

August 9, 2018

# Quarterly Financial Results for the Fiscal Year Ending September 30, 2018 (J-GAAP) (3rd Quarter / October 1, 2017 - June 30, 2018)

Company Name Hosokawa Micron Corporation

Stock Exchange Listing Tokyo Stock Exchange

Stock Code URL <a href="http://www.hosokawamicron.co.jp">http://www.hosokawamicron.co.jp</a>

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Scheduled date of filing Quarterly Report August 10, 2018

(Figures are rounded down to the nearest million yen)

1. Quarterly Consolidated Financial Results (October 1, 2017 to June 30, 2018)

#### (1) Consolidated Results of Operation

(Percentages represent year-on-year changes)

	Net sales Operating profit		orofit	Ordinary profit		Profit attributable to owners of parent		
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3rd quarter ended June. 2018	41,654	19.0	4,966	64.0	5,048	57.4	3,271	43.1
3rd quarter ended June. 2017	34,993	9.8	3,028	45.4	3,207	53.8	2,285	59.6

(Reference) Comprehensive Income (million Yen) 3rd quarter ended June.2018: 2,394 3rd quarter ended June.2017: 4,809

	Earnings per share	Diluted earnings per share
	Yen	Yen
3rd quarter ended June. 2018	399.48	398.15
3rd quarter ended June. 2017	273.04	271.93

Note: The Company carried out a one-for-five common share consolidation with an effective date of April 1, 2017. In accordance with it, earnings per share and diluted earnings per share are calculated based on the assumption that the common share consolidation had been carried out at the beginning of the previous fiscal year.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June. 30, 2018	59,072	35,548	60.0
As of Sep. 30, 2017	56,840	33,965	59.6

(Reference) Shareholders' Equity (million Yen) June. 2018: 35,468 Sep. 2017: 33,860

#### 2. Dividends

		Dividends per share						
	1st Quarter	1st Quarter 2nd Quarter 3rd Quarter Year-end Annual						
	Yen	Yen	Yen	Yen	Yen			
Year ended Sept. 2017 (actual)	_	7.50	_	50.00	_			
Year ended Sept. 2018 (actual)	_	50.00	_					
Year ended Sept. 2018 (forecast)				60.00	110.00			

Note: Revisions of the Dividends since the latest announcement: Yes

The Company carried out a one-for-five common share consolidation with an effective date of April 1, 2017. In accordance with it, the 2nd Quarter dividends per share for Year ending September 30, 2017 are calculated without taking into account the common share consolidation and annual dividends are shown as "—." The 2nd Quarter dividends per share for Year ending September 30, 2017 after taking into account the common share consolidation are 37.50 yen, and annual dividends per share are 87.50 yen.

## 3. Consolidated Forecasts for the Fiscal Year Ending September 30, 2018 (October 1, 2017 - September 30, 2018)

(Percentages represent year-on-year changes)

8,615,269 shares

	Net sale	es	Operating	profit	Ordinary p	profit	Profit attribu owners of		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full Year	54,500	10.1	5,800	14.9	5,800	11.1	3,800	6.4	464.63

Note: Revisions of the Consolidated forecast since the latest announcement: Yes

#### 4. Others

- (1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None
- (2) Adoption of simplified accounting treatment for quarterly closing: Yes
- (3) Changes in accounting treatment for quarterly consolidated financial statement:
  - 1) Changes caused by revision of accounting standards: None
  - 2) Other changes: None
- (4) Number of shares outstanding (common stock)
  - 1) Number of shares outstanding at the end of the period (incl. treasury stock)

June. 2018: 8,615,269 shares Sept. 2017:

2) Number of treasury stock at the end of the period

June. 2018: 423,352 shares Sept. 2017: 436,651 shares

3) Average number of shares in the fiscal year

June. 2018: 8,188,455 shares June. 2017: 8,369,245 shares

Note: The Company carried out a one-for-five common share consolidation with an effective date of April 1, 2017. In accordance with it, 1), 2) and 3) are calculated based on the assumption that the common share consolidation had been carried out at the beginning of the previous fiscal year.

