

Hitachi Zosen Fukui Corporation

Code number: 6163, Tokyo Stock Exchange, JASDAQ

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Consolidated Financial Statement for 6 months of FY2016

(April 1, 2016 - September 30, 2016)

1. Business Results and Financial Positions for 6 months of FY2016

(1) Consolidated Business Results

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
6 months of FY2016	12,778	7.3	1,372	Δ 11.9	1,402	Δ 6.0	956	Δ 4.6
6 months of FY2015	11,906	Δ 3.5	1,556	10.8	1,492	5.6	1,003	10.2

(Note) Comprehensive income:

6 months of FY2016 794 million yen

6 months of FY2015 1,081 million yen

	Net income per share	Net income per share, diluted
	yen	yen
6 months of FY2016	97.16	-
6 months of FY2015	101.88	-

(2) Consolidated Financial Positions

	Total assets	Net assets	Ratio of Shareholders' equity	Net assets per share
	million yen	million yen	%	yen
As of September 30, 2016	26,091	13,492	51.7	1,369.87
As of March 31, 2016	25,982	13,141	50.6	1,334.18

(Note) Shareholders' equity (consolidated):

As of September 30, 2016 13,492 million yen

As of March 31, 2016 13,141 million yen

2. Dividend

	Dividend per share				
	As of June 30	As of September 30	As of December 31	As of March 31	Total
	Yen	Yen	Yen	Yen	Yen
FY2015	-	0.00	-	45.00	45.00
FY2016	-	0.00			
FY2016 (Forecast)			-	0.00	0.00

(Note)

As of today, we make an amendment on the initial forecast, which indicated that dividend as of March 31, 2017 is to be 45 yen per share.

Regarding the amendment, we today announced the following information

1. Announcement concerning Implementation of the Tender Offer of Our Shares by Hitachi Zosen Corporation which is Our Controlling Shareholder and Recommendation to Tender
2. Announcement regarding Revision of the Expected Dividends for the Fiscal Year ending March 2017

If you need further information, please refer to those announcements on IR news page.

3. Forecast of Consolidated Business Results for FY2016 (April 1, 2016 - March 31, 2017)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	Yen
FY2016	23,000	Δ 2.6	2,520	Δ 11.0	2,550	Δ 7.9	1,760	Δ 6.4	178.69

Cautionary Statement

These forecasts are based on an assumption in the light of information currently available at the date of this announcement. Therefore, various kinds of factors can cause actual results to differ materially from these forecasts.

Qualitative information on consolidated business results for 6months of FY2016(April 1, 2016 – September 30, 2016)

1. Consolidated business results

Japanese economy has been recovering at a moderate pace due to effects of various policy package while employment and income situation is improving. However, economies in Asian emerging countries have been slowing down. In addition to that, Britain voted to exit the EU and it has caused concerns how the decision will affect the financial and capital market. Those are downside risks of Japanese economy.

Automobile manufacturers, our main customers, has been getting stable sales mainly in the United States. However, optimism is mitigated by the risks of downturn prompted by uncertainty in the global economy especially in emerging countries.

We have received 12,214 million yen orders for 6 months of FY2016, decrease by 3.7% as compared to 6 months of FY2015. Press machines are 5,157 million yen, a decrease of 11.3% . FA system products are 3,394 million yen, a sharp increase of 50.0% due to orders for blanking press line in this fiscal year. After service is 3,662 million yen, a decrease of 20.6%.

We have received 54.3% orders of our goal “22,500 million yen” in this fiscal year as we initially forecasted.

Order backlog as of September 30, 2016 is 20,881 million yen, a decrease of 563 million yen as compared to that as of March 31, 2016.

Sales are 12,778 million yen, an increase of 7.3% as compared to 6 months of FY2015. Press machines are 6,305 million yen, an increase of 15.0%. FA system products are 3,213 million yen, an increase of 23.9% due to increase of blanking press line sales. After service is 3,259 million yen, a decrease of 14.8%.

Operating income, ordinary income, and profit attributable to owners of parent are 1,372 million yen, 1,402 million yen, and 956 million yen, respectively. Operating income, ordinary income and profit attributable to owners of parent decrease by 11.9%, 6.0% and 4.6 respectively, as compared to 6 months of FY2015.

