November 7, 2017

# Consolidated Financial Results for the Six Months Ended September 30, 2017

| | |
|---|---|
| Company name: | FP Corporation |
| Stock exchange listing: | Tokyo Stock Exchange |
| Stock code: | 7947 URL: http://www.fpco.co.jp/ |
| Representative: | Morimasa Sato, Representative Director, President |
| Contact: | Isao Ikegami, Executive Vice President and Director, Executive General Manager of Finance and Accounting Division<br>Tel. +81-8-4953-1145 |

Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho): November 8, 2017
Scheduled date for commencement of dividend payments: November 24, 2017
Supplementary documents for quarterly results: Yes
Quarterly results briefing: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are truncated.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2017 (April 1, 2017 – September 30, 2017)

(1) Consolidated Results of Operations (Percentages show year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| Period ended | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| September 30, 2017 | 86,555 | 1.2 | 6,287 | (17.9) | 6,628 | (16.2) | 4,421 | (18.2) |
| September 30, 2016 | 85,542 | 1.5 | 7,655 | 27.1 | 7,907 | 19.3 | 5,406 | 21.2 |

(Note) Comprehensive income: Period ended September 30, 2017: 5,214 million yen (5.2%)
Period ended September 30, 2016: 5,500 million yen (23.8%)

| | profit per share (basic) | profit per share (diluted) |
|---|---|---|
| Period ended | Yen | Yen |
| September 30, 2017 | 106.94 | – |
| September 30, 2016 | 130.69 | – |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---|---|---|---|---|
| As of | Million yen | Million yen | % | Yen |
| September 30, 2017 | 237,235 | 103,282 | 43.4 | 2,489.17 |
| March 31, 2017 | 219,481 | 99,721 | 45.3 | 2,403.52 |

(Reference) Equity: As of September 30, 2017: 102,902 million yen
As of March 31, 2017: 99,361 million yen

2. Dividends

| | Dividend per share | | | | |
|---|---|---|---|---|---|
| | End of first quarter | End of second quarter | End of third quarter | Year-end | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended March 31, 2017 | – | 40.00 | – | 40.00 | 80.00 |
| Year ending March 31, 2018 | – | 40.00 | | | |
| Year ending March 31, 2018 (forecast) | | | – | 41.00 | 81.00 |

Note: Revisions to dividend forecasts published most recently: No

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Percentages show year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Net income per share |
|---|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Year ending March 31, 2018 | 179,000 | 3.6 | 15,900 | 4.8 | 16,500 | 4.8 | 11,150 | 1.8 | 269.71 |

Note: Revisions to consolidated business performance forecasts published most recently: No

* Notes
(1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries accompanying changes in scope of consolidation): No

(2) Application of particular accounting treatment concerning preparation of quarterly consolidated financial statements: No

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

| | |
|---|---|
| (i) Changes in accounting policies accompanying amendments to accounting standards, etc.: | No |
| (ii) Changes in accounting policies other than (i): | No |
| (iii) Changes in accounting estimates: | No |
| (iv) Restatement: | No |

(4) Number of shares outstanding (common shares):

(i) Number of shares outstanding at end of period (including treasury shares)

| | |
|---|---|
| As of September 30, 2017: | 44,284,212 shares |
| As of March 31, 2017: | 44,284,212 shares |

(ii) Number of treasury shares at end of period:

| | |
|---|---|
| As of September 30, 2017: | 2,944,109 shares |
| As of March 31, 2017: | 2,944,011 shares |

(iii) Average number of shares outstanding during the period (consolidated cumulative period)

| | |
|---|---|
| Six months ended September 30, 2017: | 41,340,127 shares |
| Six months ended September 30, 2016: | 41,371,446 shares |

* Quarterly consolidated financial results are not subject to a quarterly review.

* Explanations and other special notes concerning the appropriate use of business performance forecasts
The forecasts and other forward-looking statements presented in this material are based on information available to the Company as of the date of publication of this material. Actual performance may differ from the forecast figures due to a variety of factors. Refer to "1. Qualitative Information Relating to Consolidated Results of Operations for the First Six Months Ended September 30, 2017; (3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results" on page 5 of the "Accompanying Materials" for the assumptions underlying the forecasts, notes to the use of forecasts and other related matters.