Note: The forecasts above are based on currently available information at the time of announcement. Actual results may differ from these forecasts for a number of factors.

<sup>\*</sup> This quarterly consolidated financial statements is not subject to quarterly review procedures.

<sup>\*</sup> Explanation regarding appropriate use of earnings forecasts and other special notes

## 5. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

As of September 30, 2017         As of June 30, 2018           Assets           Current Assets         17,446         17,884           Notes and accounts receivable-trade         11,761         12,312           Finished goods         2,637         3,217           Work in process         2,100         2,428           Raw materials and supplies         1,637         1,953           Deferred tax assets         630         613           Others         1,083         1,299           Allowance for doubtful accounts         (175)         (174)           Total Current Assets         37,122         39,535           Non-Current Assets         37,122         39,535           Property, plant and equipment         16,904         16,580           Machinery, equipment and vehicles         10,728         10,438           Land         4,476         4,892           Construction in progress         25         263           Other         2,013         2,078           Accumulated depreciation & Impairment Loss         (17,062)         (17,130)           Total property, plant and equipment         17,086         17,130           Other         2,013 </th <th>(1) Consolidated Balance Sheets</th> <th></th> <th>(Millions of Yen)</th>	(1) Consolidated Balance Sheets		(Millions of Yen)
Current Assets         17,446         17,884           Notes and accounts receivable-trade         11,761         12,312           Finished goods         2,637         3,217           Work in process         2,100         2,428           Raw materials and supplies         1,637         1,953           Deferred tax assets         630         613           Others         1,083         1,299           Allowance for doubtful accounts         (175)         (174)           Total Current Assets         37,122         39,535           Non-Current Assets         37,122         39,535           Non-Current Assets         16,904         16,580           Machinery, plant and equipment         16,904         16,580           Machinery, equipment and vehicles         10,728         10,438           Land         4,476         4,892           Construction in progress         2.5         2.63           Other         2,013         2,078           Accumulated depreciation & Impairment Loss         (17,062)         (17,130)           Total property, plant and equipment         17,086         17,130           Total intangible assets         341         294           Investments and other a		As of September 30, 2017	As of June 30, 2018
Cash and deposits         17,846         17,884           Notes and accounts receivable-trade         11,761         12,312           Finished goods         2,637         3,217           Work in process         2,100         2,428           Raw materials and supplies         1,637         1,953           Deferred tax assets         630         613           Others         1,083         1,299           Allowance for doubtful accounts         (175)         (174)           Total Current Assets         37,122         39,535           Non-Current Assets         8         37,122         39,535           Non-Current Assets         16,904         16,580           Machinery, equipment and equipment         16,904         16,580           Machinery, equipment and vehicles         10,728         10,438           Land         4,476         4,892           Construction in progress         2,5         2,63           Other         2,013         2,078           Accumulated depreciation & Impairment Loss         (17,062)         (17,130)           Total property, plant and equipment         17,086         17,123           Intangible assets         341         294           Inv	Assets		
Notes and accounts receivable-trade         11,761         12,312           Finished goods         2,637         3,217           Work in process         2,100         2,428           Raw materials and supplies         1,637         1,953           Deferred tax assets         630         613           Others         1,083         1,299           Allowance for doubtful accounts         (175)         (174)           Total Current Assets         37,122         39,535           Non-Current Assets         8         8           Property, plant and equipment         8         16,904         16,580           Machinery, equipment and vehicles         10,728         10,438         1,482           Land         4,476         4,892         263         Other         2,013         2,078           Accumulated depreciation & Impairment Loss         (17,062)         (17,130)         17,123         1,786         17,123           Intangible assets         341         294         1,786         1,786         1,712         1,786         1,712         1,786         1,712         1,786         1,786         1,712         1,786         1,786         1,786         1,786         1,786         1,786         1,	Current Assets		
Finished goods         2.637         3,217           Work in process         2,100         2,428           Raw materials and supplies         1,637         1,953           Deferred tax assets         630         613           Others         1,083         1,299           Allowance for doubtful accounts         (175)         (174)           Total Current Assets         37,122         39,535           Non-Current Assets         37,122         39,535           Non-Current Assets         16,904         16,580           Machinery, equipment and equipment         10,728         10,438           Land         4,476         4,892           Construction in progress         25         263           Other         2,013         2,078           Accumulated depreciation & Impairment Loss         (17,062)         (17,130)           Total property, plant and equipment         17,086         17,123           Intangible assets         310         294           Intangible assets         341         294           Investments and other assets         1,661         1,756           Deferred tax assets         396         150           Other         238         218 </td <td>Cash and deposits</td> <td>17,446</td> <td>17,884</td>	Cash and deposits	17,446	17,884
