

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2016 (Based on Japanese GAAP)

May 12, 2016

Company name: Eagle Industry Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6486 URL <http://www.ekkeagle.com/jp/>
 Representative: Representative Director, President Tetsuji Tsuru
 Senior Operating Officer, Division Manager
 Inquiries: Sumio Ikeda TEL 03-3438-2291
 Corporate Finance & Accounting Division
 Scheduled date of ordinary general meeting of shareholders: June 23, 2016
 Scheduled date to file Securities Report: June 23, 2016
 Scheduled date to commence dividend payments: June 24, 2016
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	143,396	3.8	13,971	(3.6)	14,858	(11.3)	9,199	(3.3)
Year ended March 31, 2015	138,150	10.8	14,493	27.1	16,750	15.3	9,510	28.1

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	189.71	—	14.0	9.5	9.7
Year ended March 31, 2015	197.00	—	15.6	11.2	10.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	154,807	72,402	42.3	1,343.99
As of March 31, 2015	156,443	74,786	42.2	1,366.47

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2016	18,177	(13,627)	(2,774)	18,069
Year ended March 31, 2015	14,086	(12,652)	(2,044)	17,911

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2015	—	15.00	—	25.00	40.00	1,947	20.3	3.2
Year ended March 31, 2016	—	20.00	—	25.00	45.00	2,200	23.7	3.3
Year ending March 31, 2017 (Forecast)	—	20.00	—	25.00	45.00		25.5	

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2016	70,000	(2.9)	5,600	(32.7)	6,100	(38.5)	3,700	(40.0)	75.99
Full year	143,000	(0.3)	13,000	(7.0)	14,000	(5.8)	8,600	(6.5)	176.63

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2016

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(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: Yes

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 March 31, 2016	49,757,821 shares	As of March 31, 2015	49,757,821 shares
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Number of treasury shares at the end of the period

As of March 31, 2016	1,067,225 shares	As of March 31, 2015	1,444,635 shares
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Average number of shares during the period

Year ended March 31, 2016	48,491,965 shares	Year ended March 31, 2015	48,276,488 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	20,262	20,692
Notes and accounts receivable - trade	30,964	30,071
Electronically recorded monetary claims - operating	1,529	1,731
Merchandise and finished goods	4,975	5,147
Work in process	7,355	7,726
Raw materials and supplies	5,804	4,890
Accounts receivable - other	2,583	2,266
Deferred tax assets	1,720	1,601
Other	3,253	3,408
Allowance for doubtful accounts	(159)	(104)
Total current assets	78,289	77,431
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,832	34,597
Accumulated depreciation	(13,878)	(14,773)
Buildings and structures, net	18,953	19,823
Machinery, equipment and vehicles	56,513	59,869
Accumulated depreciation	(38,719)	(41,090)
Machinery, equipment and vehicles, net	17,793	18,779
Tools, furniture and fixtures	9,336	10,186
Accumulated depreciation	(6,850)	(7,396)
Tools, furniture and fixtures, net	2,486	2,789
Land	4,974	4,917
Leased assets	976	576
Accumulated depreciation	(403)	(345)
Leased assets, net	573	230
Construction in progress	2,110	2,251
Total property, plant and equipment	46,892	48,792
Intangible assets		
Goodwill	4,331	4,173
Other	1,899	2,755
Total intangible assets	6,231	6,929
Investments and other assets		
Investment securities	19,924	16,009
Long-term loans receivable	1,603	1,395
Deferred tax assets	1,937	2,793
Other	1,819	1,711
Allowance for doubtful accounts	(254)	(255)
Total investments and other assets	25,030	21,654
Total non-current assets	78,154	77,376
Total assets	156,443	154,807

