

**Consolidated Interim Financial Results  
for the Six Months Ended September 30, 2015  
[Japanese GAAP]**



November 13, 2015

Company name: NIPPON HUME CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Securities code: 5262

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Scheduled date of filing quarterly securities report: November 13, 2015

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 Six Months Ended September 30, 2015 (April 1, 2015 to September 30, 2015)

(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	%
Six months ended September 30, 2015	16,884	(2.2)	1,057	11.7	1,535	(39.3)	1,136	(50.2)
Six months ended September 30, 2014	17,263	(2.1)	947	(31.7)	2,530	24.5	2,282	52.4

(Note) Comprehensive income: Six months ended September 30, 2015: ¥1,046 million [(50.8)%]

Six months ended September 30, 2014: ¥2,127 million [24.8%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2015	43.76	—
Six months ended September 30, 2014	86.43	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2015	44,167	28,341	63.8
As of March 31, 2015	46,007	28,047	60.6

(Reference) Equity: As of September 30, 2015: ¥28,162 million

As of March 31, 2015: ¥27,871 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2015	Yen —	Yen —	Yen —	Yen 15.00	Yen 15.00
Fiscal year ending March 31, 2016	—	—			
Fiscal year ending March 31, 2016 (Forecast)			—	12.00	12.00

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

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(% 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
Full year	36,500	1.3	2,100	(2.4)	2,700	(35.4)	2,000	(44.2)	76.78

(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 quarterly consolidated 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.: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(Note) For details, please refer to “2. Matters Concerning Summary Information (Notes) (3) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement” on page 4 of the attachment.

(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 September 30, 2015: 29,347,500 shares

As of March 31, 2015: 29,347,500 shares

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

As of September 30, 2015: 3,709,321 shares

As of March 31, 2015: 3,298,111 shares

3) Average number of shares during the period

Six months ended September 30, 2015: 25,980,741 shares

Six months ended September 30, 2014: 26,413,957 shares

\* Presentation regarding the implementation status of the quarterly review procedures

These quarterly financial results are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these quarterly financial results, review procedures for the quarterly consolidated financial statements have been completed.

\* 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

The Japanese economy continued on a moderate recovery track during the six months ended September 30, 2015, amid an improving trend in employment and other areas. The outlook remained uncertain, however, due to risk factors including an economic downswing in China and other emerging nations.

In the concrete products industry where the Company operates, demand for Hume pipes weakened compared to the same period of the previous fiscal year. Demand for pile products increased slightly year on year.

Under these circumstances, the Group worked diligently toward stable profits and sustainable growth in line with the basic policy of the new medium-term management plan, “Evolution All Japan,” that covers the three years from fiscal 2015.

Nevertheless, orders received for products and construction, etc. for the six months ended September 30, 2015, were ¥16,349 million (a year-on-year decline of 3.6%). Turnover including revenue from products, construction and real estate amounted to ¥16,884 million (down 2.2% year on year), due to the completion of large-scale projects overseas.

Looking at profit and loss, operating income was ¥1,057 million (a year-on-year increase of 11.7%), due mainly to reduced selling, general and administrative expenses. Ordinary income was ¥1,535 million (a year-on-year drop of 39.3%), due to a decrease in share of income of associates as a result of posting “negative goodwill” arising from acquisitions of shares in the same period of the previous fiscal year. Profit attributable to owners of parent company was ¥1,136 million (a year-on-year decrease of 50.2%).

Segment results are indicated as follows.

#### 1) Concrete Products

Orders received were ¥9,902 million (down 6.1% year on year). Turnover was ¥10,333 million (1.3% down year on year), mainly due to a decline in precast products that offset an increase in sales of mainstay Hume pipes and pile products. Segment income (operating income) was ¥176 million (declining 42.9% year on year), mainly due to a decrease in highly profitable precast products.

The total sales composition ratio was 61.2%.

#### 2) Construction

Orders received were ¥6,355 million (up 0.8% year on year) and turnover was ¥5,760 million (down 5.2% year on year). However, segment income (operating income) amounted to ¥564 million (rising 27.0% year on year), mainly due to an increase in highly profitable construction.

The total sales composition ratio was 34.1%.

#### 3) Real Estate Development

Turnover was ¥487 million (down 7.8% year on year), due to a decrease in rental real estate income. However, segment income (operating income) amounted to ¥212 million (rising 14.0% year on year), due mainly to reduced selling, general and administrative expenses.

The total sales composition ratio was 2.9%.

#### 4) Others

Orders received were ¥91 million (down 11.9% year on year) and turnover was ¥303 million (rising 60.8% year on year), reflecting the contribution of the solar power generation business. Segment income (operating income) amounted to ¥103 million (up ¥96 million year on year).

