

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended September 30, 2018 (Based on Japanese GAAP)

October 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: November 1, 2018
 Scheduled date to commence dividend payments: December 3, 2018
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

(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	%
Six months ended September 30, 2018	4,195	(0.9)	705	(15.3)	703	(15.6)	485	(5.1)
Six months ended September 30, 2017	4,234	1.3	833	(2.3)	833	(2.5)	511	(18.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2018	16.26		-	
Six months ended September 30, 2017	17.12		17.10	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	10,739	6,134	57.1
As of March 31, 2018	11,137	6,694	60.1

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, 2018	-	9.00	-	16.00	25.00
Year ending March 31, 2019	-	10.00	-	-	-
Year ending March 31, 2019 (Forecast)	-	-	-	12.00	22.00

3. Forecast of non-consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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	0.2	1,400	(7.0)	1,400	(6.9)	970	(4.2)	32.48

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 September 30, 2018	‡	31,840,000 shares	As of March 31, 2018	‡	31,840,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	‡	2,531,257 shares	As of March 31, 2018	‡	1,813,257 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2018	‡	29,862,672 shares	Six months ended September 30, 2017	‡	29,897,847 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	2,368,211	1,933,146
Notes and accounts receivable - trade	2,749,827	2,588,785
Finished goods	742,539	956,119
Work in process	77,225	83,555
Raw materials	410,395	491,929
Other	49,566	77,812
Allowance for doubtful accounts	(184)	(184)
Total current assets	6,397,581	6,131,163
Non-current assets		
Property, plant and equipment		
Buildings, net	2,236,975	2,192,512
Land	1,703,670	1,703,670
Other, net	453,439	379,166
Total property, plant and equipment	4,394,085	4,275,350
Intangible assets	45,961	38,269
Investments and other assets		
Deferred tax assets	191,113	191,113
Other	137,460	132,315
Allowance for doubtful accounts	(29,050)	(29,050)
Total investments and other assets	299,522	294,377
Total non-current assets	4,739,569	4,607,998
Total assets	11,137,150	10,739,162

(Thousands of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	963,255	973,120
Short-term loans payable	500,000	900,000
Current portion of long-term loans payable	547,752	629,002
Income taxes payable	181,886	206,739
Accrued expenses	452,643	402,318
Provision for bonuses	–	762
Other	405,907	171,275
Total current liabilities	3,051,444	3,283,218
Non-current liabilities		
Long-term loans payable	1,361,838	1,294,212
Other	28,893	27,100
Total non-current liabilities	1,390,731	1,321,312
Total liabilities	4,442,175	4,604,531
Net assets		
Shareholders' equity		
Capital stock	495,875	495,875
Capital surplus	400,875	400,875
Retained earnings	6,619,653	6,624,864
Treasury shares	(826,588)	(1,392,143)
Total shareholders' equity	6,689,814	6,129,471
Share acquisition rights	5,160	5,160
Total net assets	6,694,974	6,134,631
Total liabilities and net assets	11,137,150	10,739,162

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	4,234,753	4,195,813
Cost of sales	2,052,874	2,172,066
Gross profit	2,181,878	2,023,746
Selling, general and administrative expenses	1,348,427	1,317,812
Operating profit	833,450	705,934
Non-operating income		
Interest income	65	24
Dividend income	112	–
Gain on forfeiture of unclaimed dividends	544	277
Compensation income	376	1,090
Subsidy income	–	200
Foreign exchange gains	781	361
Other	322	347
Total non-operating income	2,203	2,300
Non-operating expenses		
Interest expenses	1,947	2,296
Commission fee	200	2,084
Other	–	764
Total non-operating expenses	2,147	5,144
Ordinary profit	833,506	703,090
Extraordinary income		
Reversal of allowance for doubtful accounts	2,450	–
Gain on sales of investment securities	2,551	–
Total extraordinary income	5,001	–
Extraordinary losses		
Loss on retirement of non-current assets	39,211	37,777
Expenses related to 50th-anniversary commemorative events	85,145	–
Total extraordinary losses	124,356	37,777
Profit before income taxes	714,152	665,312
Income taxes	202,442	179,674
Profit	511,710	485,638

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	714,152	665,312
Depreciation	106,154	149,009
Increase (decrease) in allowance for doubtful accounts	(2,697)	–
Interest and dividend income	(178)	(24)
Interest expenses	1,947	2,296
Decrease (increase) in notes and accounts receivable - trade	(6,413)	161,041
Decrease (increase) in inventories	(198,059)	(301,443)
Increase (decrease) in notes and accounts payable - trade	103,462	24,047
Loss (gain) on sales of investment securities	(2,551)	–
Increase (decrease) in provision for bonuses	22,705	762
Loss on retirement of non-current assets	39,211	37,777
Subsidy income	–	(200)
Increase (decrease) in accounts payable - other	(114,357)	(143,351)
Increase (decrease) in accrued expenses	5,549	(59,776)
Decrease/increase in consumption taxes receivable/payable	22,449	(44,489)
Other, net	15,556	(40,559)
Subtotal	706,930	450,403
Interest and dividend income received	140	24
Interest expenses paid	(1,963)	(2,380)
Income taxes paid	(174,864)	(158,820)
Proceeds from subsidy income	–	200
Net cash provided by (used in) operating activities	530,243	289,427
Cash flows from investing activities		
Purchase of property, plant and equipment	(532,744)	(97,026)
Proceeds from sales of investment securities	7,937	–
Purchase of intangible assets	(13,667)	(975)
Other, net	(4,188)	7,549
Net cash provided by (used in) investing activities	(542,662)	(90,453)
Cash flows from financing activities		
Proceeds from long-term loans payable	1,389,000	300,000
Repayments of long-term loans payable	(145,626)	(286,376)
Purchase of treasury shares	(789,000)	(565,554)
Cash dividends paid	(539,293)	(480,315)
Net increase (decrease) in short-term loans payable	50,000	400,000
Repayments of lease obligations	(5,727)	(1,793)
Proceeds from disposal of treasury shares	1,000	–
Net cash provided by (used in) financing activities	(39,647)	(634,038)
Net increase (decrease) in cash and cash equivalents	(52,066)	(435,064)
Cash and cash equivalents at beginning of period	2,319,545	2,368,211
Cash and cash equivalents at end of period	2,267,478	1,933,146