

Translation

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Summary of Non-Consolidated Financial Results for the Nine Months Ended December 31, 2017 (Based on Japanese GAAP)

January 31, 2018

Company name: DAIKEN MEDICAL CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 7775 URL <http://www.daiken-iki.co.jp>
 Representative: President Mitsuru Yamada
 Inquiries: General Manager, Business Control Division Kenji Tamamaki TEL 06-6231-9917
 Scheduled date to file Quarterly Securities Report: February 1, 2018
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2017	6,617	4.0	1,278	(5.4)	1,278	(5.6)	815	(17.6)
Nine months ended December 31, 2016	6,365	2.7	1,352	1.7	1,354	1.3	990	6.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2017	27.25		27.23	
Nine months ended December 31, 2016	33.01		32.98	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2017	11,124	6,496	58.4
As of March 31, 2017	11,007	7,279	66.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	–	7.00	–	18.00	25.00
Year ending March 31, 2018	–	9.00	–		
Year ending March 31, 2018 (Forecast)				12.00	21.00

3. Forecast of non-consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	8,600	2.4	1,550	(9.4)	1,550	(9.6)	1,030	(17.3)	34.34

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: Yes

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2017	‡	31,840,000 shares	As of March 31, 2017	‡	31,840,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2017	‡	1,837,257 shares	As of March 31, 2017	‡	1,849,257 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2017	‡	29,930,277 shares	Nine months ended December 31, 2016	‡	29,990,743 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	2,319,545	2,207,770
Notes and accounts receivable - trade	2,725,996	3,020,080
Finished goods	674,924	663,948
Work in process	46,185	65,444
Raw materials	266,240	385,290
Deferred tax assets	135,011	135,011
Other	122,276	65,274
Allowance for doubtful accounts	(91)	(91)
Total current assets	6,290,088	6,542,728
Non-current assets		
Property, plant and equipment		
Buildings, net	718,411	2,259,374
Land	1,703,670	1,703,670
Construction in progress	1,866,226	112,523
Other, net	217,578	315,820
Total property, plant and equipment	4,505,887	4,391,389
Intangible assets	61,805	50,853
Investments and other assets		
Investment securities	7,576	—
Deferred tax assets	30,037	30,707
Other	143,913	137,601
Allowance for doubtful accounts	(31,748)	(29,050)
Total investments and other assets	149,778	139,258
Total non-current assets	4,717,472	4,581,501
Total assets	11,007,560	11,124,229

(Thousands of yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	878,333	968,036
Short-term loans payable	450,000	700,000
Current portion of long-term loans payable	439,952	547,752
Income taxes payable	201,971	119,806
Accrued expenses	394,251	448,891
Provision for bonuses	–	38,119
Other	837,980	282,212
Total current liabilities	3,202,489	3,104,817
Non-current liabilities		
Long-term loans payable	500,140	1,498,776
Other	25,386	23,775
Total non-current liabilities	525,526	1,522,551
Total liabilities	3,728,016	4,627,369
Net assets		
Shareholders' equity		
Capital stock	495,875	495,875
Capital surplus	505,204	400,875
Retained earnings	6,781,789	6,432,482
Treasury shares	(510,004)	(837,532)
Total shareholders' equity	7,272,864	6,491,700
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,520	–
Total valuation and translation adjustments	1,520	–
Subscription rights to shares	5,160	5,160
Total net assets	7,279,544	6,496,860
Total liabilities and net assets	11,007,560	11,124,229

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	6,365,026	6,617,857
Cost of sales	3,005,296	3,307,870
Gross profit	3,359,729	3,309,986
Selling, general and administrative expenses	2,007,603	2,031,377
Operating profit	1,352,125	1,278,608
Non-operating income		
Interest income	100	97
Dividend income	217	112
Gain on forfeiture of unclaimed dividends	1,112	827
Foreign exchange gains	513	989
Other	3,710	1,207
Total non-operating income	5,654	3,234
Non-operating expenses		
Interest expenses	3,074	3,200
Other	181	287
Total non-operating expenses	3,255	3,487
Ordinary profit	1,354,525	1,278,355
Extraordinary income		
Reversal of allowance for doubtful accounts	–	2,450
Gain on sales of investment securities	–	2,551
Gain on sales of golf memberships	1,650	–
Total extraordinary income	1,650	5,001
Extraordinary losses		
Loss on retirement of non-current assets	11,462	60,544
Loss on cancellation of leases	4,201	–
Expenses related to 50th-anniversary commemorative events	–	85,145
Total extraordinary losses	15,663	145,690
Profit before income taxes	1,340,511	1,137,667
Income taxes	350,437	321,933
Profit	990,074	815,734