

## KAWANISHI HOLDINGS (2689)

Consolidated Fiscal Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY06/2016		101,460	543	556	305	54.5	30.0	818.8
FY06/2017		105,778	1,044	1,112	690	123.1	30.0	942.8
FY06/2018CoE		106,377	1,100	1,109	714	127.3	30.0	-
FY06/2017	YoY	4.3%	92.2%	99.8%	125.9%	-	-	-
FY06/2018CoE	YoY	0.6%	5.3%	(0.3%)	3.4%	-	-	-
Consolidated Half Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY06/2017		53,184	571	590	377	-	-	-
Q3 to Q4 FY06/2017		52,593	473	522	313	-	-	-
Q1 to Q2 FY06/2018CoE		53,789	469	471	308	-	-	-
Q3 to Q4 FY06/2018CoE		52,588	631	638	406	-	-	-
Q1 to Q2 FY06/2018CoE	YoY	1.1%	(17.9%)	(20.1%)	(18.3%)	-	-	-
Q3 to Q4 FY06/2018CoE	YoY	(0.0%)	33.4%	22.2%	29.7%	-	-	-

Source: Company Data, WRJ Calculation

### 1.0 Results Update (17 August 2017)

#### Pursuing Profitability


On 9 August 2017, KAWANISHI HOLDINGS, selling medical consumables and equipment to medical institutions, represented by major base hospitals heavily involved with acute care, released its FY06/2017 results. It has been revealed that earnings surged over the previous year, while the Company has suggested future impacts by the management strategy to improve own profitability. As far as we could see, the Company is placing increasing emphasis on the pursuit of profitability going forward, presumably due to changes in the market environment, etc. The Company used to be rather keen on the pursuit of sales.

Now, the Company is calling for prospective sales of ¥114,000m, operating profit of ¥2,000m and operating profit margin of 1.75% in FY06/2020, implying CAGR of 2.5% for sales and 24.2% for operating profit during three-year period just after FY06/2017 results, while operating profit margin to improve by 0.77%. In FY06/2018, the Company is to pull out of unprofitable operations, cutting back both of sales and expenses (profitability as a whole for the Company to improve), while looking to improving profitability, from the beginning of FY06/2020 driven by startup of business operations in Imports and Sales to have been in the process to get ready for the future operations. Here, the Company is to be involved with direct imports of merchandises to have been developed and manufactured overseas and with selling them in Japan, which is the operations to see profitability higher than now.

We are to attend the Company's results meeting to be held on 25 August 2017 as well as interviewing with management afterwards for further details, so that we should be able to update [KAWANISHI HOLDINGS \(2689\) Driven by Equipment \(8 June 2017\)](#) and release anew.

## 2.0 Company Profile

### One of the largest of Integrated Medical Traders

<b>Company Name</b>	KAWANISHI HOLDINGS, INC. <a href="#">Website</a> <a href="#">IR Information</a> <a href="#">Share Price</a>	
<b>Established</b>	2 October 1967 (Inaugurated on 1 May 1921)	
<b>Listing</b>	21 December 2000: Tokyo Stock Exchange 2nd section (Ticker: 2689)	
<b>Capital</b>	¥ 607 m (As of the end of June 2017)	
<b>No. of Shares</b>	6,250,000 shares, including 639,332 treasury shares (As of the end of June 2017)	
<b>Main Features</b>	<ul style="list-style-type: none"> <li>● Set up by mergers among three wholesale distributors of medical consumables and equipment based in Chugoku and Shikoku regions</li> <li>● Expectations for new mergers, preceded by Sansei Medical Materials Co., Ltd.</li> <li>● In the pursuit of profitability in Imports and Sales, etc.</li> </ul>	
<b>Business Segments</b>	<ul style="list-style-type: none"> <li>. Medical Consumables and Equipment</li> <li>. SPD</li> <li>. Care Supplies</li> <li>. Imports and Sales</li> </ul>	
<b>Top Management</b>	President COO: Yohei Maeshima	
<b>Shareholders</b>	MASP Inc. 15.1%, Treasury shares 10.2%, ESOP 6.0 % (As of the end of June 2017)	
<b>Headquarters</b>	Kita-ku, Okayama-city, Okayama-prefecture, JAPAN	
<b>No. of Employees</b>	Consolidated: 1,179, Unconsolidated: 29 (As of the end of June 2017)	

Source: Company Data

## 3.0 Recent Trading and Prospects

### FY06/2017 Results

In FY06/2017, sales came in at ¥105,778m (up 4.3% YoY), operating profit ¥1,044m (up 92.2%), recurring profit ¥1,112m (up 99.8%) and profit attributable to owners of parent ¥690m (up 125.9%), while operating profit margin 0.99% (up 0.45% points).