(Method used to obtain content for the quarterly analyst meeting)
The Company plans to hold a briefing for institutional investors on November 13 (Mon.), 2017. A video of this briefing is planned to be posted on the Company's website as soon as possible after the briefing along with quarterly earnings results materials to be used at the briefing on the day

Accompanying Materials – Contents

## 1. Qualitative Information Relating to Consolidated Results of Operations for the First Six Months Ended September 30, 2017

### (1) Explanation of Financial Results

During the first six months under review (from April 1, 2017 to September 30, 2017), the Japanese economy saw a moderate recovery due to improvements in corporate earnings as well as the employment and income environment. However, the persistent budget-mindedness of consumers continued, mainly due to sluggish growth in real income. Because of this situation and concern over trends in overseas economies, such as the policy trends in the United States, economic conditions overseas including emerging countries, and growing tension in the Korean Peninsula, the economic outlook remained uncertain.

In this environment, we saw an increase in sales of our original products (Multi FP, Multi Solid, OPET, and new transparent PP containers, and products using recycled raw materials, such as Eco Tray and Eco APET). New design and new function containers centered on our original products are greatly appreciated by customers, not only for their functionality as containers but also for the superiority of their material functions including oil and heat resistance. In particular, the Multi FP container, which is used for hot pots, soup containers, heated prepared food containers, and chilled lunchboxes, now has a new deep heat-resistant product with a lid and a new heat-resistant inner plate. With this development, the Multi FP container, along with the new transparent PP container, has enabled new product development that allows microwave heating. This encourages proposals for the creation of new sales spaces at retailers, and more and more customers are using the product. For transparent containers, we are working on enhancing the lineup of OPET and new transparent PP products to replace conventional OPS containers, contributing to the increase in the use of containers with fitted lids, which are suitable for prepared food such as fried food, as well as prepared food containers for microwave heating and transparent lids for lunchboxes. Eco APET containers are increasingly being used as vegetable salad containers and containers for fruit and vegetables.

With food retailers enhancing the lineup of highly profitable prepared food and perishables, we have also seen increases in the sales volume of new products such as dressed meat containers with covers and prepared food containers that look good on sales floors for ingredients, and deep fruit and vegetable containers that have the effect of refreshing the fruit sales space.

Major food producers are stepping up their efforts to develop new products such as prepared food to enhance the market for home meal replacements. In addition, the restaurant industry is expanding into the home meal replacement market, and more and more major restaurant chains have begun to use containers for take-out food.

Meanwhile, sales remained sluggish for seasonal products from August against the backdrop of bad weather in eastern Japan including Kanto and Tohoku, and began to slow down for prepared food as well due to the damage caused by O157. In addition, fresh fish continued to perform poorly, reflecting increases in fish prices due to a decline in the catch as well as the Anisakis problem. Reflecting these factors, the sales volume of products manufactured by the Group in the first six months of the consolidated fiscal year under review rose 3.3% year on year in terms of the number of cases and 1.2% in terms of the number of products. The net sales of products manufactured by the group edged up 1.4% year on year.

Under these circumstances, the prices of raw materials for products manufactured by the Group had been raised one after another since the third quarter of the previous fiscal year (during the period from October 1, 2016 to March 31, 2017), and expenses such as logistics expenses, electric power charges and personnel expenses increased. Partly due to these factors, the Group announced revisions to prices for products shipped on or after June 1, 2017. However, with the price of polystyrene showing a slight decline, in July the Group decided to reduce the level of increases and applied the revisions to prices for products shipped in or after September or October 2017.

In addition, net sales of products purchased from outside the Group in the first six months under review rose by 0.4% year on year. This was attributable to our efforts to strengthen our procurement ability by increasing the volume of private brand products handled and reviewing unprofitable transactions at the same time. As a result, the Group achieved consolidated net sales of 86,555 million yen, up 1,012 million yen or 1.2% year on year, reaching a record high.

