

**Consolidated Financial Results
for the Three Months Ended June 30, 2017
[Japanese GAAP]**



August 9, 2017

Company name: NIPPON HUME CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Securities code: 5262

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Scheduled date of filing quarterly report: August 9, 2017

Scheduled date of commencing dividend payments: —

Preparation of supplementary briefing material on quarterly financial results: No

Holding of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2017 (April 1, 2017 to June 30, 2017)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Turnover		Operating income		Ordinary income		Profit attributable to owners of parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2017	8,449	9.9	282	28.4	487	40.5	369	63.6
Three months ended June 30, 2016	7,686	(8.7)	219	(58.2)	346	(51.3)	226	(56.7)

(Note) Comprehensive income: Three months ended June 30, 2017: ¥554 million [197.0%]

Three months ended June 30, 2016: ¥186 million [-71.9%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2017	14.71	—
Three months ended June 30, 2016	8.88	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2017	46,439	29,655	63.4
As of March 31, 2017	47,501	29,558	61.8

(Reference) Equity: As of June 30, 2017: ¥29,450 million

As of March 31, 2017: ¥29,353 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2017	Yen —	Yen —	Yen —	Yen 16.00	Yen 16.00
Fiscal year ending March 31, 2018	—				
Fiscal year ending March 31, 2018 (Forecast)		—	—	16.00	16.00

(Note) Revision to the dividend forecast announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% indicates changes from the previous corresponding period.)

	Turnover		Operating income		Ordinary income		Profit attributable to owners of parent company		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	16,000	7.6	600	2.3	850	2.8	600	2.5	23.84
Full year	35,000	9.1	1,800	20.1	2,200	12.3	1,600	15.6	63.57

(Note) Revision to the financial results forecast announced most recently: None

* Notes

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
Newly included: — (Company name) Excluded: — (Company name)
- (2) Application of accounting procedures specific to preparation of consolidated quarterly financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards, etc.: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (4) Total number of issued shares (common stock)
 - 1) Total number of issued shares at the end of the period (including treasury shares)
 - As of June 30, 2017: 29,347,500 shares
 - As of March 31, 2017: 29,347,500 shares

2) Total number of treasury shares at the end of the period

As of June 30, 2017: 4,242,280 shares

As of March 31, 2017: 4,179,180 shares

3) Average number of shares during the period

Three months ended June 30, 2017: 25,147,286 shares

Three months ended June 30, 2016: 25,448,510 shares

* These quarterly financial results are not subject to quarterly review procedures.

* Explanation of the proper use of financial results forecast and other notes

The financial results forecast and other forward-looking statements contained in these materials are based on information available to the Company and on certain assumptions deemed to be reasonable as of the date of publication of this document. They are not intended as a commitment by the Company that these results will be achieved. Actual results may differ considerably as a result of numerous factors. For the assumptions used in the financial results forecast and precautionary notes on its use, please refer to “1. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the attachment.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

During the three months ended June 30, 2017, the Japanese economy remained on a modest recovery trend. Nonetheless, although signs of recovery have appeared mainly in the economies of some of the emerging Asian nations, especially China, the sense of uncertainty over the future prospects for the economy cannot be dispelled.

In the concrete products industry in which the Company operates, while demand for Hume pipes exceeded that in the same period of the previous fiscal year, demand for piles was below the level in the year-ago period.

Under these circumstances, the Group has been working diligently to pursue stable profits and sustainable growth, which are the key objectives of the basic policy in “Evolution All Japan,” the Group’s medium-term management plan, which is now in its final fiscal year.

In the three months ended June 30, 2017, orders received for piles, Hume pipes, and other concrete products, including precast products, and for construction were ¥7,955 million (up 17.1% year on year). Turnover, including revenue from concrete products, construction, and real estate, was ¥8,449 million (up 9.9% year on year).

As for profit and loss, operating income was ¥282 million (up 28.4% year on year); ordinary income was ¥487 million (up 40.5% year on year), mainly due to equity in earnings of affiliates and dividend income; and profit attributable to owners of parent was ¥369 million (up 63.6% year on year).

Segment results are as follows.

1) Concrete Products

Orders received were ¥3,942 million (up 1.3% year on year). In addition, turnover was ¥4,809 million (up 18.2% year on year), mainly because, although sales of pile products decreased, those of precast products increased. Finally, segment income was ¥3 million (down 94.8% year on year). This is mainly because cost of sales increased.