At the releases of Q1 to Q3 FY06/2017 results (28 April 2017), prospective earnings of full-year Company forecasts were revised up sharply, while the above-mentioned results were even better. Overshoots, when compared with initial Company forecasts were ¥709m (0.7%) in sales, ¥228m (27.9%) in operating profit, ¥304m (37.6%) in recurring profit and ¥198m (40.2%) in profit attributable to owners of parent.

While sales were almost in line, SG&A expenses fell short of assumptions due to delayed spending of a part of R&D expenses associated with Imports and Sales. On top of this, the Company suggests that it saw profitability higher than initially expected in regards to equipment.

In EXSOLA MEDICAL Inc. or the Company's consolidated subsidiary in charge of Imports and Sales, the Company is currently getting ready for future launch of merchandises to be directly imported by the Company from Israel, comprising systems, kits, etc. to detect breast cancer at early stage. At the moment, the Company is in the process of implementing demonstration experiments in medical institutions based in Japan. Progress here is rather delayed and thus spending of R&D expenses by the Company. Nevertheless, it has turned out to be the case that expenses here are to be rather smaller than initially assumed, while the Company's plan to launch them in Japan by the end of FY06/2019 remains unaffected.

By business segment, Medical Consumables and Equipment (selling medical consumables and equipment) saw sales of ¥88,584m (up 4.1%), operating profit of ¥1,062m (up 85.4%) and operating profit margin of 1.20% (up 0.53% points), having accounted for 83.7% of sales as a whole for the Company and 83.4% of operating profit (before elimination). Thus, the Company's business performance basically hinges on that of this business segment.

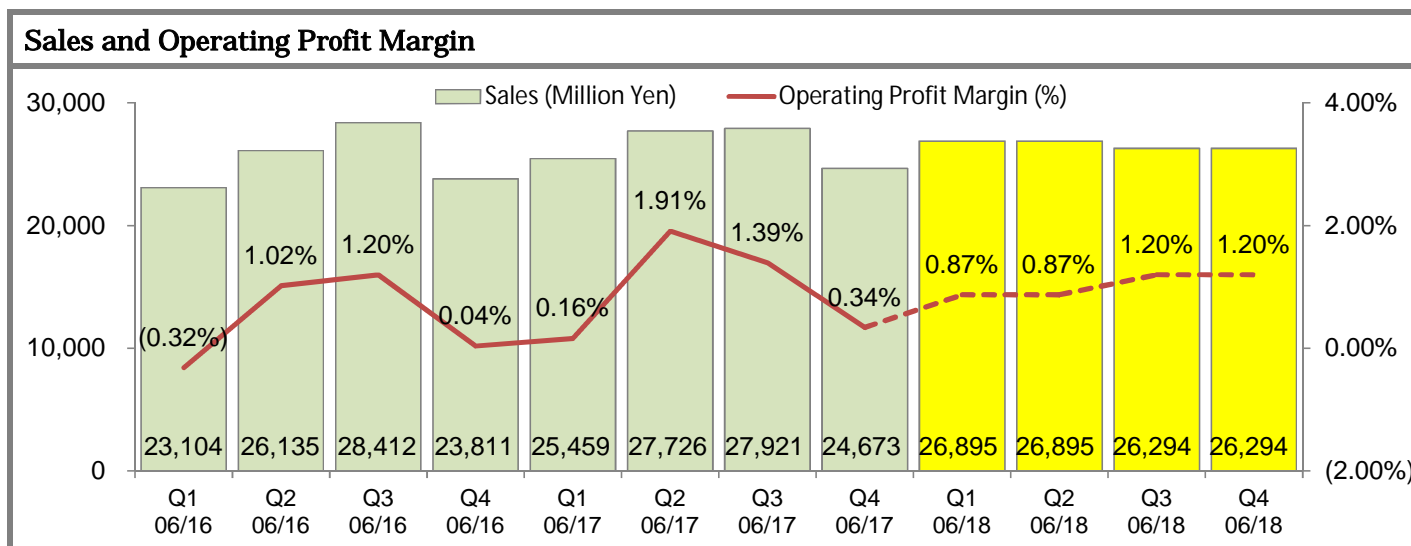
In Medical Consumables and Equipment, sales of consumables, the mainstay, increased by 2.9%, while sales of equipment increased by 9.9%. Consumables, comprising those belonging to the domains of surgery, orthopedics, circulatory organ, etc. are consumed in line with daily medical services like surgical operations, etc., while demand for equipment, comprising MRI (Magnetic Resonance Imaging), cineangiography, CT (Computed Tomography), ultrasonography, operation room equipment such as artificial respirators, etc., hinge on capital expenditures by hospitals to newly construct, rebuild and/or expand own facilities.

