

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2018
[Japanese Standards] (Consolidated)

November 7, 2018

Company name: OKAMOTO INDUSTRIES,INC.
 Stock exchange listing: Tokyo
 Stock code: 5122 URL <http://www.okamoto-inc.jp/>
 Representative: Toshio Tamura, President
 Inquiries: Hiroshi Takashima, Managing Director Accounting Dept.
 Scheduled date to file Securities Report: November 12, 2018
 Scheduled date to commence dividend payments: December 3, 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 six months ended September 30, 2018
 (from April 1, 2018 to September 30, 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	%
Six months ended September 30, 2018	45,791	7.3	4,835	△ 3.0	5,695	4.4	4,133	△ 5.4
Six months ended September 30, 2017	42,663	0.3	4,987	△ 10.6	5,457	7.5	4,368	15.9

(Note) Comprehensive income: Six months ended September 30, 2018 : 4,612 million yen △ 20.9 %
 Six months ended September 30, 2017 : 5,831 million yen 180.6 %

	Net income per share	Diluted net income per share
	yen	yen
Six months ended September 30, 2018	215.00	-
Six months ended September 30, 2017	222.46	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	110,242	68,172	59.1
As of March 31, 2018	107,464	65,216	57.6

(Reference) Own capital: As of September 30, 2018 : 65,148 million yen
 As of March 31, 2018 : 61,892 million yen

2. Dividends

	Cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	yen	yen	yen	yen	yen
FY Ended March 31, 2018	-	9.00	-	10.00	19.00
FY Ended March 31, 2019	-	10.00	-	-	-
FY Ended March 31, 2019 (forecast)	-	-	-	* 50.00	-

(Note) Revision of the latest dividend forecast announced: No

*Reflects five to one reverse share split.

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
Full year	95,000	5.5	9,200	△ 9.4	9,900	△ 9.4	6,000	△ 12.0	312.06

(Note) Revision of the latest consolidated results forecast announced: No

*Notes

(1) Changes in status of significant subsidiaries during the six months ended September 30, 2018

(changes in status of specified subsidiaries accompanying changes in consolidated) No
Newly consolidated subsidiaries: - Subsidiaries excluded: -

(2) Application of accounting methods for preparing quarterly consolidated financial statements: No

(3) 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

(4) 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	Six months ended September 30, 2018	20,399,367	FY Ended March 31, 2018	20,399,367
②	Six months ended September 30, 2018	1,116,950	FY Ended March 31, 2018	1,171,944
③	Six months ended September 30, 2018	19,223,510	Six months ended September 30, 2017	19,637,976

*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 Quarterly Financial Statements and Notes
Consolidated Quarterly Balance Sheets

(millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	23,676	24,215
Notes and accounts receivable-trade	21,729	20,949
Electronically recorded monetary claims-operating	5,946	6,178
Merchandise and finished goods	7,601	8,254
Work in process	1,976	2,097
Raw materials and supplies	2,405	2,698
Other	1,645	1,485
Allowance for doubtful accounts	△ 45	△ 46
Total current assets	64,936	65,832
Non-current assets		
Property, plant and equipment	21,569	23,118
Intangible assets	224	256
Investments and other assets		
Investment securities	20,025	20,348
Deferred tax assets	112	118
Other	633	603
Allowance for doubtful accounts	△ 37	△ 35
Total investments and other assets	20,733	21,034
Total non-current assets	42,528	44,409
Total assets	107,464	110,242

(millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,310	20,362
Short-term loans payable	2,615	2,819
Income taxes payable	1,601	1,379
Provision for bonuses	982	1,029
Other	6,298	5,161
Total current liabilities	31,807	30,752
Non-current liabilities		
Long-term loans payable	1,222	1,035
Deferred tax liabilities	1,763	2,821
Net defined benefit liability	6,375	6,515
Other	1,078	945
Total non-current liabilities	10,440	11,317
Total liabilities	42,248	42,070
Net assets		
Shareholders' equity		
Capital stock	13,047	13,047
Capital surplus	511	511
Retained earnings	42,781	45,950
Treasury stock	△ 3,690	△ 4,028
Total shareholders' equity	52,650	55,481
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,309	9,837
Deferred gains or losses on hedges	△ 7	22
Foreign currency translation adjustment	310	114
Remeasurements of defined benefit plans	△ 370	△ 307
Total accumulated other comprehensive income	9,241	9,667
Non-controlling interests	3,323	3,023
Total net assets	65,216	68,172
Total liabilities and net assets	107,464	110,242

Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
Six months ended September 30, 2018

