

Summary of Consolidated Financial Results for the second quarter of fiscal year 2018

under Japanese GAAP



Aug 10, 2018

Company Name: ZOOM CORPORATION
 Listing: Tokyo Stock Exchange-JASDAQ
 Code No: 6694
 URL: <https://www.zoom.co.jp/>
 Representative: Masahiro Iijima, CEO
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 Scheduled date for filing the quarterly report: August 10, 2018
 Scheduled date for commencement of dividend payment: -
 Supplementary briefing material in English: None
 Briefing session of quarterly results : Yes (for institutional investors and analysts (in Japanese only))

(Amounts of less than one million yen are omitted)

1. Consolidated financial results for the second quarter of fiscal year 2018(January 1, 2018 – June 30, 2018)

(1) Consolidated opening results

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
June 30, 2018	3,051	2.1	13	(89.8)	54	(50.2)	43	(48.1)
June 30, 2017	2,987	-	135	-	108	-	83	-

(Note)Comprehensive income

Six months ended June 30, 2018: 15 million yen((71.8%))

Six months ended June 30, 2017: 55 million yen (- %)

	Earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Six months ended				
June 30, 2018	19.04		18.57	
June 30, 2017	39.43		37.28	

(2) Consolidated financial situation

	Total assets	Net assets	Shareholder's equity ratio
	Million yen	Million yen	%
As of June 30, 2018	7,352	4,502	60.6
As of December 31, 2017	6,804	4,520	66.4

(Reference)Shareholder's equity:

As of June 30, 2018: 4,455 million yen

As of December 31, 2017: 4,520 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Annual
	Yen	Yen	Yen	Yen	Yen
FY ending 2017	-	-	-	40.00	40.00
FY ending 2018	-	-	-	40.00	40.00
FY ending 2018 (Forecast)	-	-	-	40.00	40.00

Revisions to recent dividend forecast : Yes

3. Forecast of consolidated financial results for fiscal year 2018(January 1, 2018 – December 31, 2018)

(% represents increase or decrease from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parents		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Full year	7,401	17.5	203	(37.9)	267	(26.3)	216	(24.9)	95.18

Revisions to recent business forecast : Yes

※Notes

(1)Changes in significant subsidiaries during the period(Changes in specific subsidiaries involving changes in the scope of consolidation) : Yes

Number of new companies:	1	(Company name)	Mogar Music S.p.A.
Number of excluded companies:	-		

(2)Adoption of specific accounting treatments to the preparation of consolidated quarterly financial statements: Yes

(3)Changes in accounting policies, changes in accounting estimates, and restatement

a. Changes due to revision to accounting standards, etc.:	None
b. Changes other than a.:	None
c. Changes in accounting estimates:	None
d. Restatement:	None

(4)Number of issued shares(common shares)

a. Number of issued shares as of the end of the period(including treasury shares)

As of June 30, 2018	2,297,412
As of December 31, 2017	2,297,412

b. Total number of treasury shares at the end of period

As of June 30, 2018	22,606
As of December 31, 2017	42,083

c. Average number of shares during the period(cumulative)

Six months ended June 30, 2018	2,267,644
Six months ended June 30, 2017	2,109,391

*These consolidated quarterly financial results are outside the scope of the quarterly review.

*Appropriate use of performance forecasts and other noteworthy matters

The forecasted financial information described above are based on information currently available to and assumption considered to be reasonable. Actual financial results may differ significantly due to potential risks and uncertainties.

Contents of the Attached Materials

1. Consolidated quarterly financial statements

(1) Consolidated quarterly balance sheets

(2) Consolidated quarterly income statements

(3) Consolidated quarterly comprehensive income statements

(4) Consolidated quarterly Cash Flow Statements

1. Consolidated quarterly financial statements

(1) Consolidated quarterly balance sheets

(Million yen)

