



November 10, 2017

**Financial Results for the Fiscal Year Ending September 30, 2017 (J-GAAP)
(October 1, 2016 - September 30, 2017)**

Company Name Hosokawa Micron Corporation
 Stock Exchange Listing Tokyo Stock Exchange
 Stock Code 6277 URL <http://www.hosokawamicron.co.jp>
 President Yoshio Hosokawa
 Contact Tetsuya Inoue, Director & Executive Officer, General Affairs, Accounting & Finance
 Telephone +81-(0)72-855-2225
 Scheduled date of filing Yearly Report December 20, 2017

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results (October 1, 2016 to September 30, 2017)

(1) Consolidated Results of Operation (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal Year ended Sept. 2017	49,519	10.9	5,045	37.9	5,219	40.4	3,572	41.2
Fiscal Year ended Sept. 2016	44,664	(5.7)	3,657	49.3	3,718	40.5	2,530	0.2

(Reference) Comprehensive Income (million Yen) Fiscal Year ended Sept.2017: 6,998 Fiscal Year ended Sept.2016: Δ1,018

	Earnings per share (basic)	Diluted earnings per share	Net income ratio per net equity	Ordinary profit ratio per total asset	Operating profit ratio per net sales
	Yen	Yen	%	%	%
Fiscal Year ended Sept. 2017	429.06	427.23	11.4	10.0	10.2
Fiscal Year ended Sept. 2016	302.26	301.16	8.6	7.5	8.2

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 final year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sept. 30, 2017	56,840	33,965	59.6	4,140.09
As of Sept. 30, 2016	47,880	28,690	59.7	3,416.79

(Reference) Shareholders' Equity (million Yen) Sept. 2017: 33,860 Sept. 2016: 28,601

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

(3) Consolidated Cash Flows

	From Operating Activities	From Investing Activities	From Financing Activities	Ending Cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Fiscal Year ended Sept. 2017	7,257	(1,414)	(2,739)	16,837
Fiscal Year ended Sept. 2016	4,208	659	(1,158)	12,560

2. Dividends

	Dividends per share					Total Dividend Amount	Payout Ratio	per Net Assets
	1-Qtr.	2-Qtr.	3-Qtr.	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million¥	%	%
Year ended Sept. 2016	—	7.50	—	10.00	17.50	732	28.9	2.5
Year ended Sept. 2017	—	7.50	—	50.00	—	722	20.4	2.3
Year ended Sept. 2018 (forecast)	—	50.00	—	50.00	100.00		22.7	

Note : The Company carried out a one-for-five common share consolidation with an effective date of April 1, 2017. In accordance with it, figures for the dividends per share for Year ending September 30, 2017 are amounts that take into account the common share consolidation, and total dividends are shown as “—” Year-end dividends per share for Year ending September 30, 2017 without taking into account the common share consolidation are 10.00 yen, and dividends per share are 17.50 yen.

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

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share (basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
1st Half	25,000	8.3	2,400	10.5	2,400	4.3	1,650	0.9	201.75
Full Year	52,000	5.0	5,300	5.0	5,300	1.5	3,600	0.8	440.17

4. Others

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

(2) Changes in accounting treatment for consolidated financial statement:

- 1) Changes caused by revision of accounting standards: None
- 2) Other changes: None

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the period (incl. treasury stock)

Sept. 2017: 8,615,269 shares Sept. 2016: 8,615,269 shares

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

Sept. 2017: 436,651 shares Sept. 2016: 244,327 shares

3) Average number of shares in the fiscal year

Sept. 2017: 8,326,902 shares Sept. 2016: 8,372,102 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, number of shares outstanding (common stock) are calculated based on the assumption that the common share consolidation had been carried out at the beginning of the previous final year.

* Cautionary statement

-This Yearly Financial Results Report ("TANSHIN") is out of scope of annual audit under Financial Instruments and Exchange Act of Japan.

-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.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of September 30, 2016	As of September 30, 2017
Assets		
Current Assets		
Cash and deposits	12,642	17,446
Notes and accounts receivable-trade	10,595	11,761
Finished goods	1,212	2,637
Work in process	2,649	2,100
Raw materials and supplies	2,031	1,637
Deferred tax assets	486	630
Others	707	1,083
Allowance for doubtful accounts	(163)	(175)
Total Current Assets	30,162	37,122
Non-Current Assets		
Property, plant and equipment		
Buildings and structures	15,501	16,904
Machinery, equipment and vehicles	9,007	10,728
Land	4,296	4,476
Construction in progress	64	25
Other	1,768	2,013
Accumulated depreciation and Impairment Loss	(15,109)	(17,062)
Total property, plant and equipment	15,528	17,086
Intangible assets		
Goodwill	153	114
Other	190	226
Total intangible assets	343	341
Investments and other assets		
Investment securities	1,094	1,661
Deferred tax assets	515	396
Other	245	238
Allowance for doubtful accounts	(9)	(7)
Total investments and other assets	1,845	2,289
Total Non-Current Assets	17,717	19,717
TOTAL ASSETS	47,880	56,840

(Millions of Yen)

