

**YOKOWO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

(Thousands of yen)

ASSETS	Q2/FY2017	FY2016	Inc/(Dec)
	Sep 30, 2017	Mar 31, 2017	
Current assets			
Cash and deposits	5,530,752	5,818,150	(287,398)
Receivables:			
Notes and accounts receivable-trade	10,440,547	9,248,141	1,192,406
Allowance for doubtful accounts	(15,174)	(16,924)	1,750
Inventories	7,166,145	5,903,252	1,262,893
Other	1,819,123	1,490,855	328,268
Total current assets	24,941,393	22,443,474	2,497,919
Noncurrent assets			
Net property, plant and equipment	8,391,916	7,782,936	608,980
Intangible assets	517,050	579,864	(62,814)
Net defined benefit asset	18,367	-	18,367
Investments and other non-current assets	2,914,965	2,513,535	401,430
Total noncurrent assets	11,842,298	10,876,335	965,963
Total assets	36,783,691	33,319,809	3,463,882
LIABILITIES	Q2/FY2017	FY2016	Inc/(Dec)
	Sep 30, 2017	Mar 31, 2017	
Current liabilities			
Notes and accounts payable-trade	6,048,896	4,690,101	1,358,795
Short-term loans payable	2,376,348	2,364,965	11,383
Income taxes payable	250,978	188,500	62,478
Provision for bonuses	577,846	425,981	151,865
Other	2,679,671	2,412,008	267,663
Total current liabilities	11,933,739	10,081,555	1,852,184
Noncurrent liabilities			
Long-term loans payable	1,600,000	1,600,000	-
Provision for product warranties	89,553	89,124	429
Net defined benefit liability	157,262	144,034	13,228
Other	645,359	568,990	76,369
Total noncurrent liabilities	2,492,174	2,402,148	90,026
Total liabilities	14,425,913	12,483,703	1,942,210
NET ASSETS			
Shareholders' equity			
Capital stock	3,996,269	3,996,269	-
Capital surplus	3,981,928	3,981,928	-
Retained earnings	13,436,928	12,642,064	794,864
Treasury stock	(778,038)	(854,955)	76,917
Deposit for subscriptions to treasury shares	1,977	1,977	-
Total shareholders' equity	20,639,064	19,767,283	871,781
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	765,012	382,371	382,641
Foreign currency translation adjustment	687,726	406,640	281,086
Remeasurements of defined benefit plans	254,587	263,547	(8,960)
Total valuation and translation adjustments	1,707,325	1,052,558	654,767
Subscription rights to shares	11,389	16,265	(4,876)
Total net assets	22,357,778	20,836,106	1,521,672
Total liabilities and net assets	36,783,691	33,319,809	3,463,882

YOKOWO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(Thousands of yen)

	Q2/FY2017 Apr'17-Sep'17	Q2/FY2016 Apr'16-Sep'16	Inc/(Dec)
Net sales	24,765,945	20,937,127	3,828,818
Costs and expenses			
Cost of sales	19,949,563	16,818,226	3,131,337
Selling, general and administrative expenses	3,499,405	2,996,259	503,146
	<u>23,448,968</u>	<u>19,814,485</u>	<u>3,634,483</u>
Operating income	<u>1,316,977</u>	<u>1,122,642</u>	<u>194,335</u>
Other income (expenses)			
Interest and dividends income	23,927	18,539	5,388
Interest expenses	(37,588)	(22,525)	(15,063)
Foreign exchange gains (losses), net	5,633	(448,996)	454,629
Other	55,025	(19,607)	74,632
	<u>46,997</u>	<u>(472,589)</u>	<u>519,586</u>
Income before income taxes	<u>1,363,974</u>	<u>650,053</u>	<u>713,921</u>
Income taxes			
Income taxes-current and prior periods	289,507	264,732	24,775
Income taxes-deferred	3,068	(17,545)	20,613
Total income taxes	<u>292,575</u>	<u>247,187</u>	<u>45,388</u>
Profit (loss)	<u>1,071,399</u>	<u>402,866</u>	<u>668,533</u>
Profit (loss) attributable to non-controlling interests	-	(4,263)	4,263
Profit (loss) attributable to owners of parent	<u>1,071,399</u>	<u>407,129</u>	<u>664,270</u>
Amounts per share of common stock:			
Net income	53.14	20.35	32.79
Diluted net income	52.90	-	-
Cash dividends applicable to the period	8.00	6.00	2.00