In regards to consumables, sales were rather sluggish than in past years, negatively affected by adjustments of those associated with the domain of circulatory organ. The Company saw sales so firm in regards to catheter ablation to cauterize myocardial tissue causing tachycardia that makes the heart pulse faster with high frequency, but this was more than offset by "temporary decreases of cases due to changes of doctors", etc.

On the equipment side, the Company saw sales of a project, in Q2, exceptionally large in the size and exceptionally high in profitability, which appears to be the key factor for Medical Consumables and Equipment to have seen operating profit margin nicely improving. Thus, at the end of the day, sales and gross profit stemming from said project were the key driver for surging earnings as a whole for the Company, as far as we could see.

### FY06/2018 Company Forecasts

FY06/2018 Company forecasts are going for prospective sales of ¥106,377m (up 0.6% YoY), operating profit of ¥1,100m (up 5.3%), recurring profit of ¥1,109m (down 0.3%) and profit attributable to owners of parent of ¥714m (up 3.4%), while operating profit margin of 1.03% (up 0.05% points). In regards to annual dividend, Company forecasts are going for ¥30.0 per share, implying payout ratio of 23.6%.



Source: Company Data, WRJ Calculation (Quarterly forecasts in FY06/2018: half-year Company forecasts pro rata)

The Company, seemingly being in the pursuit of profitability, is to see decreases of sales and expenses at the same time, pulling out of unprofitable operations. Specifically, the Company is to suspend operations to sell medical consumables, etc. by Ohta Medical or the Company's consolidated subsidiary, making SG&A expenses here being gone and sales of some ¥1,000m being gone at the same time. Eventually, this is a factor to improve operating profit margin as a whole for the Company as said operations seeing operating profit margin fairly low.

Still, the Company is to see operating profit margin improving just marginally. This is because aforementioned project, on the equipment side, exceptionally large in the size and exceptionally high in profitability, is not to reappear. The Company saw operating profit margin of 1.91% in Q2 FY06/2017, when sales and gross profit of said project were booked. This level of operating profit margin is outstandingly high during the past 8 quarters.