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	42,663	45,791
Cost of sales	30,847	33,522
Gross profit	11,815	12,269
Selling, general and administrative expenses		
Freightage and packing expenses	1,655	1,836
Other selling expenses	1,478	1,424
Salaries and bonuses	1,531	1,748
Provision for bonuses	331	355
Retirement benefit expenses	93	95
Other general and administrative expenses	1,738	1,971
Total selling, general and administrative expenses	6,828	7,433
Operating profit	4,987	4,835
Non-operating income		
Interest income	9	12
Dividends income	233	278
Real estate rent	200	330
Foreign exchange gains	52	276
Equity in earnings of affiliates	38	43
Other income	35	32
Total non-operating income	569	973
Non-operating expenses		
Interest expenses	10	12
Rent expenses on real estates	46	55
Other expenses	42	45
Total non-operating expenses	99	113
Ordinary income	5,457	5,695
Extraordinary income		
Gain on sales of noncurrent assets	-	0
Gain on negative goodwill	2,131	-
Gain on sales of subsidiaries and affiliates' stocks	-	40
Other income	-	2
Total extraordinary gain	2,131	43
Extraordinary loss		
Loss on retirement of noncurrent assets	50	4
Loss on step acquisitions	1,526	-
Other loss	41	-
Total extraordinary loss	1,617	4
Profit before income taxes	5,970	5,734
Income taxes-current	1,469	1,551
Income taxes-deferred	133	△ 16
Total income taxes	1,602	1,535
Net income	4,368	4,198
Profit attributable to non-controlling interests	-	65
Profit attributable to owners of parent	4,368	4,133

Consolidated Quarterly Statements of Comprehensive Income
Six months ended September 30, 2018

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net income	4,368	4,198
Other comprehensive income		
Valuation difference on available-for-sale securities	1,400	539
Deferred gains or losses on hedges	29	30
Foreign currency translation adjustment	46	△ 223
Remeasurements of defined benefit plans, net of tax	32	63
Share of other comprehensive income of associates accounted for using equity method	△ 46	4
Total accumulated other comprehensive income	1,462	413
Comprehensive income	5,831	4,612
(comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	5,831	4,558
Comprehensive income attributable to non-controlling interests	-	53

Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	5,970	5,734
Depreciation	1,103	1,224
Gain on negative goodwill	△ 2,131	-
Increase (decrease) in provision for bonuses	80	46
Increase (decrease) in allowance for doubtful accounts	△ 3	0
Increase (decrease) in other provision	-	0
Increase (decrease) in net defined benefit liability	155	243
Interest and dividend income	△ 242	△ 291
Interest expenses	10	12
Foreign exchange losses (gains)	△ 11	△ 57
Loss (gain) on step acquisitions	1,526	-
Share of loss (profit) of entities accounted for using equity method	△ 38	△ 43
Loss (gain) on sales of investment securities	-	△ 40
Loss (gain) on sales of non-current assets	-	△ 0
Loss on retirement of non-current assets	50	4
Decrease (increase) in notes and accounts receivable – trade	△ 76	423
Decrease (increase) in inventories	△ 979	△ 1,142
Decrease (increase) in other assets	△ 94	317
Increase (decrease) in notes and accounts payable – trade	137	212
Increase (decrease) in other liabilities	△ 952	△ 165
Other, net	30	30
Subtotal	4,533	6,509
Interest and dividend income received	242	291
Interest expenses paid	△ 10	△ 12
Income taxes paid	△ 1,673	△ 1,778
Cash flows from operating activities	3,092	5,009
Cash flows from investing activities		
Payments into time deposits	△ 615	△ 1,605
Proceeds from withdrawal of time deposits	735	1,605
Purchase of property, plant and equipment and intangible assets	△ 1,444	△ 3,339
Proceeds from sales of property, plant and equipment and intangible assets	0	0
Purchase of investment securities	△ 8	△ 8
Proceeds from sales of investment securities	-	72
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	26	-
Other, net	12	15
Cash flows from investing activities	△ 1,293	△ 3,258

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	37	143
Repayments of long-term loans payable	-	△ 123
Purchase of treasury shares	△ 41	△ 151
Cash dividends paid	△ 809	△ 962
Dividends paid to non-controlling interests	-	△ 15
Other, net	△ 13	△ 12
Cash flows from financing activities	△ 826	△ 1,121
Effect of exchange rate change on cash and cash equivalents	△ 26	△ 89
Net increase (decrease) in cash and cash equivalents	946	539
Cash and cash equivalents at beginning of period	21,531	22,071
Cash and cash equivalents at end of six months ended	22,478	22,610