

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2017 (Based on Japanese GAAP)

July 28, 2017

Company name: ARGO GRAPHICS Inc.  
 Stock exchange listing: Tokyo  
 Stock code: 7595 URL <http://www.argo-graph.co.jp>  
 Representative: Chairman and CEO Yoshimaro Fujisawa  
 Inquiries: Managing Director, Administration Control Division Kunio Hasebe TEL 03-5641-2018  
 Scheduled date to file Quarterly Securities Report: August 10, 2017  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the three months ended June 30, 2017 (from April 1, 2017 to June 30, 2017)

#### (1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2017	9,660	8.4	899	16.1	956	17.4	614	19.4
Three months ended June 30, 2016	8,912	3.5	775	37.6	814	33.8	514	45.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2017	57.52	–
Three months ended June 30, 2016	48.30	48.22

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2017	34,512	24,803	67.3	2,175.00
As of March 31, 2017	34,959	24,174	64.5	2,112.96

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	–	30.00	–	36.00	66.00
Year ending March 31, 2018	–				
Year ending March 31, 2018 (Forecast)		33.00	–	33.00	66.00

### 3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	37,000	6.2	3,200	2.9	3,450	2.0	2,150	1.9	201.37

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2017  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of June 30, 2017	11,177,000 shares	As of March 31, 2017	11,177,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2017	500,330 shares	As of March 31, 2017	500,330 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2017	10,676,670 shares	Three months ended June 30, 2016	10,651,816 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2017	As of June 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	13,432,572	13,424,880
Notes and accounts receivable - trade	7,835,420	7,095,373
Securities	610,159	399,282
Merchandise	615,130	253,040
Work in process	56,738	52,295
Raw materials and supplies	6,467	4,664
Other	943,509	1,325,851
Total current assets	23,499,999	22,555,388
Non-current assets		
Property, plant and equipment	195,055	195,153
Intangible assets		
Goodwill	1,396,422	1,339,632
Other	121,576	112,642
Total intangible assets	1,517,999	1,452,274
Investments and other assets		
Investment securities	8,541,514	9,076,405
Long-term time deposits	600,000	600,000
Other	604,974	633,504
Total investments and other assets	9,746,489	10,309,909
Total non-current assets	11,459,543	11,957,337
Total assets	34,959,542	34,512,725
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	4,185,682	2,906,831
Income taxes payable	813,063	292,217
Provision for bonuses	501,109	240,923
Provision for directors' bonuses	80,000	17,500
Other	2,611,732	3,422,155
Total current liabilities	8,191,587	6,879,626
Non-current liabilities		
Net defined benefit liability	2,036,119	2,084,307
Provision for Employee Stock Ownership Plan	30,884	42,857
Provision for Board Benefit Trust	14,800	19,752
Other	511,261	683,167
Total non-current liabilities	2,593,065	2,830,084
Total liabilities	10,784,653	9,709,711

(Thousands of yen)

	As of March 31, 2017	As of June 30, 2017
Net assets		
Shareholders' equity		
Capital stock	1,873,136	1,873,136
Capital surplus	2,072,996	2,072,960
Retained earnings	16,922,815	17,145,816
Treasury shares	(690,942)	(690,942)
Total shareholders' equity	20,178,005	20,400,971
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,684,853	3,112,678
Remeasurements of defined benefit plans	(149,183)	(135,998)
Foreign currency translation adjustment	(154,315)	(155,889)
Total accumulated other comprehensive income	2,381,354	2,820,790
Subscription rights to shares	1,080	1,080
Non-controlling interests	1,614,448	1,580,172
Total net assets	24,174,888	24,803,014
Total liabilities and net assets	34,959,542	34,512,725

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	8,912,784	9,660,022
Cost of sales	6,704,593	7,292,946
Gross profit	2,208,190	2,367,075
Total selling, general and administrative expenses	1,432,873	1,467,204
Operating profit	775,317	899,871
Non-operating income		
Interest income	20,625	10,188
Dividend income	51,806	62,157
Other	1,661	14,816
Total non-operating income	74,093	87,162
Non-operating expenses		
Share of loss of entities accounted for using equity method	29,054	29,670
Other	5,363	555
Total non-operating expenses	34,418	30,226
Ordinary profit	814,991	956,807
Extraordinary income		
Gain on reversal of subscription rights to shares	7,614	-
Total extraordinary income	7,614	-
Profit before income taxes	822,606	956,807
Income taxes - current	353,713	345,029
Income taxes - deferred	(49,327)	5,714
Total income taxes	304,386	350,743
Profit	518,220	606,063
Profit attributable to non-controlling interests	3,692	8,034
Profit attributable to owners of parent	514,527	614,098

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit	518,220	606,063
Other comprehensive income		
Valuation difference on available-for-sale securities	(594,086)	427,824
Foreign currency translation adjustment	(23,462)	(126)
Remeasurements of defined benefit plans, net of tax	13,131	13,185
Share of other comprehensive income of entities accounted for using equity method	(12,048)	(4,286)
Total other comprehensive income	(616,465)	436,596
Comprehensive income	(98,245)	1,042,660
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(68,504)	1,052,324
Comprehensive income attributable to non-controlling interests	(29,741)	(9,664)

## Consolidated statements of cash flows

(Thousands of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Cash flows from operating activities		
Profit before income taxes	822,606	956,807
Depreciation	23,486	24,479
Amortization of goodwill	61,687	61,687
Increase (decrease) in provision for bonuses	(217,301)	(260,186)
Increase (decrease) in provision for directors' bonuses	(55,000)	(62,500)
Increase (decrease) in net defined benefit liability	49,807	65,163
Increase (decrease) in provision for Employee Stock Ownership Plan	–	11,972
Interest and dividend income	(72,431)	(72,345)
Share of (profit) loss of entities accounted for using equity method	29,054	29,670
Decrease (increase) in notes and accounts receivable - trade	1,448,482	733,292
Decrease (increase) in inventories	751	368,336
Decrease (increase) in advance payments	69,134	(387,737)
Decrease (increase) in other current assets	(62,083)	(18,685)
Increase (decrease) in notes and accounts payable - trade	(1,712,291)	(1,278,851)
Increase (decrease) in advances received	948,256	569,100
Increase (decrease) in accrued consumption taxes	27,299	(21,669)
Increase (decrease) in other current liabilities	385,740	175,067
Other, net	1,659	4,188
Subtotal	1,748,857	897,788
Interest and dividend income received	68,726	67,839
Income taxes paid	(496,110)	(774,175)
Net cash provided by (used in) operating activities	1,321,473	191,452
Cash flows from investing activities		
Purchase of property, plant and equipment	(41,626)	(15,389)
Payments for guarantee deposits	(343)	(51,574)
Purchase of shares of subsidiaries	–	(10,000)
Proceeds from sales of shares of subsidiaries and associates	–	74,823
Proceeds from redemption of membership	–	10,000
Other, net	(1,186)	(7,139)
Net cash provided by (used in) investing activities	(43,156)	720
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	54,234	–
Cash dividends paid	(289,051)	(391,709)
Dividends paid to non-controlling interests	(18,089)	(13,948)
Other, net	3,247	–
Net cash provided by (used in) financing activities	(249,658)	(405,658)
Effect of exchange rate change on cash and cash equivalents	(78,128)	(5,033)
Net increase (decrease) in cash and cash equivalents	950,531	(218,518)
Cash and cash equivalents at beginning of period	9,028,466	12,434,682
Cash and cash equivalents at end of period	9,978,997	12,216,163