

**Consolidated Financial Results**  
**for the Second Quarter Ended September 30, 2017**  
**[Japanese GAAP] (Unaudited)**



November 10, 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  
 Contact: Munenori Yasui, Director and General Manager, General Affairs Division  
 Phone: +81-745-57-0681  
 Scheduled date of filing quarterly securities report: November 13, 2017  
 Scheduled date of commencing dividend payments: December 4, 2017  
 Supplemental Explanatory Materials for Quarterly Account Settlement: None  
 Explanatory Meeting for Quarterly Account Settlement to be held: None

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

**1. Consolidated Financial Results for the Second Quarter Ended September 30, 2017 (April 1, 2017 to September 30, 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	%
Six months ended September 30, 2017	11,404	81.4	1,503	199.6	1,545	205.3	1,057	202.8
Six months ended September 30, 2016	6,285	0.2	501	94.4	506	66.9	349	78.0

(Note) Comprehensive income: Six months ended September 30, 2017: ¥1,160 million (233.1 %)  
 Six months ended September 30, 2016: ¥348 million (133.0 %)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Six months ended September 30, 2017	70.31	—
Six months ended September 30, 2016	23.22	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of September 30, 2017	32,964	24,060	73.0
As of March 31, 2017	33,714	23,140	68.6

(Reference) Equity: As of September 30, 2017: ¥24,060 million  
 As of March 31, 2017: ¥23,140 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	—	12.00	—	16.00	28.00
Fiscal year ending March 31, 2018	—	13.00			
Fiscal year ending March 31, 2018 (Forecast)			—	15.00	28.00

(Note) Revisions of the most recently announced cash dividend forecast: Yes

## 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
Full year	21,000	6.9	2,650	(12.3)	2,700	(12.2)	1,900	(16.7)	126.30

(Note) Revisions of the most recently announced financial results forecast: Yes

Consolidated Financial Statements

(1) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	10,786,126	10,702,718
Notes and accounts receivable - trade	7,334,472	※ 6,342,043
Electronically recorded monetary claims - operating	265,890	※ 310,942
Securities	2,399,983	2,304,991
Work in process	4,815,976	5,074,480
Raw materials and supplies	82,428	90,676
Other	717,398	610,544
Allowance for doubtful accounts	△3,415	△3,223
<b>Total current assets</b>	<b>26,398,862</b>	<b>25,433,174</b>
Non-current assets		
Property, plant and equipment	3,952,232	3,965,905
Intangible assets	111,394	92,763
Investments and other assets		
Investment securities	2,711,820	2,981,390
Other	540,564	491,701
<b>Total investments and other assets</b>	<b>3,252,385</b>	<b>3,473,091</b>
<b>Total non-current assets</b>	<b>7,316,012</b>	<b>7,531,761</b>
<b>Total assets</b>	<b>33,714,875</b>	<b>32,964,935</b>

(Thousands of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,924,696	1,877,592
Electronically recorded obligations - operating	2,031,712	3,083,567
Short-term loans payable	—	50,000
Current portion of long-term loans payable	640,392	549,278
Income taxes payable	489,489	427,306
Advances received	2,125,160	797,335
Provision for bonuses	189,009	192,863
Provision for product warranties	80,692	68,307
Other	638,494	619,462
Total current liabilities	9,119,647	7,665,711
Non-current liabilities		
Long-term loans payable	686,144	456,426
Provision for directors' retirement benefits	90,540	69,160
Net defined benefit liability	549,874	535,821
Asset retirement obligations	14,594	14,741
Other	113,293	162,798
Total non-current liabilities	1,454,446	1,238,948
Total liabilities	10,574,094	8,904,659
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,847,821	1,847,821
Capital surplus	1,339,722	1,339,722
Retained earnings	20,068,060	20,885,071
Treasury shares	△407,646	△408,131
Total shareholders' equity	22,847,958	23,664,483
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	504,665	595,481
Remeasurements of defined benefit plans	△211,842	△199,689
Total accumulated other comprehensive income	292,823	395,792
Total net assets	23,140,781	24,060,276
Total liabilities and net assets	33,714,875	32,964,935

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

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	6,285,440	11,404,860
Cost of sales	4,952,338	8,986,049
Gross profit	1,333,101	2,418,810
Selling, general and administrative expenses	※ 831,333	※ 915,473
Operating profit	501,768	1,503,336
Non-operating income		
Interest income	6,063	3,479
Dividend income	23,905	25,292
Other	16,184	29,372
Total non-operating income	46,154	58,144
Non-operating expenses		
Interest expenses	3,739	4,279
Compensation expenses	20,500	—
Other	17,302	11,467
Total non-operating expenses	41,541	15,747
Ordinary profit	506,381	1,545,734
Extraordinary income		
Gain on sales of investment securities	7,820	—
Total extraordinary income	7,820	—
Profit before income taxes	514,201	1,545,734
Income taxes - current	130,914	477,222
Income taxes - deferred	33,971	10,797
Total income taxes	164,886	488,020
Profit	349,315	1,057,714
Profit attributable to owners of parent	349,315	1,057,714