Work in process         2,100         2,428           Raw materials and supplies         1,637         1,953           Deferred tax assets         630         613           Others         1,083         1,299           Allowance for doubtful accounts         (175)         (174)           Total Current Assets         37,122         39,535           Non-Current Assets         8         37,122         39,535           Non-Current Assets         8         10,722         39,535           Non-Current Assets         16,904         16,580         16,580           Machinery, equipment and vehicles         10,728         10,438         10,438           Land         4,476         4,892         20         20         20         10         20	Notes and accounts receivable-trade	11,761	12,312
Raw materials and supplies         1,637         1,953           Deferred tax assets         630         613           Others         1,083         1,299           Allowance for doubtful accounts         (175)         (174)           Total Current Assets         37,122         39,535           Non-Current Assets         8         8           Property, plant and equipment         8         16,904         16,580           Machinery, equipment and vehicles         10,728         10,438           Land         4,476         4,892           Construction in progress         25         263           Other         2,013         2,078           Accumulated depreciation & Impairment Loss         (17,062)         (17,130)           Total property, plant and equipment         17,086         17,123           Intangible assets         341         294           Other         226         213           Total intangible assets         341         294           Investments and other assets         1,661         1,756           Deferred tax assets         396         150           Other         238         218           Allowance for doubtful accounts         (7)	Finished goods	2,637	3,217
Deferred tax assets         630         613           Others         1,083         1,299           Allowance for doubtful accounts         (175)         (174)           Total Current Assets         37,122         39,535           Non-Current Assets         8         37,122         39,535           Non-Current Assets         8         16,904         16,580           Machinery, plant and equipment         10,728         10,438           Land         4,476         4,892           Construction in progress         25         263           Other         2,013         2,078           Accumulated depreciation & Impairment Loss         (17,062)         (17,130)           Total property, plant and equipment         17,086         17,123           Intangible assets         311         294           Goodwill         114         81           Other         226         213           Total intangible assets         341         294           Investments and other assets         1,661         1,756           Deferred tax assets         396         150           Other         238         218           Allowance for doubtful accounts         (7) <td< td=""><td>Work in process</td><td>2,100</td><td>2,428</td></td<>	Work in process	2,100	2,428
Others         1,083         1,299           Allowance for doubtful accounts         (175)         (174)           Total Current Assets         37,122         39,535           Non-Current Assets         Property, plant and equipment           Buildings and structures         16,904         16,580           Machinery, equipment and vehicles         10,728         10,438           Land         4,476         4,892           Construction in progress         25         263           Other         2,013         2,078           Accumulated depreciation & Impairment Loss         (17,062)         (17,130)           Total property, plant and equipment         17,086         17,123           Intangible assets         17,086         17,123           Intangible assets         341         294           Investments and other assets         341         294           Investments and other assets         1,661         1,756           Deferred tax assets         396         150           Other         238         218           Allowance for doubtful accounts         (7)         (7)           Total investments and other assets         2,289         2,118           Total Non-Current Ass	Raw materials and supplies	1,637	1,953
Allowance for doubtful accounts         (175)         (174)           Total Current Assets         37,122         39,535           Non-Current Assets         37,122         39,535           Non-Current Assets         37,122         39,535           Non-Current Assets         36,004         16,580           Buildings and structures         16,904         16,580           Machinery, equipment and vehicles         10,728         10,438           Land         4,476         4,892           Construction in progress         25         263           Other         2,013         2,078           Accumulated depreciation & Impairment Loss         (17,062)         (17,130)           Total property, plant and equipment         17,086         17,123           Intangible assets         114         81           Other         226         213           Total intangible assets         341         294           Investments and other assets         1,661         1,756           Deferred tax assets         396         150           Other         238         218           Allowance for doubtful accounts         (7)         (7)           Total investments and other assets         2,28	Deferred tax assets	630	613
