

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2017
[Japanese GAAP] (Unaudited)



May 12, 2017

Company name: HIRANO TECSEED Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 6245
 URL: <http://www.hirano-tec.co.jp/>
 Representative: Kaoru Okada, President and Director
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 Phone: +81-745-57-0681
 Scheduled date of Ordinary General Meeting of Shareholders: June 28, 2017
 Scheduled date of commencing dividend payments: June 29, 2017
 Scheduled date of filing annual securities report: June 28, 2017
 Supplemental Explanatory Materials for Account Settlement: None
 Explanatory Meeting for Account Settlement to be held: None

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended March 31, 2017	19,651	7.2	3,021	54.9	3,075	51.2	2,281	71.5
Fiscal year ended March 31, 2016	18,335	26.3	1,950	252.3	2,034	215.2	1,330	199.0

(Note) Comprehensive income: Fiscal year ended March 31, 2017: ¥2,532 million (up 142.6 %)
 Fiscal year ended March 31, 2016: ¥1,043 million (up 75.9 %)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets	Operating income to net sales
	yen	yen	%	%	%
Fiscal year ended March 31, 2017	151.67	—	10.3	9.7	15.4
Fiscal year ended March 31, 2016	88.45	—	6.5	7.3	10.6

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2017: ¥ - million
 Fiscal year ended March 31, 2016: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2017	33,714	23,140	68.6	1,538.21
As of March 31, 2016	29,759	20,969	70.5	1,393.88

(Reference) Equity: As of March 31, 2017: ¥23,140 million
 As of March 31, 2016: ¥20,969 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal year ended March 31, 2017	(344)	(893)	165	11,147
Fiscal year ended March 31, 2016	3,985	(869)	(418)	12,220

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	million yen	%	%
Fiscal year ended March 31, 2016	—	8.00	—	12.00	20.00	300	22.6	1.5
Fiscal year ended March 31, 2017	—	12.00	—	16.00	28.00	421	18.5	1.9
Fiscal year ending March 31, 2018 (Forecast)	—	13.00	—	13.00	26.00		—	

(Note) Details of the interim dividends for the fiscal year ended March 31, 2016:

Ordinary dividend: ¥6.00 Commemorative dividend: ¥2.00 (to commemorate the 80th anniversary of the Company's foundation)

Details of the year-end dividends for the fiscal year ended March 31, 2016:

Ordinary dividend: ¥8.00 Special dividend: ¥4.00

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First half (cumulative total)	11,200	78.2	1,400	179.4	1,400	176.7	1,000	186.5	66.47
Full year	20,000	1.8	2,150	(28.8)	2,100	(31.7)	1,450	(36.4)	96.38

Notes

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to the revisions of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Restatement: No

(3) Total number of issued shares (common stock)

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

March 31, 2017: 15,394,379 shares

March 31, 2016: 15,394,379 shares

2) Total number of treasury stock at the end of the period:

March 31, 2017: 350,436 shares

March 31, 2016: 350,396 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2017: 15,043,968 shares

Fiscal year ended March 31, 2016: 15,044,225 shares

(Reference) Summary of the Non-consolidated Financial Results

**1. Overview of the Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2017
(April 1, 2016 to March 31, 2017)**

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended March 31, 2017	13,322	(15.5)	1,575	(7.0)	1,662	(8.0)	1,191	(2.6)
Fiscal year ended March 31, 2016	15,757	27.7	1,693	366.1	1,807	237.1	1,223	169.6

	Basic earnings per share	Diluted earnings per share
	yen	yen
Fiscal year ended March 31, 2017	79.21	—
Fiscal year ended March 31, 2016	81.30	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2017	23,438	16,440	70.1	1,092.86
As of March 31, 2016	22,098	15,419	69.8	1,024.98

(Reference) Equity: As of March 31, 2017: ¥16,440 million

As of March 31, 2016: ¥15,419 million

* This financial results report is outside the scope of auditing.