## 3.0 Financial Statements

### Income Statement (Cumulative, Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	06/2016	06/2016	06/2016	06/2016	06/2017	06/2017	06/2017	06/2017		
<b>Sales</b>	<b>23,103</b>	<b>49,238</b>	<b>77,649</b>	<b>101,460</b>	<b>25,459</b>	<b>53,184</b>	<b>81,105</b>	<b>105,778</b>		<b>+4,317</b>
Cost of Sales	20,743	44,222	69,907	91,325	22,953	47,727	72,832	94,879		+3,554
Gross Profit	2,360	5,016	7,742	10,135	2,506	5,456	8,273	10,898		+763
SG&A	2,433	4,821	7,207	9,592	2,464	4,885	7,313	9,854		+262
<b>Operating Profit</b>	<b>(72)</b>	<b>194</b>	<b>534</b>	<b>543</b>	<b>41</b>	<b>571</b>	<b>960</b>	<b>1,044</b>		<b>+500</b>
Non Operating Balance	2	(1)	1	13	11	19	66	68		+55
<b>Recurring Profit</b>	<b>(70)</b>	<b>193</b>	<b>535</b>	<b>556</b>	<b>52</b>	<b>590</b>	<b>1,026</b>	<b>1,112</b>		<b>+555</b>
Extraordinary Balance	9	14	19	14	5	14	17	1		(12)
Profit before Income Taxes	(60)	208	554	571	57	604	1,044	1,114		+543
Income Taxes	11	117	256	265	38	231	388	432		+166
NP Belonging to Non-Controlling SHs	-	-	-	-	(1)	(4)	(5)	(8)		(8)
<b>Profit Attributable to Owners of Parent</b>	<b>(72)</b>	<b>91</b>	<b>298</b>	<b>305</b>	<b>20</b>	<b>377</b>	<b>661</b>	<b>690</b>		<b>+384</b>
Sales YoY	+2.8%	+7.9%	+9.4%	+7.3%	+10.2%	+8.0%	+4.5%	+4.3%		-
Operating Profit YoY	-	(16.9%)	+9.9%	(18.7%)	-	+193.3%	+79.6%	+92.2%		-
Recurring Profit YoY	-	(16.1%)	+10.2%	(16.0%)	-	+205.2%	+91.6%	+99.8%		-
Profit Attributable to Owners of Parent YoY	-	(20.7%)	+13.7%	(24.6%)	-	+312.9%	+121.7%	+125.9%		-
Gross Profit Margin	10.22%	10.19%	9.97%	9.99%	9.84%	10.26%	10.20%	10.30%		+0.31%
(SG&A / Sales)	10.53%	9.79%	9.28%	9.45%	9.68%	9.19%	9.02%	9.32%		(0.14%)
Operating Profit Margin	-0.32%	0.40%	0.69%	0.54%	0.16%	1.07%	1.18%	0.99%		+0.45%
Recurring Profit Margin	-0.31%	0.39%	0.69%	0.55%	0.21%	1.11%	1.27%	1.05%		+0.50%
Profit Attributable to Owners of Parent Margin	-0.31%	0.19%	0.38%	0.30%	0.08%	0.71%	0.82%	0.65%		+0.35%
Total Income Taxes / Profit before Income Taxes	-	56.1%	46.2%	46.5%	67.0%	38.3%	37.2%	38.8%		(7.7%)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	06/2016	06/2016	06/2016	06/2016	06/2017	06/2017	06/2017	06/2017		
<b>Sales</b>	<b>23,103</b>	<b>26,134</b>	<b>28,411</b>	<b>23,811</b>	<b>25,459</b>	<b>27,725</b>	<b>27,920</b>	<b>24,673</b>		<b>+862</b>
Cost of Sales	20,743	23,478	25,685	21,417	22,953	24,774	25,104	22,047		+629
Gross Profit	2,360	2,655	2,726	2,393	2,506	2,950	2,816	2,625		+232
SG&A	2,433	2,388	2,386	2,384	2,464	2,420	2,427	2,541		+157
<b>Operating Profit</b>	<b>(72)</b>	<b>267</b>	<b>339</b>	<b>8</b>	<b>41</b>	<b>530</b>	<b>388</b>	<b>84</b>		<b>+75</b>
Non Operating Balance	2	(3)	2	12	11	7	46	2		(9)
<b>Recurring Profit</b>	<b>(70)</b>	<b>264</b>	<b>342</b>	<b>21</b>	<b>52</b>	<b>537</b>	<b>435</b>	<b>86</b>		<b>+65</b>
Extraordinary Balance	9	5	4	(4)	5	9	3	(16)		(11)
Profit before Income Taxes	(60)	269	346	16	57	547	439	70		+53
Income Taxes	11	105	139	9	38	192	156	44		+35
NP Belonging to Non-Controlling SHs	-	-	-	-	(1)	(2)	(1)	(2)		(2)
<b>Profit Attributable to Owners of Parent</b>	<b>(72)</b>	<b>164</b>	<b>206</b>	<b>7</b>	<b>20</b>	<b>356</b>	<b>283</b>	<b>29</b>		<b>+21</b>
Sales YoY	+2.8%	+12.8%	+12.1%	+1.2%	+10.2%	+6.1%	(1.7%)	+3.6%		-
Operating Profit YoY	-	+44.9%	+34.9%	(95.1%)	-	+98.1%	+14.5%	+843.1%		-
Recurring Profit YoY	-	+43.8%	+34.0%	(88.1%)	-	+103.7%	+27.3%	+309.7%		-
Profit Attributable to Owners of Parent YoY	-	+60.4%	+40.6%	(94.9%)	-	+117.4%	+37.2%	+299.9%		-
Gross Profit Margin	10.22%	10.16%	9.60%	10.05%	9.84%	10.64%	10.09%	10.64%		+0.59%
(SG&A / Sales)	10.53%	9.14%	8.40%	10.01%	9.68%	8.73%	8.69%	10.30%		+0.29%
Operating Profit Margin	(0.32%)	1.02%	1.20%	0.04%	0.16%	1.91%	1.39%	0.34%		+0.30%
Recurring Profit Margin	(0.31%)	1.01%	1.20%	0.09%	0.21%	1.94%	1.56%	0.35%		+0.26%
Profit Attributable to Owners of Parent Margin	(0.31%)	0.63%	0.73%	0.03%	0.08%	1.29%	1.02%	0.12%		+0.09%
Total Income Taxes / Profit before Income Taxes	-	39.1%	40.2%	55.5%	67.0%	35.2%	35.7%	62.7%		+7.2%