	As of September 30, 2016	As of September 30, 2017
Liability		
Current Liabilities		
Notes and accounts payable-trade	4,202	5,577
Current portion of long-term loans payable	987	294
Accrued expenses	1,961	2,512
Income taxes payable	551	832
Deferred tax liabilities	28	99
Advances received	3,224	4,919
Provision for bonuses	409	427
Provision for directors' bonuses	58	68
Provision for product warranties	609	616
Provision for point card certificates	47	65
Provision for loss on factory reconstruction	—	102
Other	1,111	1,139
Total Current Liabilities	13,193	16,656
Non-Current Liabilities		
Long-term loans payable	1,902	1,657
Provision for loss on factory reconstruction	—	63
Net defined benefit liability	3,928	4,250
Deferred tax liabilities	—	82
Other	165	163
Total Non-Current Liabilities	5,996	6,217
Total Liabilities	19,190	22,874
Net Assets		
Shareholders' Equity		
Capital stock	14,496	14,496
Capital surplus	5,148	5,146
Retained earnings	16,674	19,514
Treasury stock	(918)	(1,925)
Total Shareholders' Equity	35,400	37,232
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(97)	309
Deferred gains or losses on hedges	9	28
Foreign currency translation adjustment	(6,133)	(3,185)
Remeasurements of defined benefit plans	(576)	(525)
Total accumulated other comprehensive income	(6,798)	(3,372)
Subscription rights to shares	88	105
Total Net Assets	28,690	33,965
Total Liabilities and Net Assets	47,880	56,840

(2) Consolidated Statements of Income

(Millions of Yen)

	Oct. 1, 2015 - Sept. 30, 2016	Oct. 1, 2016- Sept. 30, 2017
Net sales	44,664	49,519
Cost of sales	28,736	31,485
Gross profit	15,928	18,033
Selling, general and administrative expenses	12,270	12,987
Operating profit	3,657	5,045
Non-operating income		
Interest income	28	18
Dividend income	19	20
Equity in earnings of affiliates	52	28
Foreign exchange gains	—	137
Gain on reversal of Litigation expense	31	—
Other	69	51
Total non-operating Income	201	256
Non-operating expenses		
Interest expenses	28	20
Foreign exchange losses	41	—
Loss on valuation of derivatives	27	2
Others	43	58
Total non-operating Expenses	140	82
Ordinary profit	3,718	5,219
Extraordinary income		
Gain on sales of non-current assets	74	41
Total extraordinary income	74	41
Extraordinary losses		
Loss on sales and retirement of non-current assets	10	4
Commemorative function cost	68	—
Provision for loss on factory reconstruction	—	166
Total extraordinary loss	78	170
Income before income taxes	3,714	5,090
Income taxes - current	1,151	1,584
Income taxes – deferred	31	(66)
Total income taxes	1,183	1,517
Net income	2,530	3,572
Profit attributable to owners of parent	2,530	3,572

(3) Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Oct. 1, 2015- Sept. 30, 2016	Oct. 1, 2016 - Sept. 30, 2017
Net Income	2,530	3,572
Other comprehensive income		
Valuation difference on available-for-sale securities	(261)	407
Deferred gains or losses on hedges	28	19
Foreign currency translation adjustment	(3,313)	2,947
Remeasurements of defined benefit plans	(1)	51
Total other comprehensive income	(3,548)	3,425
Comprehensive income	(1,018)	6,998
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,018)	6,998
Comprehensive income attributable to minority interests	—	—

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Oct. 1, 2015 - Sept. 30, 2016	Oct. 1, 2016 - Sept. 30, 2017
Cash flows from operating activities;		
Income before income taxes	3,714	5,090
Depreciation and amortization	983	1,003
Amortization of goodwill	48	43
Increase (decrease) in allowance for doubtful accounts	26	(13)
Increase (decrease) in provision for bonuses	58	18
Increase (decrease) in provision for product warranties	259	(72)
Increase (decrease) in provision for point card certificates	12	17
Provision for loss on factory reconstruction	—	166
Increase (decrease) in net defined benefit liability	(22)	138
Interest and dividends income	(47)	(38)
Interest expenses	28	20
Equity in (earnings) losses of affiliates	(52)	(28)
Loss (gain) on sales and retirement of property, plant and equipment	(64)	(37)
Decrease (increase) in notes and accounts receivable-trade	(278)	(103)
Decrease (increase) in inventories	(399)	215
Increase (decrease) in notes and accounts payable-trade	(395)	1,057
Increase (decrease) in advances received	1,182	1,208
Other	217	235
Sub total	5,271	8,920
Interests and dividends income received	49	37
Interest expenses paid	(28)	(20)
Income taxes paid	(1,085)	(1,679)
Net cash provided by (used in) operating activities	4,206	7,257
Cash flows from investing activities;		
Proceeds from withdrawal of time deposits	—	615
Payments into time deposits	(72)	(1,063)
Proceeds from redemption of securities	120	—
Purchase of property, plant and equipment	(616)	(1,036)
Proceeds from sales of property, plant and equipment	145	62
Purchase of intangible assets	(47)	(109)
Purchase of securities	(177)	(0)
Collection of short-term loans receivable	879	—
Proceeds from sales of shares of subsidiaries	422	119
Other	7	(1)
Net cash provided by (used in) investing activities	661	(1,414)
Cash flows from financing activities;		
Proceeds from long-term loans payable	1,400	—
Repayment of long-term loans payable	(1,924)	(996)
Purchase of treasury shares	(5)	(1,011)
Cash dividends paid	(627)	(732)
Net cash provided by (used in) financing activities	(1,158)	(2,739)
Effect of exchange rate change on cash and cash equivalents	(1,156)	1,173
Net increase (decrease) in cash and cash equivalents	2,553	4,276
Cash and cash equivalents at beginning of period	10,007	12,560
Cash and cash equivalents at end of period	12,560	16,837