* Explanation of the proper use of financial results forecast and other notes

Performance forecasts and other forward-looking statements contained in this report are based on information available on the date of this report's release. Because of various factors in the future, however, actual results may differ from the forecasts.

Consolidated Financial Statements

(1) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	10,759,315	10,786,126
Notes and accounts receivable - trade	5,836,894	7,334,472
Electronically recorded monetary claims - operating	-	265,890
Securities	3,540,897	2,399,983
Work in process	2,601,475	4,815,976
Raw materials and supplies	80,697	82,428
Advance payments - trade	23,520	101,771
Deferred tax assets	114,833	98,511
Other	404,685	517,115
Allowance for doubtful accounts	△2,479	△3,415
Total current assets	23,359,840	26,398,862
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,108,723	3,151,942
Accumulated depreciation	△1,779,937	△1,867,136
Buildings and structures, net	1,328,786	1,284,806
Machinery, equipment and vehicles	2,871,378	2,944,378
Accumulated depreciation	△2,403,442	△2,518,735
Machinery, equipment and vehicles, net	467,935	425,643
Land	1,430,598	2,135,348
Leased assets	20,366	16,766
Accumulated depreciation	△7,951	△9,213
Leased assets, net	12,414	7,552
Construction in progress	3,320	2,053
Other	567,150	593,685
Accumulated depreciation	△499,663	△496,856
Other, net	67,487	96,829
Total property, plant and equipment	3,310,542	3,952,232
Intangible assets		
Software	97,221	107,228
Software in progress	1,894	3,650
Telephone subscription right	516	516
Total intangible assets	99,633	111,394
Investments and other assets		
Investment securities	2,509,746	2,711,820
Long-term prepaid expenses	21,739	35,916
Deferred tax assets	6,865	5,176
Other	451,315	499,471
Total investments and other assets	2,989,667	3,252,385
Total non-current assets	6,399,842	7,316,012
Total assets	29,759,683	33,714,875

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,031,139	2,924,696
Electronically recorded obligations - operating	—	2,031,712
Current portion of long-term loans payable	461,928	640,392
Lease obligations	4,060	2,390
Accounts payable - other	565,499	456,118
Accrued expenses	90,522	96,703
Income taxes payable	673,629	489,489
Advances received	1,483,869	2,125,160
Provision for bonuses	179,490	189,009
Provision for product warranties	64,676	80,692
Other	90,695	83,283
Total current liabilities	7,645,509	9,119,647
Non-current liabilities		
Long-term loans payable	333,956	686,144
Lease obligations	8,529	6,139
Deferred tax liabilities	417	106,423
Provision for directors' retirement benefits	160,390	90,540
Net defined benefit liability	625,959	549,874
Asset retirement obligations	14,306	14,594
Other	1,111	730
Total non-current liabilities	1,144,670	1,454,446
Total liabilities	8,790,180	10,574,094
Net assets		
Shareholders' equity		
Capital stock	1,847,821	1,847,821
Capital surplus	1,339,722	1,339,722
Retained earnings	18,147,415	20,068,060
Treasury shares	△407,599	△407,646
Total shareholders' equity	20,927,360	22,847,958
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	317,337	504,665
Remeasurements of defined benefit plans	△275,194	△211,842
Total accumulated other comprehensive income	42,142	292,823
Total net assets	20,969,502	23,140,781
Total liabilities and net assets	29,759,683	33,714,875

(2) Consolidated statements of income and Comprehensive Income
(Consolidated Statements of Income)