Source: Company Data, WRJ Calculation

## Segmented Information (Cumulative, Quarterly)

Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1 to Q4	Net Chg.
(Million Yen)	06/2016	06/2016	06/2016	06/2016	06/2017	06/2017	06/2017	06/2017	06/2017	Net Chg.
Medical Consumables and Equipment	19,181	41,161	65,366	85,107	21,349	44,702	68,254	88,584	88,584	+3,477
SPD	3,539	7,285	11,067	14,704	3,666	7,583	11,452	15,316	15,316	+611
Care Supplies	382	792	1,214	1,648	442	899	1,397	1,877	1,877	+229
Imports and Sales	-	-	-	-	-	-	-	-	-	-
<b>Sales</b>	<b>23,103</b>	<b>49,238</b>	<b>77,649</b>	<b>101,460</b>	<b>25,459</b>	<b>53,184</b>	<b>81,105</b>	<b>105,778</b>	<b>105,778</b>	<b>+4,317</b>
Medical Consumables and Equipment	(54)	214	557	573	58	593	965	1,062	1,062	+489
SPD	23	50	76	87	19	47	84	103	103	+15
Care Supplies	6	36	50	63	19	41	67	128	128	+65
Imports and Sales	-	-	-	-	(4)	(9)	(13)	(20)	(20)	(20)
<b>Segment Profit</b>	<b>(24)</b>	<b>302</b>	<b>684</b>	<b>724</b>	<b>92</b>	<b>672</b>	<b>1,103</b>	<b>1,274</b>	<b>1,274</b>	<b>+550</b>
Elimination	(48)	(107)	(150)	(180)	(51)	(101)	(143)	(230)	(230)	(49)
<b>Operating Profit</b>	<b>(72)</b>	<b>194</b>	<b>534</b>	<b>543</b>	<b>41</b>	<b>571</b>	<b>960</b>	<b>1,044</b>	<b>1,044</b>	<b>+500</b>
Medical Consumables and Equipment	(0.29%)	0.52%	0.85%	0.67%	0.27%	1.33%	1.41%	1.20%	1.20%	+0.53%
SPD	0.67%	0.70%	0.69%	0.60%	0.53%	0.62%	0.74%	0.67%	0.67%	+0.08%
Care Supplies	1.81%	4.65%	4.16%	3.84%	4.30%	4.60%	4.84%	6.85%	6.85%	+3.01%
Imports and Sales	-	-	-	-	-	-	-	-	-	-
<b>Operating Profit Margin</b>	<b>(0.32%)</b>	<b>0.40%</b>	<b>0.69%</b>	<b>0.54%</b>	<b>0.16%</b>	<b>1.07%</b>	<b>1.18%</b>	<b>0.99%</b>	<b>0.99%</b>	<b>+0.45%</b>

Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4	Net Chg.
(Million Yen)	06/2016	06/2016	06/2016	06/2016	06/2017	06/2017	06/2017	06/2017	06/2017	Net Chg.
Medical Consumables and Equipment	19,181	21,979	24,205	19,740	21,349	23,352	23,552	20,330	20,330	+589
SPD	3,539	3,745	3,782	3,637	3,666	3,917	3,869	3,863	3,863	+226
Care Supplies	382	409	422	433	442	456	498	479	479	+46
Imports and Sales	-	-	-	-	-	-	-	-	-	-
<b>Sales</b>	<b>23,103</b>	<b>26,134</b>	<b>28,411</b>	<b>23,811</b>	<b>25,459</b>	<b>27,725</b>	<b>27,920</b>	<b>24,673</b>	<b>24,673</b>	<b>+862</b>
Medical Consumables and Equipment	(54)	269	343	15	58	535	371	97	97	+82
SPD	23	27	25	11	19	27	36	19	19	+7
Care Supplies	6	29	13	12	19	22	26	60	60	+48
Imports and Sales	-	-	-	-	(4)	(5)	(3)	(6)	(6)	(6)
<b>Segment Profit</b>	<b>(24)</b>	<b>326</b>	<b>382</b>	<b>39</b>	<b>92</b>	<b>580</b>	<b>430</b>	<b>170</b>	<b>170</b>	<b>+131</b>
Elimination	(48)	(58)	(42)	(30)	(51)	(50)	(41)	(86)	(86)	(56)
<b>Operating Profit</b>	<b>(72)</b>	<b>267</b>	<b>339</b>	<b>8</b>	<b>41</b>	<b>530</b>	<b>388</b>	<b>84</b>	<b>84</b>	<b>+75</b>
Medical Consumables and Equipment	(0.29%)	1.23%	1.42%	0.08%	0.27%	2.29%	1.58%	0.48%	0.48%	+0.40%
SPD	0.67%	0.72%	0.67%	0.32%	0.53%	0.71%	0.95%	0.49%	0.49%	+0.18%
Care Supplies	1.81%	7.31%	3.23%	2.94%	4.30%	4.89%	5.28%	12.70%	12.70%	+9.75%
Imports and Sales	-	-	-	-	-	-	-	-	-	-
<b>Operating Profit Margin</b>	<b>(0.32%)</b>	<b>1.02%</b>	<b>1.20%</b>	<b>0.04%</b>	<b>0.16%</b>	<b>1.91%</b>	<b>1.39%</b>	<b>0.34%</b>	<b>0.34%</b>	<b>+0.30%</b>