Total Current Assets         37,122         39,535           Non-Current Assets         Property, plant and equipment         16,904         16,580           Machinery, equipment and vehicles         10,728         10,438           Land         4,476         4,892           Construction in progress         25         263           Other         2,013         2,078           Accumulated depreciation & Impairment Loss         (17,062)         (17,130)           Total property, plant and equipment         17,086         17,123           Intangible assets         3         14         81           Other         226         213           Total intangible assets         341         294           Investments and other assets         1,661         1,756           Deferred tax assets         396         150           Other         238         218           Allowance for doubtful accounts         (7)         (7)           Total investments and other assets         2,289         2,118           Total Non-Current Assets         19,717         19,536	Others	1,083	1,299
Non-Current Assets         Property, plant and equipment       16,904       16,580         Machinery, equipment and vehicles       10,728       10,438         Land       4,476       4,892         Construction in progress       25       263         Other       2,013       2,078         Accumulated depreciation & Impairment Loss       (17,062)       (17,130)         Total property, plant and equipment       17,086       17,123         Intangible assets       3       14       81         Other       226       213         Total intangible assets       341       294         Investments and other assets       1,661       1,756         Deferred tax assets       396       150         Other       238       218         Allowance for doubtful accounts       (7)       (7)         Total investments and other assets       2,289       2,118         Total Non-Current Assets       19,717       19,536	Allowance for doubtful accounts	(175)	(174)
Property, plant and equipment         16,904         16,580           Machinery, equipment and vehicles         10,728         10,438           Land         4,476         4,892           Construction in progress         25         263           Other         2,013         2,078           Accumulated depreciation & Impairment Loss         (17,062)         (17,130)           Total property, plant and equipment         17,086         17,123           Intangible assets         3         25         263           Goodwill         114         81         81           Other         226         213         294           Investments and other assets         341         294           Investments securities         1,661         1,756           Deferred tax assets         396         150           Other         238         218           Allowance for doubtful accounts         (7)         (7)           Total investments and other assets         2,289         2,118           Total Non-Current Assets         19,717         19,536	Total Current Assets	37,122	39,535
Buildings and structures         16,904         16,580           Machinery, equipment and vehicles         10,728         10,438           Land         4,476         4,892           Construction in progress         25         263           Other         2,013         2,078           Accumulated depreciation & Impairment Loss         (17,062)         (17,130)           Total property, plant and equipment         17,086         17,123           Intangible assets         300         114         81           Other         226         213           Total intangible assets         341         294           Investments and other assets         1,661         1,756           Deferred tax assets         396         150           Other         238         218           Allowance for doubtful accounts         (7)         (7)           Total investments and other assets         2,289         2,118           Total Non-Current Assets         19,717         19,536	Non-Current Assets		
Machinery, equipment and vehicles       10,728       10,438         Land       4,476       4,892         Construction in progress       25       263         Other       2,013       2,078         Accumulated depreciation & Impairment Loss       (17,062)       (17,130)         Total property, plant and equipment       17,086       17,123         Intangible assets       3       20         Goodwill       114       81         Other       226       213         Total intangible assets       341       294         Investments and other assets       341       294         Investment securities       1,661       1,756         Deferred tax assets       396       150         Other       238       218         Allowance for doubtful accounts       (7)       (7)         Total investments and other assets       2,289       2,118         Total Non-Current Assets       19,717       19,536	Property, plant and equipment		
Land       4,476       4,892         Construction in progress       25       263         Other       2,013       2,078         Accumulated depreciation & Impairment Loss       (17,062)       (17,130)         Total property, plant and equipment       17,086       17,123         Intangible assets       3       2         Goodwill       114       81         Other       226       213         Total intangible assets       341       294         Investments and other assets       3       1,661       1,756         Deferred tax assets       396       150         Other       238       218         Allowance for doubtful accounts       (7)       (7)         Total investments and other assets       2,289       2,118         Total Non-Current Assets       19,717       19,536	Buildings and structures	16,904	16,580
