

# Consolidated Quarterly Financial Results for the Three Months Ended June 30, 2018 [Japanese GAAP]



August 8, 2018

Company name: NIPPON HUME CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Securities code: 5262

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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, 2018(April 1, 2018 to June 30, 2018)

### (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, 2018	10,667	26.2	309	9.6	729	49.7	700	89.4
Three months ended June 30, 2017	8,449	9.9	282	28.4	487	40.5	369	63.6

(Note) Comprehensive income: Three months ended June 30, 2018: ¥670 million [20.8%]

Three months ended June 30, 2017: ¥554 million [197.0%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2018	28.14	—
Three months ended June 30, 2017	14.71	—

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2018	50,659	31,021	60.8
As of March 31, 2018	48,952	30,787	62.4

(Reference) Equity: As of June 30, 2018: ¥30,802 million

As of March 31, 2018: ¥30,570 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2018	Yen —	Yen —	Yen —	Yen 17.00	Yen 17.00
Fiscal year ending March 31, 2019	—				
Fiscal year ending March 31, 2019 (Forecast)		—	—	18.00	18.00

(Note) Revision to the dividend forecast announced most recently: No

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% 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	18,000	1.4	720	1.5	1,150	2.9	900	4.6	36.16
Full year	38,000	1.5	1,700	1.3	2,300	4.0	1,700	2.9	68.31

(Note) Revision to the financial results forecast announced most recently: No

### \* 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, 2018: : 29,347,500 shares

As of March 31, 2018: 29,347,500 shares

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

As of June 30, 2018: 4,460,060 shares

As of March 31, 2018: 4,459,908 shares

3) Average number of shares during the period

Three months ended June 30, 2018: 24,887,524 shares

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

\* The quarterly financial results are not subject to quarterly review procedures by certified public accountants or auditing corporations.

\* Explanation of the proper use of financial results forecast and other note

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 2 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, 2018, the Japanese economy remained on a modest recovery trend. Although emerging economies showed signs of a recovery, trade disputes did have an impact, and the sense of uncertainty over future economic prospects could not be dispelled.

In the concrete products industry in which the Group operates, demand for Hume pipes was almost flat, and demand for pile products exceeded that in the same period of the previous fiscal year.

Under these circumstances, the Group worked diligently to pursue stable profits and sustainable growth, which were the key objectives of the basic policy in Evolution All Japan II, the Group's new three-year medium-term management plan that began in fiscal 2018.

In the three months ended June 30, 2018, orders received for concrete products (mainly Hume pipes and pile products) and construction, etc., were ¥10,280 million (up 29.2% year on year), and turnover, including mainly revenue from concrete products, construction, and real estate, was ¥10,667 million (up 26.2% year on year).

As for profit and loss, operating income was ¥309 million (up 9.6% year on year) due to the focus on R&D, etc., ordinary income was ¥729 million (up 49.7% year on year), mainly because of equity in earnings of affiliates and dividend income, and profit attributable to owners of parent was ¥700 million (up 89.4% year on year) due to gain on sales of fixed assets, etc.

### (2) Explanation of Financial Position

Total assets as of June 30, 2018, increased ¥1,706 million from the end of the previous consolidated fiscal year, reaching ¥50,659 million. This was mainly because, under current assets, notes and accounts receivable – trade increased ¥830 million and, under property, plant and equipment in non-current assets, construction in progress included in “Other” increased ¥391 million, and investment securities increased ¥199 million.

In addition, under liabilities, total liabilities increased ¥1,473 million from the end of the previous consolidated fiscal year to ¥19,638 million. This was mainly because, under current liabilities, notes and accounts payable – trade increased ¥1,343 million.

Under net assets, total net assets increased ¥233 million from the end of the previous consolidated fiscal year, to ¥31,021 million. This was mainly because, under retained earnings, while profit attributable to owners of parent company increased ¥700 million, there was a decrease of ¥436 million for cash dividends paid.

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

Regarding the results forecasts pertaining to the fiscal year ending March 31, 2019, 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, 2018 [Japanese GAAP],” dated May 11, 2018.