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	18,335,499	19,651,317
Cost of sales	14,429,582	14,906,162
Gross profit	3,905,917	4,745,155
Selling, general and administrative expenses		
Sales commission	471,764	193,793
Salaries and allowances	476,944	502,202
Directors' compensations	151,552	132,003
Provision for bonuses	42,976	44,991
Retirement benefit expenses	39,648	50,018
Provision for directors' retirement benefits	36,920	42,030
Legal and employee benefits expenses	128,068	127,660
Transportation and communication expenses	133,756	116,633
Depreciation	136,118	124,072
Rent expenses	26,945	30,940
Provision of allowance for doubtful accounts	398	936
Other	310,209	358,536
Total selling, general and administrative expenses	1,955,301	1,723,816
Operating profit	1,950,615	3,021,338
Non-operating income		
Interest income	12,229	9,095
Dividend income	40,267	44,402
Purchase discounts	8,509	5,395
Rent income	12,270	8,469
Other	32,238	19,453
Total non-operating income	105,514	86,815
Non-operating expenses		
Interest expenses	10,818	8,577
Sales discounts	6,009	2,560
Compensation expenses	—	20,000
Other	5,267	1,315
Total non-operating expenses	22,095	32,453
Ordinary profit	2,034,035	3,075,701
Extraordinary income		
Gain on sales of investment securities	—	7,819
Total extraordinary income	—	7,819
Profit before income taxes	2,034,035	3,083,521
Income taxes - current	730,282	771,970
Income taxes - deferred	△26,943	29,851
Total income taxes	703,339	801,821
Profit	1,330,696	2,281,700
Profit attributable to owners of parent	1,330,696	2,281,700

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	1,330,696	2,281,700
Other comprehensive income		
Valuation difference on available-for-sale securities	△153,014	187,328
Remeasurements of defined benefit plans, net of tax	△133,845	63,352
Total other comprehensive income	△286,859	250,681
Comprehensive income	1,043,836	2,532,381
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,043,836	2,532,381
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets

Previous fiscal year (From April 1, 2015 to March 31, 2016)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,847,821	1,339,722	17,012,296	△407,177	19,792,663
Changes of items during period					
Dividends of surplus			△195,576		△195,576
Profit attributable to owners of parent			1,330,696		1,330,696
Purchase of treasury shares				△422	△422
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	—	1,135,119	△422	1,134,697
Balance at end of current period	1,847,821	1,339,722	18,147,415	△407,599	20,927,360

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	470,351	△141,349	329,001	20,121,665
Changes of items during period				
Dividends of surplus			—	△195,576
Profit attributable to owners of parent			—	1,330,696
Purchase of treasury shares			—	△422
Net changes of items other than shareholders' equity	△153,014	△133,845	△286,859	△286,859
Total changes of items during period	△153,014	△133,845	△286,859	847,837
Balance at end of current period	317,337	△275,194	42,142	20,969,502

Current fiscal year(From April 1, 2016 to March 31, 2017)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,847,821	1,339,722	18,147,415	△407,599	20,927,360
Changes of items during period					
Dividends of surplus			△361,055		△361,055
Profit attributable to owners of parent			2,281,700		2,281,700
Purchase of treasury shares				△46	△46
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	—	1,920,644	△46	1,920,597
Balance at end of current period	1,847,821	1,339,722	20,068,060	△407,646	22,847,958

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	317,337	△275,194	42,142	20,969,502
Changes of items during period				
Dividends of surplus			—	△361,055
Profit attributable to owners of parent			—	2,281,700
Purchase of treasury shares			—	△46
Net changes of items other than shareholders' equity	187,328	63,352	250,681	250,681
Total changes of items during period	187,328	63,352	250,681	2,171,278
Balance at end of current period	504,665	△211,842	292,823	23,140,781