The total sales composition ratio was 1.8%.

## (2) Explanation of Financial Position

### 1) Assets, Liabilities and Net Assets

Total assets as of September 30, 2015, fell by ¥1,840 million from the end of the previous fiscal year to ¥44,167 million. This was due to factors including decreases under current assets of ¥692 million in cash and deposits, ¥620 million in notes and accounts receivable - trade, ¥232 million in merchandise and finished goods, and ¥143 million in raw materials and supplies.

In addition, liabilities declined ¥2,135 million from the end of the previous fiscal year to ¥15,825 million. This was due to factors including declines under current liabilities of ¥1,585 million in notes and accounts payable - trade and ¥382 million in short-term loans.

Net assets grew by ¥294 million from the end of the previous fiscal year to ¥28,341 million. This was due to an increase of ¥689 million in retained earnings, offsetting the impact of acquiring ¥303 million in treasury shares and a decrease of ¥101 million in valuation difference on available-for-sale securities, among other factors.

### 2) Cash Flows

Cash and cash equivalents (hereinafter, “funds,” referring to cash and deposits minus time deposits with deposit terms of over three months) in the six months ended September 30, 2015, decreased ¥694 million from the end of the previous fiscal year to ¥6,801 million.

#### (Cash flows from operating activities)

Funds provided by operating activities during the six months ended September 30, 2015, decreased ¥1,275 million year on year to ¥669 million. The primary factors were a decrease in funds due to a decline in notes and accounts payable - trade of ¥1,540 million and payment of ¥442 million in income taxes. These offset a rise in funds including ¥1,589 million in profit before income taxes and minority interests, a decrease of ¥618 million in notes and accounts receivable - trade, and a fall in inventories of ¥364 million.

#### (Cash flows from investing activities)

Funds used in investing activities during the six months ended September 30, 2015, fell by ¥1,986 million year on year to ¥297 million. The primary factors included a ¥345 million outflow due to purchase of fixed assets.

#### (Cash flows from financing activities)

Funds used in financing activities during the six months ended September 30, 2015, grew ¥666 million year on year to ¥1,067 million. The primary factors included ¥400 million in cash dividend payments, a decline of ¥362 million in short-term loans, and an outflow of ¥303 million due to purchase of treasury shares.

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

With regard to the results forecast for the fiscal year ending March 31, 2016, there has been no change to the full-year results forecast published in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 [Japanese-GAAP]” dated May 14, 2015.

## 2. Matters Concerning Summary Information (Notes)

### (1) Changes in Significant Subsidiaries during the Period under Review

No relevant items.

### (2) Application of Accounting Procedures Specific to Preparation of Quarterly Consolidated Financial Statements

No relevant items.

### (3) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement

#### (Changes in accounting policies)

Effective from the first quarter of the fiscal year ending March 31, 2016, the Company has applied the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013; hereinafter the “Business Combinations Standard”), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013; hereinafter the “Consolidated Financial Statements Standard”), and the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013; hereinafter the “Business Divestitures Standard”) and others. Accordingly, the Company’s accounting policies have been changed. The difference arising from a change in the Company’s ownership interest in a subsidiary over which the Company continues to have control is recorded as share premium and acquisition related costs are expensed in the consolidated fiscal year when they are incurred. Also, for business combinations to be conducted at and after the beginning of the first quarter of the fiscal year ending March 31, 2016, the accounting method was changed to reflect adjustments to the allocation of acquisition cost under provisional accounting treatment on the quarterly consolidated financial statements of the quarterly financial period in which the days of the relevant business combinations are included. In addition, the Company has changed the presentation of profit and other related items, and the presentation of minority interests to non-controlling interests. To reflect these changes in presentation, reclassifications of accounts have been made to the quarterly consolidated financial statements and consolidated financial statements for the six months ended September 30, 2014 and fiscal year ended March 31, 2015.

In the Consolidated Statements of Cash Flows for the six months ended September 30, 2015, cash flows related to the purchase or sales of shares of subsidiaries not resulting in change in scope of consolidation are classified into “Cash flows from financing activities,” while cash flows related to acquisition related costs of shares of subsidiaries resulting in change in scope of consolidation or expenses arising from purchase or sales of shares of subsidiaries not resulting in change in scope of consolidation are classified into “Cash flows from operating activities.”

The Business Combinations Standard and others were applied in accordance with transitional treatments stipulated in Paragraph 58-2 (4) of the Business Combinations Standard, Paragraph 44-5 (4) of the Consolidated Financial Statements Standard and Paragraph 57-4 (4) of the Business Divestitures Standard, and they have been prospectively applied from the beginning of the first quarter of the fiscal year ending March 31, 2016.