Although we boosted profits by about 600 million yen due to the strong sales of our original and new products, costs increased by about 1,880 million yen due to a year-on-year rise in the prices of raw materials for products manufactured by the Company, an increase in electricity, and an increase in logistics costs associated with the commencement of operation at new bases and facilities as well as the higher sales volume. As a result, operating profit in the first six months under review declined 1,368 million yen or 17.9% year on year, to 6,287 million yen, and ordinary profit stood at 6,628 million yen, down 1,278 million yen or 16.2%. Ordinary profit before depreciation and amortization came to 12,306 million yen, down 8.2%, and profit attributable to owners of parent totaled 4,421 million yen, down 18.2%.

Regarding sales activity, supermarkets and convenience stores are working to enhance the lineup of food products such as soup and microwavable noodles as food retailers and food processing vendors are putting their efforts into expanding the market of home meal replacements, particularly prepared food. As we are moving into autumn and winter, we are encouraged to see the increased use of products that support microwave heating, for which the Company's original products such as the Multi FP container and OPET transparent container are used. We will also accelerate the development of high value-added products and the enhancement of the product lineup tailored to the lifestyles of consumers, shifting the sales mix to our original products to boost the net sales and profitability of our products. Furthermore, our initiatives include steps to reduce carbon emissions and improve work productivity to respond to the labor shortage, while promoting sales of products using recycled materials and general-purpose products.

On the production side, the Kanto Eco PET Plant, which was completed on the site of the Kanto Yachiyo Plant in August 2017, commenced operation in October with the completion of test operation. As with the Chubu Eco PET Plant (which began operating in March 2016), we will carry out integrated production to promote the FPCO "bottle to tray" recycling method in which we reuse collected transparent PET containers and PET bottles as raw materials to produce Eco APET containers. With the completion of this new plant, the Group's capacity to supply materials for the Eco APET containers is enhanced to the scale of 50,000 tons per year. In addition, with OPET sheet extrusion equipment and product-molding machines installed, the Kanto Yachiyo Plant and the Chubu Eco PET Plant produce OPET transparent containers, and there are plans to add OPET sheet extrusion equipment No. 4 on the site of the Chubu Eco Plant in November 2017 to enhance the sales expansion system of OPET transparent containers. We are also pushing ahead with the introduction of industrial robots at all molding plants throughout Japan, aiming for the automation of manufacturing processes to save labor. In September 2017, 27 automatic packing machines and dust-removing packing machines and 16 case packing robots were operating, and they enabled us to reduce the workforce requirements by 85 workers. We will continue to introduce industrial robots to promote the automation of manufacturing processes to save labor.

In addition, to increase the film supply capacity of FPCO ALRight Co., Ltd. ("FPCO ALRight"), a consolidated subsidiary, a new film plant, which will also serve as the head office, is under construction in Kasaoka, Okayama Prefecture. Its construction is due to be completed in January 2018.

Primarily to reduce film printing sourcing costs, FPCO Gravure Co., Ltd. ("FPCO Gravure"), a joint venture of the Company and Kawamoto Kagaku, Y.K. ("Kawamoto Kagaku") in Asakuchi, Okayama Prefecture, is proceeding with the construction of a new gravure printing plant in Asakuchi, Okayama Prefecture. The new plant is planned to commence operation in April 2018 by taking over the printing businesses of Kawamoto Kagaku and FPCO ALRight.

In terms of logistics preparations, we temporarily relaxed our efforts to construct a robust and flexible nationwide logistics network and ensured the establishment of a stable supply system for future market expansion and peak seasons. We also introduced a voice-activated picking system to improve the productivity of picking operations. In addition, as part of our Business Continuity Plan (BCP), we have installed emergency power-generating equipment and store sufficient fuel to secure an electricity supply for 72 hours, or three days, in all 21 locations nationwide to ensure that our critical business functions will continue to operate even in the event of serious incidents, such as an electricity outage caused by a disaster. Through these measures, we will provide a stable supply and reduce costs throughout the logistics chain up to product delivery to customers.