Source: Company Data, WRJ Calculation

## Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 06/2016	Q2 06/2016	Q3 06/2016	Q4 06/2016	Q1 06/2017	Q2 06/2017	Q3 06/2017	Q4 06/2017		
Cash and Deposit	2,586	2,011	2,555	2,142	2,435	3,063	2,775	2,220		+77
Accounts Receivables	17,264	20,315	22,228	18,116	19,328	21,412	21,688	18,726		+609
Inventory	4,427	4,756	4,416	4,147	4,576	4,792	4,581	4,331		+184
Other	1,023	767	972	1,048	900	745	738	937		(110)
<b>Current Assets</b>	<b>25,302</b>	<b>27,850</b>	<b>30,173</b>	<b>25,455</b>	<b>27,240</b>	<b>30,013</b>	<b>29,784</b>	<b>26,215</b>		<b>+760</b>
Tangible Assets	3,416	3,409	3,779	3,745	3,741	3,714	3,671	3,668		(77)
Intangible Assets	329	295	255	246	215	184	178	212		(33)
Investments and Other Assets	1,760	1,828	1,967	1,601	1,443	1,479	1,430	1,678		+76
<b>Fixed Assets</b>	<b>5,506</b>	<b>5,533</b>	<b>6,002</b>	<b>5,594</b>	<b>5,401</b>	<b>5,377</b>	<b>5,280</b>	<b>5,558</b>		<b>(35)</b>
<b>Total Assets</b>	<b>30,809</b>	<b>33,384</b>	<b>36,176</b>	<b>31,049</b>	<b>32,641</b>	<b>35,391</b>	<b>35,064</b>	<b>31,774</b>		<b>+725</b>
Accounts Payables	19,560	22,350	24,622	20,989	21,174	23,627	23,807	21,089		+99
Short Term Debt	4,001	3,695	2,995	1,794	3,554	3,414	2,574	1,535		(259)
Other	1,183	1,082	1,411	1,560	1,318	1,372	1,510	1,815		+255
<b>Current Liabilities</b>	<b>24,745</b>	<b>27,127</b>	<b>29,029</b>	<b>24,344</b>	<b>26,048</b>	<b>28,415</b>	<b>27,892</b>	<b>24,440</b>		<b>+95</b>
Long Term Debt	402	328	1,005	881	797	729	630	546		(335)
Other	1,208	1,279	1,296	1,229	1,242	1,278	1,284	1,362		+132
<b>Fixed Liabilities</b>	<b>1,611</b>	<b>1,608</b>	<b>2,301</b>	<b>2,110</b>	<b>2,040</b>	<b>2,008</b>	<b>1,915</b>	<b>1,908</b>		<b>(202)</b>
<b>Total Liabilities</b>	<b>26,356</b>	<b>28,735</b>	<b>31,330</b>	<b>26,455</b>	<b>28,089</b>	<b>30,423</b>	<b>29,807</b>	<b>26,349</b>		<b>(106)</b>
<b>Shareholders' Equity</b>	<b>4,239</b>	<b>4,403</b>	<b>4,610</b>	<b>4,617</b>	<b>4,467</b>	<b>4,827</b>	<b>5,111</b>	<b>5,140</b>		<b>+522</b>
Other	212	245	234	(24)	84	140	145	285		+309
<b>Net Assets</b>	<b>4,452</b>	<b>4,648</b>	<b>4,845</b>	<b>4,593</b>	<b>4,552</b>	<b>4,968</b>	<b>5,256</b>	<b>5,425</b>		<b>+831</b>
<b>Total Liabilities and Net Assets</b>	<b>30,809</b>	<b>33,384</b>	<b>36,176</b>	<b>31,049</b>	<b>32,641</b>	<b>35,391</b>	<b>35,064</b>	<b>31,774</b>		<b>+725</b>
Equity Capital	4,452	4,648	4,845	4,593	4,435	4,827	5,117	5,289		+696
Interest Bearing Debt	4,404	4,024	4,000	2,676	4,352	4,143	3,205	2,081		(594)
Net Debt	1,817	2,012	1,444	533	1,917	1,080	429	(138)		(672)
Equity Capital Ratio	14.5%	13.9%	13.4%	14.8%	13.6%	13.6%	14.6%	16.6%		+1.9%
Net Debt Equity Ratio	40.8%	43.3%	29.8%	11.6%	43.2%	22.4%	8.4%	(2.6%)		(14.2%)
ROE (12 months)	7.4%	8.5%	9.5%	6.6%	9.0%	12.5%	13.4%	14.0%		+7.4%
ROA (12 months)	1.8%	1.9%	2.1%	1.8%	2.1%	2.8%	2.9%	3.5%		+1.7%
Days for Inventory Turnover	19	18	16	18	18	18	17	18		-
Quick Ratio	80%	82%	85%	83%	84%	86%	88%	86%		-
Current Ratio	102%	103%	104%	105%	105%	106%	107%	107%		-

Source: Company Data, WRJ Calculation

## Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 06/2016	Q1 to Q2 06/2016	Q1 to Q3 06/2016	Q1 to Q4 06/2016	Q1 06/2017	Q1 to Q2 06/2017	Q1 to Q3 06/2017	Q1 to Q4 06/2017		
Operating Cash Flow	-	(1,420)	-	710	-	(423)	-	871		+161
Investing Cash Flow	-	(66)	-	(705)	-	(39)	-	(99)		+605
<b>Operating CF &amp; Investing CF</b>	<b>-</b>	<b>(1,487)</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>(463)</b>	<b>-</b>	<b>771</b>		<b>+766</b>
Financing Cash Flow	-	1,152	-	(208)	-	1,337	-	(741)		(532)

Source: Company Data, WRJ Calculation

**Disclaimer**

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Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage, etc.

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