These changes have no effect on the consolidated financial statements for the six months ended September 30, 2015.

## 3. Consolidated Interim Financial Statements

## (1) Consolidated Interim Balance Sheets

(Thousand yen)

	As of March 31, 2015	As of September 30, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	7,549,232	6,856,293
Notes and accounts receivable - trade	12,986,787	12,366,627
Merchandise and finished goods	2,156,208	1,923,957
Raw materials and supplies	617,688	474,327
Other	543,320	353,391
Provision for doubtful accounts	(17,523)	(15,507)
<b>Total current assets</b>	<b>23,835,714</b>	<b>21,959,090</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,189,979	3,193,001
Land	3,712,154	3,708,978
Other, net	2,297,497	2,231,276
<b>Total property, plant and equipment</b>	<b>9,199,631</b>	<b>9,133,255</b>
Intangible assets	103,366	92,354
Investments and other assets		
Investment securities	12,610,997	12,731,384
Other	586,318	555,097
Provision for doubtful accounts	(328,131)	(304,062)
<b>Total investments and other assets</b>	<b>12,869,185</b>	<b>12,982,418</b>
<b>Total non-current assets</b>	<b>22,172,183</b>	<b>22,208,029</b>
<b>Total assets</b>	<b>46,007,898</b>	<b>44,167,119</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,027,434	9,441,543
Short-term loans	1,622,812	1,239,948
Income taxes payable	441,781	445,730
Provision for bonuses	192,283	187,514
Other	1,112,419	984,680
<b>Total current liabilities</b>	<b>14,396,732</b>	<b>12,299,417</b>
Non-current liabilities		
Provision for directors' retirement benefits	50,767	36,017
Provision for environmental measures	22,918	22,918
Net defined benefit liability	2,044,534	2,070,803
Other	1,445,925	1,395,975
<b>Total non-current liabilities</b>	<b>3,564,146</b>	<b>3,525,714</b>
<b>Total liabilities</b>	<b>17,960,878</b>	<b>15,825,132</b>



(Thousand yen)

	As of March 31, 2015	As of September 30, 2015
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,251,400	5,251,400
Share premium	4,739,426	4,739,478
Retained earnings	17,955,480	18,644,603
Treasury shares	(912,998)	(1,216,965)
Total shareholders' equity	27,033,308	27,418,516
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	940,031	838,692
Difference in foreign exchange	15,434	19,264
Remeasurements of defined benefit	(117,392)	(114,414)
Total accumulated other comprehensive income	838,073	743,542
Non-controlling interests	175,637	179,928
Total net assets	28,047,019	28,341,987
Total liabilities and net assets	46,007,898	44,167,119

## (2) Consolidated Interim Statements of Income and Comprehensive Income

## Consolidated Interim Statements of Income

Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2014	For the six months ended September 30, 2015
Turnover	17,263,264	16,884,844
Cost of sales	14,237,589	13,897,377
Gross profit	3,025,675	2,987,466
Selling, general and administrative expenses	2,078,600	1,930,051
Operating income	947,074	1,057,415
Non-operating income		
Interest income	868	390
Dividend income	55,249	41,156
Share of income of associates	1,536,364	439,455
Other	93,230	75,139
Total non-operating income	1,685,713	556,143
Non-operating expenses		
Interest expenses	17,044	17,541
Foreign exchange losses	65,850	37,685
Other	19,473	22,925
Total non-operating expenses	102,369	78,152
Ordinary income	2,530,418	1,535,405
Extraordinary income		
State subsidy	—	56,179
Gain on sales of fixed assets	206	—
Insurance income	128,110	—
Total extraordinary income	128,316	56,179
Extraordinary losses		
Loss on disposal of fixed assets	22,076	2,236
Other	1,095	—
Total extraordinary losses	23,172	2,236
Profit before income taxes and minority interests	2,635,563	1,589,348
Income taxes - current	360,519	446,797
Income taxes - deferred	(15,341)	1,412
Total income taxes	345,177	448,209
Profit after income taxes	2,290,385	1,141,138
Profit attributable to non-controlling interests	7,499	4,291
Profit attributable to owners of parent company	2,282,886	1,136,847

## Consolidated Interim Statements of Comprehensive Income

Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2014	For the six months ended September 30, 2015
Profit after income taxes	2,290,385	1,141,138
Other comprehensive income		
Valuation difference on available-for-sale securities	(229,644)	(81,716)
Difference in foreign exchange	54,677	3,830
Remeasurements of defined benefit	8,760	9,523
Share of other comprehensive income of associates	3,669	(26,168)
Total other comprehensive income	(162,538)	(94,530)
Comprehensive income	2,127,847	1,046,607
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent company	2,120,348	1,042,316
Comprehensive income attributable to non-controlling interests	7,499	4,291