We also plan to build an office that will also serve as a warehouse in Nishi-ku, Hiroshima Prefecture. The facility, in which the Company's Hiroshima office and three consolidated subsidiaries (FPCO Ishida Co., Ltd., FPCO Logistics Co., Ltd. and I-LOGIC Co. Ltd.) will operate, is scheduled for completion in October 2018. We will aim to control logistics costs and improve work efficiency through excellent access to food retailer customers in the Hiroshima area.

Given an improvement in the employment situation, labor costs are rising significantly along with a labor shortage, and companies are having difficulties with recruitment. In this environment, the Group built a company apartment building called "PicoHouse No.1 Building" consisting of 150 studio units in Chikusei, Ibaraki Prefecture in the Kanto area in order to secure personnel from a wider area. In the Chubu area, we have built a similar facility called "PicoHouse No.2 Building" with 102 studio units in Wanouchi-cho, Anpachi District, Gifu Prefecture.

In our research and development activities, we sought to accelerate and enhance research into new materials and products and product development. We also placed greater emphasis on personnel development utilizing our training facilities.

The Group promotes the employment of disabled workers by thinking about the contents of work in which they are able to take an active role and creating a work environment where they will be able to work easily. As of September 30, 2017, the Group provided employment opportunities for 374 individuals (644 disabled workers employed), and 66 at its tie-up partners. In

September 2017, for the fourth consecutive year, the Company came top in a ranking of companies that hire workers with disabilities, announced by Toyo Keizai Inc.

(Explanations of terms)

| | |
|---|---|
| Multi FP (MFP) container: | An formed PS (polystyrene) container with cold and heat resistance to temperatures between -40ºC and +110ºC and with superior oil and acid resistance and thermal insulation. |
| Multi Solid (MSD) container: | A non-formed PS (polystyrene) container with a heat resistance temperature of +110ºC that is able to create sharp figures by using scraps of materials from the Multi FP, while maintaining the characteristics of the Multi FP. |
| OPET transparent container: | A polyethylene terephthalate transparent container with a heat resistance temperature of +80ºC that is molded from bi-axially oriented PET sheets, with superior oil and acid resistance and transparency, achieving the same thermal insulation as the OPS. |
| New transparent PP container: | A transparent PP container with a heat resistance temperature of +110ºC, which has achieved the same transparency as OPS using standard-grade polypropylene raw material. |
| OPS transparent container: | A conventional transparent container with a heat resistance temperature of +80ºC that is molded from the bi-axially oriented polystyrene sheets. |
| Eco Tray: | A recycled expanded polystyrene container for which polystyrene containers collected at supermarket shop counters and scrap pieces collected within plants are used as raw materials (sales commenced in 1992). |
| Eco APET container: | A recycled PET transparent container for which PET transparent containers collected at supermarket shop counters, PET bottles and scrap pieces collected within plants are used as raw materials (sales commenced in 2012). |
| Gravure printing | A type of intaglio printing that expresses contrasting density by changing the thickness of an ink layer through the depth of small dents on a printing plate. |

(2) Explanation of Financial Situation

1) State of assets, liabilities and net assets

Consolidated assets at the end of the second quarter under review totaled 237,235 million yen, up 17,754 million yen from the end of the previous fiscal year.

This was attributable mainly to increases in notes and accounts receivable - trade of 5,207 million yen, buildings and structures of 6,653 million yen, and other in property, plant and equipment of 4,041 million yen, while there was a decrease in lease assets of 1,122 million yen.

Consolidated liabilities amounted to 133,952 million yen, up 14,193 million yen from the end of the previous fiscal year.

This was chiefly attributable to increases in accounts payable - trade of 2,808 million yen, short-term loans payable and long-term loans payable of 6,016 million yen and commercial papers of 3,000 million yen, while there was a decrease in income taxes payable of 1,590 million yen.

Consolidated net assets reached 103,282 million yen, up 3,560 million yen from the end of the previous fiscal year.