Construction in progress         25         263           Other         2,013         2,078           Accumulated depreciation & Impairment Loss         (17,062)         (17,130)           Total property, plant and equipment         17,086         17,123           Intangible assets         8         6           Goodwill         114         81           Other         226         213           Total intangible assets         341         294           Investments and other assets         1,661         1,756           Deferred tax assets         396         150           Other         238         218           Allowance for doubtful accounts         (7)         (7)           Total investments and other assets         2,289         2,118           Total Non-Current Assets         19,717         19,536	Machinery, equipment and vehicles	10,728	10,438
Other         2,013         2,078           Accumulated depreciation & Impairment Loss         (17,062)         (17,130)           Total property, plant and equipment         17,086         17,123           Intangible assets         State of Cooking of C	Land	4,476	4,892
Accumulated depreciation & Impairment Loss       (17,062)       (17,130)         Total property, plant and equipment       17,086       17,123         Intangible assets       600dwill       114       81         Other       226       213         Total intangible assets       341       294         Investments and other assets       1,661       1,756         Deferred tax assets       396       150         Other       238       218         Allowance for doubtful accounts       (7)       (7)         Total investments and other assets       2,289       2,118         Total Non-Current Assets       19,717       19,536	Construction in progress	25	263
Total property, plant and equipment       17,086       17,123         Intangible assets       31       81         Other       226       213         Total intangible assets       341       294         Investments and other assets       341       1,756         Deferred tax assets       396       150         Other       238       218         Allowance for doubtful accounts       (7)       (7)         Total investments and other assets       2,289       2,118         Total Non-Current Assets       19,717       19,536	Other	2,013	2,078
Intangible assets       31         Goodwill       114       81         Other       226       213         Total intangible assets       341       294         Investments and other assets       1,661       1,756         Deferred tax assets       396       150         Other       238       218         Allowance for doubtful accounts       (7)       (7)         Total investments and other assets       2,289       2,118         Total Non-Current Assets       19,717       19,536	Accumulated depreciation & Impairment Loss	(17,062)	(17,130)
Goodwill         114         81           Other         226         213           Total intangible assets         341         294           Investments and other assets         1,661         1,756           Deferred tax assets         396         150           Other         238         218           Allowance for doubtful accounts         (7)         (7)           Total investments and other assets         2,289         2,118           Total Non-Current Assets         19,717         19,536	Total property, plant and equipment	17,086	17,123
Other         226         213           Total intangible assets         341         294           Investments and other assets         341         1,756           Investment securities         1,661         1,756           Deferred tax assets         396         150           Other         238         218           Allowance for doubtful accounts         (7)         (7)           Total investments and other assets         2,289         2,118           Total Non-Current Assets         19,717         19,536	Intangible assets		
Total intangible assets       341       294         Investments and other assets       1,661       1,756         Deferred tax assets       396       150         Other       238       218         Allowance for doubtful accounts       (7)       (7)         Total investments and other assets       2,289       2,118         Total Non-Current Assets       19,717       19,536	Goodwill	114	81
Investments and other assets       1,661       1,756         Investment securities       396       150         Deferred tax assets       396       150         Other       238       218         Allowance for doubtful accounts       (7)       (7)         Total investments and other assets       2,289       2,118         Total Non-Current Assets       19,717       19,536	Other	226	213
Investment securities       1,661       1,756         Deferred tax assets       396       150         Other       238       218         Allowance for doubtful accounts       (7)       (7)         Total investments and other assets       2,289       2,118         Total Non-Current Assets       19,717       19,536	Total intangible assets	341	294
Deferred tax assets         396         150           Other         238         218           Allowance for doubtful accounts         (7)         (7)           Total investments and other assets         2,289         2,118           Total Non-Current Assets         19,717         19,536	Investments and other assets		
Other         238         218           Allowance for doubtful accounts         (7)         (7)           Total investments and other assets         2,289         2,118           Total Non-Current Assets         19,717         19,536	Investment securities	1,661	1,756
Allowance for doubtful accounts (7) (7)  Total investments and other assets 2,289 2,118  Total Non-Current Assets 19,717 19,536	Deferred tax assets	396	150
Total investments and other assets 2,289 2,118 Total Non-Current Assets 19,717 19,536	Other	238	218
Total Non-Current Assets 19,717 19,536	Allowance for doubtful accounts	(7)	(7)
	Total investments and other assets	2,289	2,118
	Total Non-Current Assets	19,717	19,536
	TOTAL ASSETS	56,840	