	As of December 31, 2017	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	3,512	2,775
Accounts receivable-trade	703	1,249
Merchandise and finished goods	1,415	1,857
Raw materials and supplies	28	42
Other	515	488
Allowance for doubtful accounts	-	(29)
Current assets total	6,174	6,384
Non-currents assets		
Property, plant and equipment	155	189
Intangible assets		
Goodwill	-	191
Other	28	92
Investments and other assets	445	495
Non-current assets total	629	968
Total assets	6,804	7,352
Liabilities		
Current liabilities		
Accounts payable-trade	1,249	1,056
Short-term loans payable	678	1,067
Income taxes payable	102	32
Provision for bonuses	22	24
Provision for product warranties	34	38
Other	196	464
Current liabilities total	2,283	2,684
Non-current liabilities		
Long-term loans payable	-	10
Net defined benefit liability	-	155
Current liabilities total	-	166
Total liabilities	2,283	2,850
Equity		
Shareholder's equity		
Capital stock	212	212
Capital surplus	296	262
Retained earnings	4,054	4,007
Treasury shares	(92)	(49)
Total shareholder's equity	4,470	4,432
Accumulated other comprehensive income/(loss)		
Foreign currency translation adjustment	50	23
Total accumulated other comprehensive income	50	23
Non-controlling interests	-	46
Total equity	4,520	4,502
Liabilities and equities total	6,804	7,352

(2) Consolidated quarterly income statements – second quarter

(Million yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Net sales	2,987	3,051
Cost of sales	1,918	2,033
Gross profit	1,069	1,017
Selling, general and administrative expenses	934	1,003
Operating profit	135	13
Non-operating income		
Interest income	0	1
Equity in earnings	46	49
Insurance premiums refunded cancellation	-	29
Others	0	0
Total of non-operating income	47	80
Non-operating expense		
Interest expense	4	7
Foreign exchange losses	32	17
Tax dues	15	13
Others	20	1
Total of non-operating expense	73	40
Ordinary profit	108	54
Extraordinary loss		
Loss on disposal of fixed assets	0	-
Total of extraordinary loss	0	-
Profit before income taxes	108	54
Income taxes-current	31	13
Income taxes-deferred	(6)	(1)
Total income taxes	25	11
Profit	83	43
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	83	43

(3) Consolidated quarterly comprehensive income statements – second quarter

(Million yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Profit	83	43
Other comprehensive income		
Foreign currency translation adjustment	(16)	(19)
Accounted for Using Equity Method	(10)	(7)
Total other comprehensive income	(27)	(27)
Comprehensive income	55	15
Comprehensive income attributed to owners of parent	55	15
Comprehensive income attributable to non-controlling interests	-	-

(4) Consolidated quarterly cash flow statements – second quarter

(Million yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Cash flows from operating activities		
Profit before income taxes	108	54
Depreciation	75	69
Increase (decrease) in provision for bonus	1	2
Increase (decrease) in provision for product warranties	1	0
Interest income	(0)	(1)
Interest expenses	4	7
Foreign exchange losses (gains)	(12)	9
Share of (profit) loss of entities accounted for using equity method	(46)	(49)
Insurance premiums refunded cancellation	-	(29)
Loss on disposal of fixed assets	0	-
Decrease (increase) in accounts receivable – trade	62	(174)
Decrease (increase) in inventory	(27)	204
Increase (decrease) in accounts payable – trade	(51)	(493)
Others	(14)	88
Subtotal	101	(311)
Interest and dividend income received	53	22
Interest expenses paid	(4)	(7)
Income tax paid	15	(82)
Net cash provided by (used in) operating activities	164	(379)
Cash flows from investing activities		
Decrease (increase) in term deposit	(1)	(1)
Purchase of property, plant and equipment	(162)	(101)
Purchase of intangible asset	-	(68)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(85)
Payments for guarantee deposits	0	(55)
Proceeds from cancellation of insurance funds	-	71
Others	2	2
Net cash provided by (used in) investing activities	(161)	(239)
Cash flows from financing activities		
Net increase (decrease) in short-term loan	3	-
Proceeds from issuance of common shares	293	-
Proceeds from disposal of treasury shares	-	9
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(39)	(90)
Net cash provided by (used in) financing activities	257	(80)
Effect of exchange rate change on cash and cash equivalents	(47)	(38)
Net increase (decrease) in cash and cash equivalents	213	(738)
Cash and cash equivalents at beginning of period	3,295	3,485
Cash and cash equivalents at end of period	3,508	2,747