This change mainly reflected increases in retained earnings of 2,767 million yen and valuation difference on available-for-sale securities of 738 million yen.

Under its basic principles of profit distribution that have been announced, the Company has decided to pay a dividend of 40 yen per share with a record date of September 30, 2017 and a year-end dividend of 41 yen on the assumption that the forecast results will be achieved. The annual dividend per share will thus be 81 yen.

2) State of cash flows

Consolidated cash and cash equivalents (hereinafter "cash") at the end of the first six months under review totaled 18,350 million yen, up 205 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities amounted to 4,014 million yen (10,413 million yen in cash was provided a year earlier).

This primarily reflected a cash increase due mainly to income before income taxes of 6,458 million yen, depreciation of 5,677 million yen, and an increase in accounts payable - trade of 2,808 million yen, while there were some cash decreases due mainly to an increase in account receivable - trade of 5,210 million yen, an increase in inventories of 1,285 million yen and income taxes paid of 3,302 million yen.

(Cash flows from investing activities)

Net cash used in investing activities reached 9,500 million yen (13,970 million yen in cash was used a year earlier).

This was mainly due to 9,518 million yen in purchase of property, plant and equipment, including the Kanto Eco PET Plant, and other manufacturing facilities.

(Cash flows from financing activities)

Net cash provided by financing activities came to 5,691 million yen (3,563 million yen in cash was provided a year earlier).

This primarily reflected a net increase in commercial paper of 3,000 million yen, proceeds from long-term loans payable of 21,000 million yen, repayments of long-term loans payable of 15,483 million yen, repayments of lease obligations of 1,672 million yen, and cash dividends paid of 1,652 million yen.

(3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results

As to the future outlook, unpredictable conditions, such as consumer trends and changes in raw material costs and electricity charges attributable to the foreign exchange rate and crude oil price fluctuations, are expected to persist in the operating environment surrounding the Group.

Under this environment, there were two announcements that had an impact on the procurement of the raw materials of Eco PET containers.

The first announcement was made by China in July 2017 to notify the World Trade Organization (WTO) that the country would terminate the import of some types of waste such as waste plastics and paper by the end of the year. Such waste plastics include recycled PET bottles that are exported from Japan to China. The prices for PET bottles recycled in Japan are expected to decline because the supply-demand balance will not be maintained due to the effects of China’s import termination. The Group reuses recycled PET bottles as materials for Eco APET containers. We expect that the costs for the procurement of raw materials will decrease due to a decline in recycled PET bottle prices, although the supply capacity of reused materials will increase from the current 30,000 tons per year to 50,000 tons due to the operation of the Kanto Eco PET Plant.

Subsequently, in August 2017, the Ministry of Finance announced that it would impose a temporary anti-dumping duty on Chinese-produced PET resins that are used mainly for PET bottles. The tariff is a maximum of 53% and is levied for four months starting from September. The Ministry may, however, decide to extend the anti-dumping duty for up to five years by the end of the year. As a result, with more companies considering changing the import source from China to other Asian countries, the prices for imported PET resins are expected to increase. Given the start of the operation of the Kanto Eco PET Plant, the Group expects that the use of virgin PET resins will decline from the current 40,000 tons per year to 20,000 tons, and that the import of PET resins will decrease as well.

Looking at the employment situation, companies in Japan are having difficulties securing human resources with labor costs rising significantly due to a labor shortage and an increase in minimum wages.

The Group is promoting the introduction of industrial robots in production, and a voice-activated picking system and an automatic sorter system in distribution in order to encourage labor savings and improve work productivity. We will continue to take these steps to curb production and distribution costs. In addition, we will develop a corporate structure in which we can achieve stable profits over the medium to long term through measures including the further acceleration of new product development and lineup enhancement, including the Company’s original products, combined with cost control in our nationwide distribution network.

The results forecasts for the full year announced in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 on May 10, 2017 remain unchanged.