The total sales composition ratio was 56.9%.

2) Construction

Orders received were ¥3,967 million (up 39.5% year on year), turnover was ¥3,237 million (up 0.5% year on year), and segment income was ¥118 million (up 269.4% year on year). This is mainly because the profit margin on piling work improved.

The total sales composition ratio was 38.3%.

3) Real Estate Development

Turnover was ¥248 million (up 6.1% year on year), and segment income was ¥111 million (up 51.1% year on year). This is mainly because renovation work was conducted on real estate property for rent in the same period of the previous fiscal year.

The total sales composition ratio was 2.9%.

4) Others

Orders received were ¥44 million (down 20.4% year on year), turnover was ¥154 million (down 3.4% year on year), and segment income was ¥48 million (up 10.2% year on year). This is mainly because income from the sport facility management business improved.

The total sales composition ratio was 1.9%.

(2) Explanation of Financial Position

Total assets as of June 30, 2017, decreased by ¥1,061 million from the end of the previous fiscal year, to ¥46,439 million. This is mainly because, under current assets, notes and accounts receivable – trade decreased ¥921 million.

In addition, under liabilities, total liabilities decreased ¥1,158 million from the end of the previous fiscal year, to ¥16,783 million. This is mainly because, under current liabilities, notes and accounts payable – trade decreased ¥816 million.

Under net assets, total net assets increased ¥96 million from the end of the previous fiscal year, to ¥29,655 million. This is mainly because, under retained earnings, while profit attributable to owners of parent company increased ¥369 million, there was a decrease of ¥415 million for cash dividends paid, and valuation difference on available-for-sale securities increased ¥166 million.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Regarding the results forecasts pertaining to the fiscal year ending March 31, 2018, there has been no change to the first-half and full-year results forecasts published in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 [Japanese GAAP],” dated May 12, 2017.

2. Consolidated Quarterly Financial Statements and Important Notes

(1) Consolidated Quarterly Balance Sheets

(Thousand yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	8,892,925	8,569,245
Notes and accounts receivable - trade	13,711,307	12,789,716
Merchandise and finished goods	2,026,699	2,064,022
Raw materials and supplies	476,714	432,733
Other	289,660	252,164
Provision for doubtful accounts	(14,662)	(17,778)
Total current assets	25,382,645	24,090,103
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,096,622	3,060,108
Land	3,692,743	3,692,760
Other, net	2,198,501	2,102,372
Total property, plant and equipment	8,987,867	8,855,242
Intangible assets	137,543	130,469
Investments and other assets		
Investment securities	12,750,556	13,079,363
Other	472,273	513,809
Provision for doubtful accounts	(229,530)	(229,535)
Total investments and other assets	12,993,299	13,363,637
Total non-current assets	22,118,709	22,349,348
Total assets	47,501,354	46,439,452

(Thousand yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,348,157	10,531,886
Short-term loans	1,212,269	1,207,079
Income taxes payable	476,049	52,757
Provision for bonuses	185,557	—
Provision for loss on construction contracts	30,223	30,283
Other	859,127	1,065,688
Total current liabilities	14,111,384	12,887,694
Non-current liabilities		
Provision for directors' retirement benefits	36,017	36,017
Provision for environmental measures	17,014	17,014
Net defined benefit liability	2,612,372	2,606,011
Other	1,165,780	1,237,187
Total non-current liabilities	3,831,184	3,896,231
Total liabilities	17,942,569	16,783,926
Net assets		
Shareholders' equity		
Share capital	5,251,400	5,251,400
Share premium	4,736,508	4,736,508
Retained earnings	20,272,825	20,227,289
Treasury shares	(1,511,453)	(1,554,314)
Total shareholders' equity	28,749,280	28,660,884
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	756,093	922,263
Difference in foreign exchange	220,308	223,072
Remeasurements of defined benefit	(371,835)	(355,423)
Total accumulated other comprehensive income	604,565	789,912
Non-controlling interests	204,938	204,728
Total net assets	29,558,785	29,655,525
Total liabilities and net assets	47,501,354	46,439,452

(2) Consolidated Quarterly Statements of Income and Comprehensive Income

Consolidated Quarterly Statements of Income

Three Months Ended June 30

(Thousand yen)