## 2. Consolidated Quarterly Financial Statements and Important Notes

## (1) Consolidated Quarterly Balance Sheets

(Thousand yen)

	As of March 31, 2018	As of June 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	8,838,717	8,844,326
Notes and accounts receivable - trade	15,151,754	15,982,282
Merchandise and finished goods	1,886,616	2,062,671
Raw materials and supplies	528,757	672,886
Other	259,764	265,705
Provision for doubtful accounts	(16,939)	(17,657)
Total current assets	26,648,670	27,810,215
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,023,197	2,992,182
Land	3,697,674	3,692,985
Other, net	2,003,334	2,377,170
Total property, plant and equipment	8,724,206	9,062,337
Intangible assets	119,088	113,881
Investments and other assets		
Investment securities	13,150,972	13,350,650
Other	490,591	503,306
Provision for doubtful accounts	(180,997)	(180,886)
Total investments and other assets	13,460,566	13,673,070
Total non-current assets	22,303,861	22,849,289
Total assets	48,952,531	50,659,505
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,617,640	12,961,160
Short-term loans	1,221,480	1,216,756
Income taxes payable	438,800	115,495
Provision for bonuses	182,108	—
Other	894,861	1,534,396
Total current liabilities	14,354,892	15,827,809
Non-current liabilities		
Provision for directors' retirement benefits	36,017	36,017
Provision for environmental measures	7,736	7,736
Net defined benefit liability	2,688,857	2,677,031
Other	1,077,672	1,089,821
Total non-current liabilities	3,810,284	3,810,607
Total liabilities	18,165,176	19,638,416

(Thousand yen)

	As of March 31, 2018	As of June 30, 2018
Net assets		
Shareholders' equity		
Share capital	5,251,400	5,251,400
Share premium	4,736,524	4,736,524
Retained earnings	21,509,299	21,773,048
Treasury shares	(1,710,327)	(1,710,459)
Total shareholders' equity	29,786,896	30,050,513
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	905,884	839,223
Difference in foreign exchange	203,908	222,118
Remeasurements of defined benefit	(326,588)	(309,238)
Total accumulated other comprehensive income	783,204	752,103
Non-controlling interests	217,253	218,471
Total net assets	30,787,354	31,021,089
Total liabilities and net assets	48,952,531	50,659,505

## (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, 2017	For the three months ended June 30, 2018
Turnover	8,449,562	10,667,434
Cost of sales	7,176,848	9,220,351
Gross profit	1,272,714	1,447,083
Selling, general and administrative expenses	990,651	1,137,932
Operating income	282,062	309,150
Non-operating income		
Interest income	136	612
Dividend income	51,868	55,092
Share of income of associates	143,136	346,929
Foreign exchange gains	2,219	—
Other	33,151	36,986
Total non-operating income	230,513	439,620
Non-operating expenses		
Interest expenses	5,877	6,252
Foreign exchange losses	—	8,842
Settlement package	12,000	—
Other	7,656	4,435
Total non-operating expenses	25,534	19,529
Ordinary income	487,040	729,241
Extraordinary income		
Gain on sales of fixed assets	65	138,718
State subsidy	—	1,440
Insurance income	5,167	—
Total extraordinary income	5,233	140,158
Profit before income taxes and minority interests	492,274	869,399
Income taxes - current	54,942	115,517
Income taxes - deferred	67,740	52,392
Total income taxes	122,683	167,910
Profit after income taxes	369,590	701,489
Profit (loss) attributable to non-controlling interests	(210)	1,217
Profit attributable to owners of parent company	369,800	700,272

## Consolidated Quarterly Statements of Comprehensive Income

Three Months Ended June 30

(Thousand yen)

	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Profit after income taxes	369,590	701,489
Other comprehensive income		
Valuation difference on available-for-sale securities	156,890	(64,461)
Difference in foreign exchange	2,764	18,210
Remeasurements of defined benefit	15,548	17,128
Share of other comprehensive income of associates	10,143	(1,979)
Total other comprehensive income	185,347	(31,100)
Comprehensive income	554,937	670,388
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent company	555,148	669,171
Comprehensive income attributable to non-controlling interests	(210)	1,217

(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.

(Additional information)

Adoption of the "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc.

The Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 on February 16, 2018), etc. from the beginning of the first quarter of the fiscal year under review. As a result, deferred tax assets are presented in investments and other assets, and deferred tax liabilities are presented in non-current liabilities.

(Segment information, etc.)

I. For the three months ended June, 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.

II. For the three months ended June 30, 2018 (April 1, 2018 to June 30, 2018)

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	5,620,255	4,656,807	247,714	10,524,778	142,656	10,667,434	—	10,667,434
Inter-segment turnover or transfers	3,674	—	13,320	16,995	—	16,995	(16,995)	—
Total	5,623,930	4,656,807	261,035	10,541,773	142,656	10,684,429	(16,995)	10,667,434
Segment income	30,636	155,144	85,257	271,038	38,112	309,150	—	309,150

(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.