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	2,034,035	3,083,521
Depreciation	326,594	306,671
Amortization of long-term prepaid expenses	12,286	11,439
Increase (decrease) in provision for bonuses	△2,465	9,519
Increase (decrease) in allowance for doubtful accounts	398	936
Increase (decrease) in provision for directors' retirement benefits	△6,490	△69,850
Increase (decrease) in provision for product warranties	△6,404	16,016
Increase (decrease) in net defined benefit liability	△35,477	8,959
Interest and dividend income	△52,497	△53,497
Interest expenses	10,818	8,577
Loss on retirement of non-current assets	620	1,221
Decrease (increase) in notes and accounts receivable - trade	305,152	△1,122,177
Decrease (increase) in inventories	△578,525	△2,262,961
Increase (decrease) in notes and accounts payable - trade	1,579,774	847,018
Increase (decrease) in accounts payable - other	172,419	△91,418
Increase (decrease) in accrued expenses	15,041	6,181
Decrease (increase) in consumption taxes refund receivable	△26,569	△99,574
Increase (decrease) in accrued consumption taxes	△99,497	△14,278
Other, net	47,556	1,797
Subtotal	3,696,773	588,100
Interest and dividend income received	51,489	53,400
Interest expenses paid	△10,818	△8,577
Income taxes paid	△183,178	△981,810
Income taxes refund	431,204	4,567
Net cash provided by (used in) operating activities	3,985,470	△344,319
Cash flows from investing activities		
Payments into time deposits	△1,362,000	△302,000
Proceeds from withdrawal of time deposits	502,000	202,000
Purchase of securities	△4,747,990	△3,099,904
Proceeds from sales of securities	5,107,999	3,241,000
Purchase of property, plant and equipment	△57,152	△865,751
Proceeds from sales of property, plant and equipment	24,830	881
Purchase of intangible assets	△28,908	△56,877
Purchase of investment securities	△256,088	△154,589
Proceeds from sales of investment securities	62,465	216,846
Other, net	△115,099	△74,795
Net cash provided by (used in) investing activities	△869,942	△893,189

Cash flows from financing activities		
Proceeds from long-term loans payable	320,000	1,070,000
Repayments of long-term loans payable	△538,868	△539,348
Purchase of treasury shares	△422	△46
Cash dividends paid	△195,923	△360,817
Other, net	△2,811	△4,060
Net cash provided by (used in) financing activities	△418,025	165,726
Effect of exchange rate change on cash and cash equivalents	1,572	△1,321
Net increase (decrease) in cash and cash equivalents	2,699,075	△1,073,103
Cash and cash equivalents at beginning of period	9,521,138	12,220,213
Cash and cash equivalents at end of period	12,220,213	11,147,110

Production, Orders Received, and Sales

(1) Production

Production performance by segment for the current consolidated fiscal year is as follows

(Thousand yen)

Name of segment	Previous consolidated fiscal year (April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (April 1, 2016 to March 31, 2017)
Coating and laminating machinery	7,395,820	7,309,166
Industrial machinery	6,185,968	6,571,075
Others	847,792	1,025,920
Total	14,429,582	14,906,162

- (Notes) 1. The above amount is calculated based on production costs and includes outsourcing production.
2. The above amount does not include consumption taxes.

(2) Orders Received

The status of orders received by segment for the current consolidated fiscal year is as follows

(Thousand yen)

Name of segment	Orders received		Backlog of orders	
	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year
Coating and laminating machinery	9,118,722	13,215,900	5,855,021	9,914,977
Industrial machinery	8,541,045	9,738,841	6,693,680	7,449,551
Others	1,440,665	1,559,401	450,660	497,659
Total	19,100,433	24,514,143	12,999,361	17,862,187

- (Notes) 1. The above amount is calculated based on sales prices.
2. The above amount does not include consumption taxes.

(3) Sales

Sales performance by segment for the current consolidated fiscal year is as follows

(Thousand yen)

Name of segment	Previous consolidated fiscal year (April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (April 1, 2016 to March 31, 2017)
Coating and laminating machinery	8,909,517	9,155,944
Industrial machinery	8,194,432	8,982,969
Others	1,231,550	1,512,403
Total	18,335,499	19,651,317

- (Notes) 1. The above amount is calculated based on sales prices.
2. The above amount does not include consumption taxes.