## (Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	349,315	1,057,714
Other comprehensive income		
Valuation difference on available-for-sale securities	△16,450	90,815
Remeasurements of defined benefit plans, net of tax	15,600	12,153
Total other comprehensive income	△850	102,969
Comprehensive income	348,464	1,160,683
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	348,464	1,160,683
Comprehensive income attributable to non-controlling interests	—	—

## (3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
<b>Cash flows from operating activities</b>		
Profit before income taxes	514,201	1,545,734
Depreciation	148,356	152,837
Amortization of long-term prepaid expenses	4,499	6,264
Increase (decrease) in provision for bonuses	4,148	3,854
Increase (decrease) in allowance for doubtful accounts	△266	△192
Increase (decrease) in provision for directors' retirement benefits	△83,556	△21,380
Increase (decrease) in provision for product warranties	△21,666	△12,385
Increase (decrease) in net defined benefit liability	1,094	5,352
Interest and dividend income	△29,969	△28,772
Interest expenses	3,739	4,279
Loss on retirement of non-current assets	529	2,163
Decrease (increase) in notes and accounts receivable - trade	2,675,094	△380,448
Decrease (increase) in inventories	△2,455,960	△301,548
Increase (decrease) in notes and accounts payable - trade	1,085,295	△165,233
Increase (decrease) in accounts payable - other	△218,829	16,291
Increase (decrease) in accrued expenses	△9,076	△9,994
Decrease (increase) in consumption taxes refund receivable	76,817	245,852
Increase (decrease) in accrued consumption taxes	△18,453	3,299
Other, net	△19,036	△26,383
<b>Subtotal</b>	<b>1,656,960</b>	<b>1,039,590</b>
Interest and dividend income received	29,889	28,772
Interest expenses paid	△3,739	△4,279
Income taxes paid	△655,250	△517,919
Income taxes refund	4,567	1,214
<b>Net cash provided by (used in) operating activities</b>	<b>1,032,427</b>	<b>547,378</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	△301,000	△401,000
Proceeds from withdrawal of time deposits	201,000	401,000
Purchase of securities	△2,299,920	—
Proceeds from sales of securities	2,141,000	—
Purchase of property, plant and equipment	△64,853	△128,365
Proceeds from sales of property, plant and equipment	877	715
Purchase of intangible assets	△32,973	△1,899
Purchase of investment securities	△63,168	△251,897
Proceeds from sales of investment securities	212,848	122,337
Other, net	△51,862	44,824
<b>Net cash provided by (used in) investing activities</b>	<b>△258,052</b>	<b>△214,286</b>

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	50,000	50,000
Proceeds from long-term loans payable	450,000	—
Repayments of long-term loans payable	△271,314	△320,832
Purchase of treasury shares	—	△485
Cash dividends paid	△180,394	△240,356
Other, net	△2,150	△1,547
Net cash provided by (used in) financing activities	46,141	△513,221
Effect of exchange rate change on cash and cash equivalents	△7,756	1,729
Net increase (decrease) in cash and cash equivalents	812,759	△178,400
Cash and cash equivalents at beginning of period	12,220,213	11,147,110
Cash and cash equivalents at end of period	※ 13,032,973	※ 10,968,710



## Production, Orders Received, and Sales

### (1) Production

Production performance by segment for the second quarter ended September 30, 2017 is as follows

Name of segment	Production (Thousand yen)	Changes from the previous corresponding period (%)
Coating and laminating machinery	4,178,070	+34.2
Industrial machinery	4,106,999	+186.5
Others	700,979	+72.4
Total	8,986,049	+81.5

(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 second quarter ended September 30, 2017 is as follows

Name of segment	Orders received (Thousand yen)	Changes from the previous corresponding period (%)	Backlog of orders (Thousand yen)	Changes from the end of the previous fiscal year (%)
Coating and laminating machinery	6,007,319	+9.0	10,836,092	+9.3
Industrial machinery	8,938,549	+97.0	11,083,761	+48.8
Others	1,377,543	+30.6	860,885	+73.0
Total	16,323,411	+47.0	22,780,739	+27.5

(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 second quarter ended September 30, 2017 is as follows

Name of segment	Sales (Thousand yen)	Changes from the previous corresponding period (%)
Coating and laminating machinery	5,086,203	+32.4
Industrial machinery	5,304,339	+190.7
Others	1,014,316	+63.4
Total	11,404,860	+81.4

(Notes) 1. The above amount is calculated based on sales prices.

2. The above amount does not include consumption taxes.