As of March 31, 2017 : 57,016 million yen

(3) Consolidated cash flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY Ended March 31, 2018	9,090	△ 4,663	△ 4,180	22,071
FY Ended March 31, 2017	10,833	△ 2,625	△ 1,387	21,531

2.Dividends

	Cash dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
FY Ended March 31, 2017	yen	yen	yen	yen	yen	Millions of yen	%	%
FY Ended March 31, 2017	-	7.00	-	8.00	15.00	1,478	18.5	2.8
FY Ended March 31, 2018	-	9.00	-	10.00	19.00	1,852	27.2	3.1
FY ended March 31, 2019 (forecast)	-	10.00	-	10.00	20.00		34.3	

3.Forecasts of consolidated financial results for the year ending March 31, 2019

(from April 1, 2018 to March 31, 2019)

(% represents changes over the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Six months ended September 30, 2018	46,000	7.8	3,500	△ 29.8	3,900	△ 28.5	2,650	△ 40.8	27.56
Full year	95,000	5.5	8,600	△ 15.3	9,300	△ 14.9	5,600	△ 17.9	58.25

*Notes

(1) Changes in status of significant subsidiaries during the year
 (changes in status of specified subsidiaries accompanying changes in consolidated) No
 Newly consolidated subsidiaries: - Subsidiaries excluded: -

(2) Changes in accounting principles, changes in accounting estimates, and retrospective restatements

① Changes in accounting principles due to revisions to accounting standards: No
 ② Changes other than ①: No
 ③ Changes in accounting estimates: No
 ④ Retrospective restatements: No

(3) Number of outstanding shares (common stock)

① Number of outstanding shares at period-end (including treasury stock)
 ② Number of treasury stocks at period-end
 ③ Average number of shares during the period (cumulative total for quarterly period)

①	FY Ended March 31, 2018	101,996,839	FY Ended March 31, 2017	101,996,839
②	FY Ended March 31, 2018	5,859,720	FY Ended March 31, 2017	3,757,831
③	FY Ended March 31, 2018	97,587,263	FY Ended March 31, 2017	98,246,859

(Reference) Summary of Nonconsolidated Financial Statement

Nonconsolidated financial results for the fiscal year ended March 31, 2018

(from April 1, 2017 to March 31, 2018)

(1) Nonconsolidated operating results (cumulative) (% represents changes over the same period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY Ended March 31, 2018	70,657	0.6	7,371	△ 8.0	8,304	△ 3.1	4,663	△ 24.6
FY Ended March 31, 2017	70,220	0.7	8,014	38.0	8,572	28.5	6,184	103.7

	Net income per share	Diluted net income per share
	yen	yen
FY Ended March 31, 2018	47.61	-
FY Ended March 31, 2017	62.75	-

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2018	93,209	55,029	59.0	570.02
As of March 31, 2017	88,588	52,792	59.6	535.66

(Reference) Own capital: As of March 31, 2018 : 55,029 million yen
 As of March 31, 2017 : 52,792 million yen

*The current quarterly financial results are not subject to quarterly review procedures by certified public accountant or by auditing firm.

*Explanation relating to the appropriate use of forecasts of business results and other items of note.

The forecasts included in this document are based on the currently available information and certain assumptions that we believe reasonable. Actual results, etc. may differ from projections due to a variety of reasons.

Consolidated Financial Statements and Notes
Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	22,266	23,676
Notes and accounts receivable-trade	20,521	21,729
Electronically recorded monetary claims-operating	5,309	5,946
Merchandise and finished goods	7,258	7,601
Work in process	1,331	1,976
Raw materials and supplies	2,034	2,405
Deferred tax assets	572	693
Other	936	1,645
Allowance for doubtful accounts	△ 50	△ 45
Total current assets	60,180	65,630
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,588	5,895
Machinery, equipment and vehicles, net	6,434	7,207
Land	3,923	6,272
Construction in progress	622	1,790
Other, net	466	403
Total Property, plant and equipment	16,035	21,569
Intangible assets	119	224
Investments and other assets		
Investment securities	18,051	20,025
Deferred tax assets	94	69
Other	495	633
Allowance for doubtful accounts	△ 3	△ 37
Total investments and other assets	18,637	20,691
Total non-current assets	34,792	42,485
Total assets	94,972	108,116

(millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable-trade	18,881	20,310
Short-term loans payable	3,170	2,615
Income taxes payable	1,479	1,601
Provision for bonuses	947	982
Deferred tax liabilities	17	-
Other	4,768	6,298
Total current liabilities	29,265	31,807
Non-current liabilities		
Long-term loans payable	100	1,222
Deferred tax liabilities	1,502	2,415
Net defined benefit liability	6,119	6,375
Other	970	1,078
Total non-current liabilities	8,691	11,091
Total liabilities	37,956	42,899
Net assets		
Shareholders' equity		
Capital stock	13,047	13,047
Capital surplus	359	540
Retained earnings	37,521	42,752
Treasury stock	△ 1,340	△ 3,690
Total shareholders' equity	49,588	52,650
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,646	9,309
Deferred gains or losses on hedges	24	△ 7
Foreign currency translation adjustment	221	310
Remeasurements of defined benefit plans	△ 464	△ 370
Total accumulated other comprehensive income	7,427	9,241
Non-controlling interests	-	3,323
Total net assets	57,016	65,216
Total liabilities and net assets	94,972	108,116

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	86,604	90,089
Cost of sales	61,827	65,318
Gross profit	24,776	24,770
Selling, general and administrative expenses		
Freightage and packing expenses	3,453	3,542
Other selling expenses	3,637	3,226
Provision of allowance for doubtful accounts	-	12
Salaries and bonuses	3,381	3,588
Provision for bonuses	324	346
Retirement benefit expenses	191	184
Other general and administrative expenses	3,356	3,715
Total selling, general and administrative expenses	14,344	14,615
Operating profit	10,431	10,155
Non-operating income		
Interest income	14	16
Dividends income	391	450
Real estate rent	387	395
Equity in earnings of affiliates	95	83
Other income	150	170
Total non-operating income	1,039	1,116
Non-operating expenses		
Interest expenses	23	20
Rent expenses on real estates	112	94
Foreign exchange losses	537	134
Other expenses	58	95
Total non-operating expenses	732	345
Ordinary income	10,738	10,926
Extraordinary income		
Gain on sales of noncurrent assets	2	0
Gain on sales of investment securities	-	136
Gain on negative goodwill	-	2,131
Welfare pension fund dissolution loss reserve release	20	-
Total extraordinary gain	23	2,268
Extraordinary loss		
Loss on retirement of noncurrent assets	47	79
Impairment loss	-	1,795
Loss on step acquisitions	-	1,526
Other loss	-	41
Total extraordinary loss	47	3,443
Profit before income taxes	10,713	9,751
Income taxes-current	2,727	2,912
Income taxes for prior periods	-	135
Income taxes-deferred	33	△ 132
Total income taxes	2,760	2,915
Net income	7,952	6,836
Profit attributable to non-controlling interests	-	15
Profit attributable to owners of parent	7,952	6,820

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net income	7,952	6,836
Other comprehensive income		
Valuation difference on available-for-sale securities	1,292	1,676
Deferred gains or losses on hedges	118	△ 30
Foreign currency translation adjustment	△ 328	△ 14
Remeasurements of defined benefit plans, net of tax	133	93
Share of other comprehensive income of associates accounted for using equity method	△ 68	109
Total accumulated other comprehensive income	1,147	1,834
Comprehensive income	9,100	8,670
(comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	9,100	8,338
Comprehensive income attributable to non-controlling interests	-	331

Consolidated statement of changes in equity

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	13,047	359	31,866	△ 2,346	42,927
Changes of items during period					
Dividends of surplus			△ 1,277		△ 1,277
Profit attributable to owners of parent			7,952		7,952
Purchase of treasury shares				△ 14	△ 14
Retirement of treasury shares		△ 1,020		1,020	-
Disposal of treasury shares					-
Transfer to capital surplus from retained earnings		1,020	△ 1,020		-
Change of retained earnings in the total due to consolidated subsidiary increase					-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	5,654	1,005	6,660
Balance at end of current period	13,047	359	37,521	△ 1,340	49,588

	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of current period	6,392	△ 95	580	△ 597	6,280	-	49,208
Changes of items during period							
Dividends of surplus							△ 1,277
Profit attributable to owners of parent							7,952
Purchase of treasury shares							△ 14
Retirement of treasury shares							-
Disposal of treasury shares							-
Transfer to capital surplus from retained earnings							-
Change of retained earnings in the total due to consolidated subsidiary increase							-
Net changes of items other than shareholders' equity	1,253	119	△ 359	133	1,147	-	1,147
Total changes of items during period	1,253	119	△ 359	133	1,147	-	7,807
Balance at end of current period	7,646	24	221	△ 464	7,427	-	57,016