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Accounts payable - trade	8,235	7,940
Electronically recorded obligations - operating	1,456	7,603
Short-term loans payable	3,205	2,887
Current portion of long-term loans payable	9,404	10,683
Accounts payable - other	11,073	3,342
Lease obligations	103	90
Income taxes payable	3,052	2,112
Deposits received from employees	3,289	3,332
Provision for bonuses	2,060	2,279
Other provision	369	189
Other	5,252	5,119
Total current liabilities	47,502	45,581
Non-current liabilities		
Long-term loans payable	20,907	20,747
Lease obligations	670	136
Net defined benefit liability	11,562	14,716
Provision for directors' retirement benefits	25	35
Provision for environmental measures	297	297
Negative goodwill	174	158
Other	517	731
Total non-current liabilities	34,154	36,823
Total liabilities	81,657	82,404
Net assets		
Shareholders' equity		
Capital stock	10,490	10,490
Capital surplus	11,503	11,474
Retained earnings	41,821	48,951
Treasury shares	(940)	(998)
Total shareholders' equity	62,875	69,918
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	500	377
Foreign currency translation adjustment	4,565	(479)
Remeasurements of defined benefit plans	(1,922)	(4,377)
Total accumulated other comprehensive income	3,143	(4,478)
Non-controlling interests	8,767	6,963
Total net assets	74,786	72,402
Total liabilities and net assets	156,443	154,807

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	138,150	143,396
Cost of sales	101,292	105,484
Gross profit	36,857	37,911
Selling, general and administrative expenses	22,364	23,939
Operating income	14,493	13,971
Non-operating income		
Interest income	338	269
Dividend income	91	32
Rent income	122	132
Share of profit of entities accounted for using equity method	1,778	100
Reversal of product maintenance and repair	—	403
Foreign exchange gains	436	—
Other	694	844
Total non-operating income	3,462	1,782
Non-operating expenses		
Interest expenses	629	484
Contribution	121	102
Product maintenance and repair	231	—
Foreign exchange losses	—	120
Other	222	188
Total non-operating expenses	1,205	895
Ordinary income	16,750	14,858
Extraordinary income		
Gain on sales of non-current assets	38	11
Gain on bargain purchase	18	—
Total extraordinary income	56	11
Extraordinary losses		
Loss on sales of non-current assets	29	11
Loss on retirement of non-current assets	157	90
Other	18	2
Total extraordinary losses	205	105
Profit before income taxes	16,602	14,764
Income taxes - current	5,674	4,589
Income taxes - deferred	514	113
Total income taxes	6,189	4,703
Profit	10,413	10,061
Profit attributable to non-controlling interests	903	862
Profit attributable to owners of parent	9,510	9,199

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Profit	10,413	10,061
Other comprehensive income		
Valuation difference on available-for-sale securities	173	(95)
Foreign currency translation adjustment	2,986	(4,871)
Remeasurements of defined benefit plans, net of tax	828	(2,048)
Share of other comprehensive income of entities accounted for using equity method	(381)	(1,386)
Total other comprehensive income	3,606	(8,401)
Comprehensive income	14,019	1,659
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,394	1,577
Comprehensive income attributable to non-controlling interests	1,625	82

Consolidated statements of changes in equity

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,490	11,485	34,348	(967)	55,358
Cumulative effects of changes in accounting policies			(459)		(459)
Restated balance	10,490	11,485	33,889	(967)	54,898
Changes of items during period					
Dividends of surplus			(1,592)		(1,592)
Profit attributable to owners of parent			9,510		9,510
Change of scope of consolidation			14		14
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		17		32	50
Change in treasury shares of parent arising from transactions with non-controlling shareholders					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	17	7,931	27	7,976
Balance at end of current period	10,490	11,503	41,821	(940)	62,875

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	299	2,626	(2,666)	259	7,316	62,933
Cumulative effects of changes in accounting policies					47	(411)
Restated balance	299	2,626	(2,666)	259	7,364	62,522
Changes of items during period						
Dividends of surplus						(1,592)
Profit attributable to owners of parent						9,510
Change of scope of consolidation						14
Purchase of treasury shares						(5)
Disposal of treasury shares						50
Change in treasury shares of parent arising from transactions with non-controlling shareholders						—
Net changes of items other than shareholders' equity	201	1,938	743	2,883	1,403	4,287
Total changes of items during period	201	1,938	743	2,883	1,403	12,264
Balance at end of current period	500	4,565	(1,922)	3,143	8,767	74,786