## 2. Quarterly Consolidated Financial Statements and Key Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

| | Previous consolidated fiscal year (As of March 31, 2017) | Second Quarter of the current consolidated fiscal year (As of September 30, 2017) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 18,151 | 18,350 |
| Notes and accounts receivable - trade | 32,421 | 37,629 |
| Merchandise and finished goods | 15,857 | 16,602 |
| Work in process | 118 | 98 |
| Raw materials and supplies | 3,159 | 3,719 |
| Other | 4,527 | 5,074 |
| Allowance for doubtful accounts | (28) | (20) |
| Total current assets | 74,208 | 81,456 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 63,249 | 69,902 |
| Machinery, equipment and vehicles, net | 22,891 | 23,596 |
| Lands | 33,371 | 33,391 |
| Lease assets, net | 8,607 | 7,484 |
| Other, net | 8,014 | 12,055 |
| Total property, plant and equipment | 136,134 | 146,431 |
| Intangible assets | | |
| Goodwill | 1,350 | 1,223 |
| Other | 979 | 975 |
| Total intangible assets | 2,330 | 2,199 |
| Investments and other assets | 6,808 | 7,148 |
| Total non-current assets | 145,273 | 155,779 |
| Total assets | 219,481 | 237,235 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 18,936 | 21,745 |
| Short-term loans payable | 20,587 | 14,669 |
| Commercial papers | 15,000 | 18,000 |
| Income taxes payable | 2,758 | 1,168 |
| Provision for bonuses | 1,987 | 2,131 |
| Provision for directors’ bonuses | 91 | 47 |
| Other | 13,690 | 19,370 |
| Total current liabilities | 73,051 | 77,133 |
| Noncurrent liabilities | | |
| Long-term loans payable | 35,702 | 47,636 |
| Provision for directors’ retirement benefits | 1,415 | 541 |
| Provision for executive officers’ retirement benefits | 24 | 19 |
| Net defined benefit liability | 3,094 | 3,146 |
| Other | 6,471 | 5,474 |
| Total non-current liabilities | 46,707 | 56,819 |
| Total liabilities | 119,759 | 133,952 |

(Million yen)

| | Previous consolidated fiscal year (As of March 31, 2017) | Second Quarter of the current consolidated fiscal year (As of September 30, 2017) |
|---|---|---|
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 13,150 | 13,150 |
| Capital surplus | 15,860 | 15,860 |
| Retained earnings | 74,304 | 77,072 |
| Treasury shares | (5,092) | (5,093) |
| Total shareholders' equity | 98,223 | 100,990 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,317 | 2,056 |
| Remeasurements of defined benefit plans | (178) | (143) |
| Total accumulated other comprehensive income | 1,138 | 1,912 |
| Non-controlling interests | 359 | 380 |
| Total net assets | 99,721 | 103,282 |
| Total liabilities and net assets | 219,481 | 237,235 |

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

(Quarterly Consolidated Statement of Income)

(First half period)

(Million yen)

| | First half period of previous fiscal year (April 1, 2016 - September 30, 2016) | First half period of current fiscal year (April 1, 2017 - September 30, 2017) |
|---|---|---|
| Net sales | 85,542 | 86,555 |
| Cost of sales | 57,194 | 59,038 |
| Gross profit | 28,348 | 27,516 |
| Selling, general and administrative expenses | 20,692 | 21,229 |
| Operating profit | 7,655 | 6,287 |
| Non-operating income | | |
| Interest income | 0 | 0 |
| Dividends income | 51 | 52 |
| Subsidy income | 104 | 133 |
| Gain on sale of scraps | 60 | 59 |
| Other | 191 | 223 |
| Total non-operating income | 409 | 468 |
| Non-operating expenses | | |
| Interest expenses | 98 | 70 |
| Other | 59 | 56 |
| Total non-operating expenses | 157 | 127 |
| Ordinary profit | 7,907 | 6,628 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 81 | – |
| Insurance income | – | 82 |
| Total extraordinary income | 81 | 82 |
| Extraordinary losses | | |
| Loss on sales and retirement of non-current assets | 69 | 19 |
| Impairment loss | 113 | – |
| Loss on valuation of investment securities | 78 | – |
| Additional retirement benefits for directors and condolence money | – | 144 |
| Company funeral-related expenses | – | 88 |
| Total extraordinary losses | 261 | 252 |
| Profit before income taxes | 7,727 | 6,458 |
| Income taxes - current | 2,416 | 1,828 |
| Income taxes - deferred | (111) | 188 |
| Total income taxes | 2,305 | 2,016 |
| Profit | 5,421 | 4,441 |
| Profit attributable to non-controlling interests | 15 | 20 |
| Profit attributable to owners of parent | 5,406 | 4,421 |