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	13,047	359	37,521	△ 1,340	49,588
Changes of items during period					
Dividends of surplus			△ 1,671		△ 1,671
Profit attributable to owners of parent			6,820		6,820
Purchase of treasury shares				△ 2,349	△ 2,349
Retirement of treasury shares					-
Disposal of treasury shares		152			152
Transfer to capital surplus from retained earnings		28	△ 28		-
Change of retained earnings in the total due to consolidated subsidiary increase			111		111
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	180	5,231	△ 2,349	3,062
Balance at end of current period	13,047	540	42,752	△ 3,690	52,650

	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of current period	7,646	24	221	△ 464	7,427	-	57,016
Changes of items during period							
Dividends of surplus							△ 1,671
Profit attributable to owners of parent							6,820
Purchase of treasury shares							△ 2,349
Retirement of treasury shares							-
Disposal of treasury shares							152
Transfer to capital surplus from retained earnings							-
Change of retained earnings in the total due to consolidated subsidiary increase							111
Net changes of items other than shareholders' equity	1,662	△ 31	89	93	1,813	3,323	5,137
Total changes of items during period	1,662	△ 31	89	93	1,813	3,323	8,200
Balance at end of current period	9,309	△ 7	310	△ 370	9,241	3,323	65,216

Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	10,713	9,751
Depreciation	2,217	2,495
Impairment loss	-	1,795
Amortization of goodwill	18	-
Gain on negative goodwill	-	△ 2,131
Share of loss (profit) of entities accounted for using equity method	△ 95	△ 83
Increase (decrease) in provision for bonuses	55	35
Increase (decrease) in allowance for doubtful accounts	△ 59	3
Changes in the amount of welfare pension fund dissolution loss allowance (△ decrease)	△ 20	-
Increase (decrease) in other provision	-	△ 1
Increase (decrease) in net defined benefit liability	408	362
Interest and dividend income	△ 405	△ 467
Interest expenses	23	20
Foreign exchange losses (gains)	12	47
Loss (gain) on step acquisitions	-	1,526
Loss (gain) on sales of investment securities	-	△ 136
Loss (gain) on sales of non-current assets	△ 2	△ 0
Loss on retirement of non-current assets	47	79
Decrease (increase) in notes and accounts receivable – trade	△ 1,067	△ 474
Decrease (increase) in inventories	235	△ 101
Decrease (increase) in other assets	349	△ 624
Increase (decrease) in notes and accounts payable – trade	312	259
Increase (decrease) in other liabilities	533	△ 712
Other, net	114	△ 35
Subtotal	<u>13,393</u>	<u>11,608</u>
Interest and dividend income received	405	467
Interest expenses paid	△ 23	△ 20
Income taxes paid	△ 2,941	△ 2,964
Cash flows from operating activities	<u>10,833</u>	<u>9,090</u>
Cash flows from investing activities		
Payments into time deposits	△ 1,455	△ 1,725
Proceeds from withdrawal of time deposits	2,050	855
Purchase of property, plant and equipment and intangible assets	△ 3,295	△ 3,857
Proceeds from sales of property, plant and equipment and intangible assets	2	0
Purchase of investment securities	△ 17	△ 58
Proceeds from sales of investment securities	-	270
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	26
Other, net	89	△ 175
Cash flows from investing activities	<u>△ 2,625</u>	<u>△ 4,663</u>

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	△ 46	123
Proceeds from long-term loans payable	100	1,050
Repayments of long-term loans payable	△ 117	△ 1,291
Cash dividends paid	△ 1,280	△ 1,671
Dividends paid to non-controlling interests	-	△ 14
Purchase of treasury shares	△ 14	△ 2,349
Other, net	△ 27	△ 26
Cash flows from financing activities	△ 1,387	△ 4,180
Effect of exchange rate change on cash and cash equivalents	△ 215	22
Net increase (decrease) in cash and cash equivalents	6,604	268
Cash and cash equivalents at beginning of period	14,927	21,531
Increase in cash and cash equivalents from newly consolidated subsidiary	-	270
Cash and cash equivalents at end of period	21,531	22,071