2. Forecast of consolidated business results for FY2016

Business makes progress as initially forecasted. We don't make any amendment on forecasts of business results, which were announced as of May 11, 2016, at this time.

Cautionary Statement

These forecasts are based on an assumption in the light of information currently available at the date of this announcement. Therefore, various kinds of factors can cause actual results to differ materially from these forecasts.

Quarterly Consolidated Balance Sheet [1/2]

(Thousands of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	9,929,460	8,412,610
Notes and accounts receivable - trade	8,114,522	9,126,853
Merchandise and finished goods	58,276	57,321
Work in process	892,769	585,686
Raw materials and supplies	129,510	136,926
Deferred tax assets	208,469	214,644
Other	1,552,089	2,371,346
Allowance for doubtful accounts	△960	△1,642
Total current assets	20,884,138	20,903,746
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,177,448	1,300,404
Machinery, equipment and vehicles, net	1,219,375	1,048,675
Land	833,057	833,057
Other, net	108,278	109,823
Total property, plant and equipment	3,338,160	3,291,959
Intangible assets	127,426	126,177
Investments and other assets		
Investment securities	1,055,643	1,090,723
Other	577,017	679,513
Allowance for doubtful accounts	△280	△280
Total investments and other assets	1,632,381	1,769,956
Total non-current assets	5,097,968	5,188,094
Total assets	25,982,106	26,091,841

Quarterly Consolidated Balance Sheet [2/2]

(Thousands of yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,249,053	1,453,639
Short-term loans payable	100,000	100,000
Accounts payable - other	4,579,438	4,848,707
Accrued expenses	1,221,303	1,104,872
Income taxes payable	449,297	513,995
Advances received	2,302,162	1,650,776
Provision for bonuses	341,500	352,000
Provision for product warranties	410,401	415,612
Provision for loss on order received	284,138	257,510
Other	70,303	32,651
Total current liabilities	11,007,598	10,729,765
Non-current liabilities		
Provision for directors' retirement benefits	64,064	68,768
Net defined benefit liability	1,672,512	1,694,647
Other	96,655	105,787
Total non-current liabilities	1,833,232	1,869,204
Total liabilities	12,840,830	12,598,969
Net assets		
Shareholders' equity		
Capital stock	1,055,000	1,055,000
Capital surplus	747,400	747,400
Retained earnings	11,335,073	11,848,809
Treasury shares	△224	△224
Total shareholders' equity	13,137,248	13,650,984
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	147,837	168,304
Deferred gains or losses on hedges	49,276	59,284
Foreign currency translation adjustment	106,011	△108,690
Remeasurements of defined benefit plans	△299,098	△277,010
Total accumulated other comprehensive income	4,026	△158,112
Total net assets	13,141,275	13,492,871
Total liabilities and net assets	25,982,106	26,091,841

Year to Quarter End Consolidated Statement Of Income

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	11,906,657	12,778,414
Cost of sales	9,219,347	10,437,752
Gross profit	2,687,309	2,340,661
Selling, general and administrative expenses	1,130,441	968,593
Operating income	1,556,868	1,372,067
Non-operating income		
Interest income	13,559	18,692
Dividend income	8,509	8,337
Foreign exchange gains	—	9,219
Other	7,248	1,515
Total non-operating income	29,316	37,764
Non-operating expenses		
Interest expenses	255	202
Loss on retirement of non-current assets	1,748	3,026
Foreign tax and dues	4,636	2,173
Other	86,964	1,450
Total non-operating expenses	93,604	6,853
Ordinary income	1,492,580	1,402,979
Profit before income taxes	1,492,580	1,402,979
Income taxes	489,048	446,006
Profit	1,003,532	956,973
Profit attributable to owners of parent	1,003,532	956,973

Year To Quarter End Consolidated Statement Of Comprehensive Income

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	1,003,532	956,973
Other comprehensive income		
Valuation difference on available-for-sale securities	△12,492	20,467
Deferred gains or losses on hedges	46,448	10,007
Foreign currency translation adjustment	30,243	△214,702
Remeasurements of defined benefit plans, net of tax	13,663	22,088
Total other comprehensive income	77,862	△162,139
Comprehensive income	1,081,395	794,833
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,081,395	794,833
Comprehensive income attributable to non-controlling interests	—	—