(Quarterly Consolidated Statement of Comprehensive Income)

(First half period)

(Million yen)

| | First half period of previous fiscal year (April 1, 2016 - September 30, 2016) | First half period of current fiscal year (April 1, 2017 - September 30, 2017) |
|---|---|---|
| Profit | 5,421 | 4,441 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 42 | 738 |
| Remeasurements of defined benefit plans, net of tax | 35 | 34 |
| Total other comprehensive income | 78 | 773 |
| Comprehensive income | 5,500 | 5,214 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 5,485 | 5,194 |
| Comprehensive income attributable to non-controlling interests | 15 | 20 |

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

| | First half period of previous fiscal year (April 1, 2016 - September 30, 2016) | First half period of current fiscal year (April 1, 2017 - September 30, 2017) |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 7,727 | 6,458 |
| Depreciation | 5,503 | 5,677 |
| Impairment loss | 113 | – |
| Increase (decrease) in provision for bonuses | 156 | 144 |
| Increase (decrease) in provision for directors' bonuses | (27) | (43) |
| Increase (decrease) in allowance for doubtful accounts | (6) | (6) |
| Increase (decrease) in provision for directors' retirement benefits | 36 | (873) |
| Increase (decrease) in provision for executive officers' retirement benefits | 3 | (4) |
| Increase (decrease) in net defined benefit liability | 62 | 52 |
| Loss (gain) on valuation of investment securities | 78 | – |
| Interest and dividends income | (52) | (53) |
| Interest expenses | 98 | 70 |
| Loss (gain) on sales and retirement of non-current assets | (11) | 18 |
| Insurance income | – | (82) |
| Additional retirement benefits for directors and condolence money | – | 144 |
| Company funeral-related expenses | – | 88 |
| Decrease (increase) in notes and accounts receivable–trade | 588 | (5,210) |
| Decrease (increase) in inventories | (641) | (1,285) |
| Decrease (increase) in accounts receivable - other | (56) | (300) |
| Increase (decrease) in notes and accounts payable - trade | 526 | 2,808 |
| Other, net | (602) | (122) |
| Subtotal | 13,495 | 7,481 |
| Interest and dividend income received | 52 | 53 |
| Interest expenses paid | (98) | (66) |
| Proceeds from insurance income | – | 82 |
| Additional retirement benefits for directors and condolence money paid | – | (144) |
| Company funeral-related expenses paid | – | (88) |
| Income taxes paid | (3,036) | (3,302) |
| Net cash provided by (used in) operating activities | 10,413 | 4,014 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (14,237) | (9,518) |
| Other, net | 267 | 17 |
| Net cash provided by (used in) investing activities | (13,970) | (9,500) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | (234) | 500 |
| Net increase (decrease) in commercial papers | – | 3,000 |
| Proceeds from long-term loans payable | 15,000 | 21,000 |
| Repayment of long-term loans payable | (7,737) | (15,483) |
| Repayments of lease obligations | (2,016) | (1,672) |
| Cash dividends paid | (1,449) | (1,652) |
| Other, net | 0 | (0) |
| Net cash provided by (used in) financing activities | 3,563 | 5,691 |
| Net increase (decrease) in cash and cash equivalents | 6 | 205 |
| Cash and cash equivalents at beginning of period | 15,089 | 18,144 |
| Cash and cash equivalents at end of period | 15,096 | 18,350 |

(4) Notes to Quarterly Consolidated Financial Statements

Note to Going Concern Assumption

Not applicable

Notes on Any Significant Change in the Value of Shareholders' Equity

Not applicable