YOKOWO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Q2/FY2017 Apr'17-Sep'17	Q2/FY2016 Apr'16-Sep'16	Inc/(Dec)
Profit (loss)	<u>1,071,399</u>	<u>402,866</u>	<u>668,533</u>
Other comprehensive income			
Valuation difference on available-for-sale securities	382,641	(33,731)	416,372
Foreign currency translation adjustment	281,086	(1,056,625)	1,337,711
Remeasurements of defined benefit plans, net of tax	(8,960)	20,199	(29,159)
Total other comprehensive income	<u>654,767</u>	<u>(1,070,157)</u>	<u>1,724,924</u>
Comprehensive income	<u>1,726,166</u>	<u>(667,291)</u>	<u>2,393,457</u>
Comprehensive income attributable to abstract			
Comprehensive income attributable to owners of the parent	1,726,166	(663,246)	2,389,412
Comprehensive income attributable to minority interests	-	(4,045)	4,045

YOKOWO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	(Thousands of yen)	
	Q2/FY2017	Q2/FY2016
	Apr'17-Sep'17	Apr'16-Sep'16
Net cash provided by (used in) operating activities		
Income before income taxes	1,363,974	650,053
Adjustments to reconcile income before income taxes		
To net cash provided by (used in) operating activities:		
Depreciation and amortization	909,630	799,026
Increase (decrease) in allowance for doubtful accounts	(1,687)	622
Increase (decrease) in provision for bonuses	147,615	101,463
Increase (decrease) in provision for product warranties	-	(47,099)
Increase (decrease) in net defined benefit liability	56	7,520
Loss (gain) on sales and retirement of noncurrent assets	31,583	22,725
Foreign exchange losses (gains)	(46,650)	414,593
Other, net	25,192	26,136
Net changes in operating assets and liabilities		
Decrease (increase) in notes and accounts receivable-trade	(1,109,385)	(587,198)
Decrease (increase) in inventories	(1,136,910)	(476,680)
Decrease (increase) in other assets	(293,332)	(93,768)
Increase (decrease) in notes and accounts payable-trade	1,319,941	627,056
Increase (decrease) in other liabilities	(15,242)	231,545
Income taxes (paid) refund	(211,897)	(202,420)
Net cash provided by (used in) operating activities	982,888	1,473,574
Net cash provided by (used in) investment activities		
Proceeds from sales of property, plant and equipment	13,191	1,657
Purchase of property, plant and equipment	(977,123)	(762,467)
Purchase of intangible assets	(111,296)	(70,340)
Other, net	52,577	(25,219)
Net cash provided by (used in) investment activities	(1,022,651)	(856,369)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-	8,085
Repayments of lease obligations	(107,398)	(102,958)
Cash dividends paid	(240,180)	(159,202)
Proceeds from issuance of subscription rights to shares	37,234	622
Other, net	1,701	4,020
Net cash provided by (used in) financing activities	(308,643)	(249,433)
Effect of exchange rate changes on cash and cash equivalents	61,008	(395,850)
Net increase (decrease) in cash and cash equivalents	(287,398)	(28,078)
Cash and cash equivalents at beginning of year	5,818,150	4,055,233
Cash and cash equivalents at end of period	5,530,752	4,027,155

The reconciliation of cash and deposits shown in the consolidated balance sheets and cash and cash equivalent shown in the consolidated statements of cash flows are as follows:

	(Thousands of yen)	
	Q2/FY2017	Q2/FY2016
	Apr'17-Sep'17	Apr'16-Sep'16
Cash and deposits	5,530,752	4,027,155
Time deposits with maturities longer than 3 months	-	-
Cash and cash equivalents	5,530,752	4,027,155