	For the three months ended June 30, 2016	For the three months ended June 30, 2017
Turnover	7,686,692	8,449,562
Cost of sales	6,484,734	7,176,848
Gross profit	1,201,958	1,272,714
Selling, general and administrative expenses	982,368	990,651
Operating income	219,590	282,062
Non-operating income		
Interest income	76	136
Dividend income	46,270	51,868
Share of income of associates	141,197	143,136
Foreign exchange gains	—	2,219
Other	47,541	33,151
Total non-operating income	235,086	230,513
Non-operating expenses		
Interest expenses	5,451	5,877
Foreign exchange losses	96,814	—
Settlement package	—	12,000
Other	5,755	7,656
Total non-operating expenses	108,020	25,534
Ordinary income	346,656	487,040
Extraordinary income		
Gain on sales of fixed assets	—	65
Insurance income	—	5,167
Total extraordinary income	—	5,233
Extraordinary losses		
Loss on disposal of fixed assets	0	—
Total extraordinary losses	0	—
Profit before income taxes and minority interests	346,656	492,274
Income taxes - current	66,622	54,942
Income taxes - deferred	52,586	67,740
Total income taxes	119,208	122,683
Profit after income taxes	227,447	369,590
Profit attributable to non-controlling interests	1,445	(210)
Profit attributable to owners of parent company	226,002	369,800

Consolidated Quarterly Statements of Comprehensive Income

Three Months Ended June 30

(Thousand yen)

	For the three months ended June 30, 2016	For the three months ended June 30, 2017
Profit after income taxes	227,447	369,590
Other comprehensive income		
Valuation difference on available-for-sale securities	(94,858)	156,890
Difference in foreign exchange	69,915	2,764
Remeasurements of defined benefit	14,080	15,548
Share of other comprehensive income of associates	(29,722)	10,143
Total other comprehensive income	(40,585)	185,347
Comprehensive income	186,862	554,937
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent company	185,416	555,148
Comprehensive income attributable to non-controlling interests	1,445	(210)

(3) Notes to the Consolidated Quarterly Financial Statements

(Notes on going concern assumption)

No relevant items.

(Notes in the case of significant changes in shareholders' equity)

No relevant items.

(Segment information, etc.)

I. For the three months ended June 30, 2016 (April 1, 2016 to June 30, 2016)

1. Information on turnover and income (loss) by reportable segment

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustments	Amount recorded on the Consolidated Quarterly Statements of Income (Note 2)
	Concrete Products	Construction	Real Estate Development	Total				
Turnover								
Turnover to external customers	4,070,067	3,222,645	234,002	7,526,714	159,977	7,686,692	—	7,686,692
Inter-segment turnover or transfers	3,047	—	10,475	13,522	98	13,620	(13,620)	—
Total	4,073,115	3,222,645	244,477	7,540,237	160,075	7,700,313	(13,620)	7,686,692
Segment income	69,837	32,118	73,816	175,772	43,817	219,590	—	219,590

(Notes) 1. The "Others" segment includes businesses not included in reportable segments, such as the environmental equipment sales business, the sport facility management business, the rental business, and the solar power generation business.

2. Total segment income corresponds to operating income on the Consolidated Quarterly Statements of Income.

2. Information concerning impairment loss on non-current assets, goodwill, etc., by reportable segment

No relevant items.

II. For the three months ended June 30, 2017 (April 1, 2017 to June 30, 2017)

1. Information on turnover and income (loss) by reportable segment

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustments	Amount recorded on the Consolidated Quarterly Statements of Income (Note 2)
	Concrete Products	Construction	Real Estate Development	Total				
Turnover								
Turnover to external customers	4,809,343	3,237,305	248,321	8,294,971	154,591	8,449,562	—	8,449,562
Inter-segment turnover or transfers	3,645	—	10,533	14,178	—	14,178	(14,178)	—
Total	4,812,988	3,237,305	258,855	8,309,149	154,591	8,463,741	(14,178)	8,449,562
Segment income	3,620	118,634	111,502	233,758	48,304	282,062	—	282,062

(Notes) 1. The “Others” segment includes businesses not included in reportable segments, such as the environmental equipment sales business, the sport facility management business, the rental business, and the solar power generation business.

2. Total segment income corresponds to operating income on the Consolidated Quarterly Statements of Income.

2. Information concerning impairment loss on non-current assets, goodwill, etc., by reportable segment

No relevant items.