(Millions of Yen)

		(Millions of Yen)
	As of September 30, 2017	As of June 30, 2018
Liability		
Current Liabilities		
Notes and accounts payable-trade	5,577	6,636
Current portion of long-term loans payable	294	464
Accrued expenses	2,512	2,839
Income taxes payable	832	220
Deferred tax liabilities	99	322
Advances received	4,919	5,061
Provision for bonuses	427	223
Provision for directors' bonuses	68	32
Provision for product warranties	616	473
Provision for point card certificates	65	69
Provision for loss on factory reconstruction	102	111
Other	1,139	1,406
Total Current Liabilities	16,656	17,862
Non-Current Liabilities		
Long-term loans payable	1,657	1,225
Provision for loss on factory reconstruction	63	84
Net defined benefit liability	4,250	4,116
Deferred tax liabilities	82	143
Other	163	90
Total Non-Current Liabilities	6,217	5,661
Total Liabilities	22,874	23,523
Net Assets		·
Shareholders' Equity		
Capital stock	14,496	14,496
Capital surplus	5,146	5,124
Retained earnings	19,514	21,967
Treasury stock	(1,925)	(1,869)
Total Shareholders' Equity	37,232	39,718
Accumulated other comprehensive income	,	
Valuation difference on available-for-sale securities	309	341
Deferred gains or losses on hedges	28	(84)
Foreign currency translation adjustment	(3,185)	(4,017)
Remeasurements of defined benefit plans	(525)	(489)
Total accumulated other comprehensive income	(3,372)	(4,249)
Subscription rights to shares	105	79
Total Net Assets	33,965	35,548
Total Liabilities and Net Assets	56,840	59,072
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## (2) Consolidated Statements of Income

	Oct. 1, 2016 - June. 30, 2017	Oct. 1, 2017- June. 30, 2018
Net sales	34,993	41,654
Cost of sales	22,511	26,094
Gross profit	12,481	15,559
Selling, general and administrative expenses	9,453	10,592
Operating profit	3,028	4,966
Non-operating income		
Interest income	13	21
Dividends income	20	21
Equity in earnings of affiliates	22	45
Foreign exchange gains	145	_
Other	34	56
Total non-operating Income	235	145
Non-operating expenses		
Interest expenses	14	10
Foreign exchange losses	_	11
Loss on valuation of derivatives	1	7
Others	40	34
Total non-operating Expenses	56	63
Ordinary profit	3,207	5,048
Extraordinary income		
Gain on sales of non-current assets	19	19
Gain on transfer of business	_	50
Total extraordinary income	19	69
Extraordinary loss		
Loss on sales and retirement of non-current assets	2	19
Provision for loss on factory reconstruction	_	50
Others	_	4
Total extraordinary loss	2	74
Income before income taxes	3,224	5,043
Income taxes	939	1,771
Net income	2,285	3,271
Profit attributable to owners of parent	2,285	3,271

## (3) Consolidated Statements of Comprehensive Income

(5) Consolidated Statements of Completionsive med	nic	(Millions of Yen)
	Oct. 1, 2016 - June. 30, 2017	Oct. 1, 2017 - June. 30, 2018
Income before minority interests	2,285	3,271
Other comprehensive income		
Valuation difference on available-for-sale securities	281	32
Deferred gains or losses on hedges	32	(113)
Foreign currency translation adjustment	2,240	(831)
Remeasurements of defined benefit plans	(30)	35
Total other comprehensive income	2,523	(877)
Comprehensive income	4,809	2,394
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,809	2,394
Comprehensive income attributable to minority interests	-	_