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,490	11,503	41,821	(940)	62,875
Cumulative effects of changes in accounting policies					—
Restated balance	10,490	11,503	41,821	(940)	62,875
Changes of items during period					
Dividends of surplus			(2,069)		(2,069)
Profit attributable to owners of parent			9,199		9,199
Change of scope of consolidation					—
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		314		(53)	260
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(342)			(342)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(28)	7,129	(58)	7,042
Balance at end of current period	10,490	11,474	48,951	(998)	69,918

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	500	4,565	(1,922)	3,143	8,767	74,786
Cumulative effects of changes in accounting policies						—
Restated balance	500	4,565	(1,922)	3,143	8,767	74,786
Changes of items during period						
Dividends of surplus						(2,069)
Profit attributable to owners of parent						9,199
Change of scope of consolidation						—
Purchase of treasury shares						(4)
Disposal of treasury shares						260
Change in treasury shares of parent arising from transactions with non-controlling shareholders						(342)
Net changes of items other than shareholders' equity	(123)	(5,044)	(2,454)	(7,621)	(1,804)	(9,426)
Total changes of items during period	(123)	(5,044)	(2,454)	(7,621)	(1,804)	(2,383)
Balance at end of current period	377	(479)	(4,377)	(4,478)	6,963	72,402

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	16,602	14,764
Depreciation	5,877	6,956
Share of (profit) loss of entities accounted for using equity method	(1,778)	(100)
Amortization of goodwill	639	737
Increase (decrease) in allowance for doubtful accounts	(468)	(46)
Increase (decrease) in provision for bonuses	20	215
Increase (decrease) in provision for directors' retirement benefits	(71)	12
Increase (decrease) in net defined benefit liability	426	250
Interest and dividend income	(430)	(302)
Interest expenses	629	484
Loss (gain) on sales and retirement of property, plant and equipment	148	91
Loss (gain) on sales of investment securities	0	—
Decrease (increase) in notes and accounts receivable - trade	(1,567)	224
Decrease (increase) in inventories	(1,275)	(23)
Decrease (increase) in other assets	(449)	290
Increase (decrease) in notes and accounts payable - trade	1,691	(371)
Increase (decrease) in other liabilities	44	466
Other, net	71	134
Subtotal	20,112	23,783
Interest and dividend income received	414	312
Interest expenses paid	(631)	(488)
Income taxes paid	(5,808)	(5,429)
Net cash provided by (used in) operating activities	14,086	18,177
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,867)	(11,562)
Proceeds from sales of property, plant and equipment	348	429
Purchase of intangible assets	(595)	(1,223)
Purchase of investment securities	(1,373)	(1,118)
Proceeds from sales of investment securities	0	1,526
Payments into time deposits	(209)	(420)
Proceeds from withdrawal of time deposits	419	384
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(11)	(1,677)
Other, net	(361)	34
Net cash provided by (used in) investing activities	(12,652)	(13,627)

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from financing activities		
Increase in short-term loans payable	8,220	1,292
Decrease in short-term loans payable	(8,391)	(1,455)
Proceeds from long-term loans payable	12,150	11,016
Repayments of long-term loans payable	(12,293)	(10,050)
Proceeds from sales of treasury shares	160	840
Purchase of treasury shares	(5)	(4)
Cash dividends paid	(1,592)	(2,236)
Dividends paid to non-controlling interests	(228)	(1,021)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(1,033)
Repayments of finance lease obligations	(64)	(120)
Net cash provided by (used in) financing activities	(2,044)	(2,774)
Effect of exchange rate change on cash and cash equivalents	763	(1,828)
Net increase (decrease) in cash and cash equivalents	152	(52)
Cash and cash equivalents at beginning of period	17,379	17,911
Increase in cash and cash equivalents from newly consolidated subsidiary	379	210
Cash and cash equivalents at end of period	17,911	18,069