## (3) Consolidated Interim Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30, 2014	For the six months ended September 30, 2015
<b>Cash flows from operating activities</b>		
Profit before income taxes and minority interests	2,635,563	1,589,348
Depreciation	260,746	331,382
Increase (decrease) in provision for doubtful accounts	(28,582)	(26,176)
Increase (decrease) in provision for bonuses	6,789	(4,769)
Increase (decrease) in net defined benefit liability	35,226	40,483
Increase (decrease) in provision for directors' retirement benefits	(6,930)	(14,750)
Increase (decrease) in provision for loss on construction contracts	845	—
Interest and dividend income	(56,117)	(41,547)
Interest expenses	17,044	17,541
Foreign exchange losses (gains)	67,056	(21,879)
Share of (income) loss of associates	(1,536,364)	(439,455)
Loss (gain) on sales of fixed assets	(206)	—
Loss on disposal of fixed assets	22,076	2,236
State subsidy	—	(56,179)
Insurance income	(128,110)	—
Decrease (increase) in notes and accounts receivable - trade	1,059,012	618,772
Decrease (increase) in inventories	(113,957)	364,388
Decrease (increase) in other current assets	274,929	165,081
Increase (decrease) in notes and accounts payable - trade	75,854	(1,540,455)
Increase (decrease) in accrued consumption taxes	19,804	164,867
Increase (decrease) in other current liabilities	(378,684)	(184,186)
Increase (decrease) in other non-current liabilities	(12,111)	(4,195)
Other	1,095	—
Subtotal	2,214,979	960,506
Interest and dividend income received	129,717	169,137
Interest expenses paid	(17,402)	(17,861)
Proceeds from insurance income	128,110	—
Income taxes paid	(510,363)	(442,349)
Net cash provided by (used in) operating activities	1,945,040	669,433
<b>Cash flows from investing activities</b>		
Payments into time deposits	(140)	(1,466)
Purchase of fixed assets	(839,177)	(345,195)
Proceeds from sales of fixed assets	2,141	600
Payments for disposal of fixed assets	(20,916)	(37,342)
Proceeds from state subsidy	—	56,179
Purchase of shares of associated companies	(1,397,680)	—
Decrease (increase) in other investments	(27,595)	30,146
Net cash provided by (used in) investing activities	(2,283,366)	(297,077)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans	(79,059)	(362,409)
Purchase of treasury shares	(896)	(303,989)
Proceeds from sales of treasury shares	129	75
Cash dividends paid	(320,599)	(400,857)
Net cash provided by (used in) financing activities	(400,425)	(1,067,181)
Net foreign exchange on cash and cash equivalents	(4,625)	420
Net increase (decrease) in cash and cash equivalents	(743,376)	(694,405)
Cash and cash equivalents at the beginning of the period	9,217,329	7,496,372
Cash and cash equivalents at the end of the period	8,473,952	6,801,966

## (4) Notes to the Consolidated Interim 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)

I. For the six months ended September 30, 2014 (April 1, 2014 to September 30, 2014)

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

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustments	Amount recorded on the Consolidated Interim Statements of Income (Note 2)
	Concrete Products	Construction	Real Estate Development	Total				
Turnover								
Turnover to external customers	10,472,042	6,073,127	529,459	17,074,628	188,635	17,263,264	—	17,263,264
Inter-segment turnover or transfers	7,250	—	13,789	21,040	101	21,141	(21,141)	—
Total	10,479,292	6,073,127	543,248	17,095,668	188,737	17,284,405	(21,141)	17,263,264
Segment income	309,583	444,312	186,416	940,313	6,761	947,074	—	947,074

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

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

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

During the second quarter of the fiscal year ended March 31, 2015, the Company acquired additional shares in ASAHI CONCRETE WORKS CO., LTD., bringing it under the scope for applying the equity method. The associated ¥1,085,360 thousand in negative goodwill included in share of income of associates is not allocated to a reportable segment.

## II. For the six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)

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

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustments	Amount recorded on the Consolidated Interim Statements of Income (Note 2)
	Concrete Products	Construction	Real Estate Development	Total				
Turnover								
Turnover to external customers	10,333,271	5,760,331	487,931	16,581,534	303,310	16,884,844	—	16,884,844
Inter-segment turnover or transfers	4,228	—	21,420	25,648	299	25,948	(25,948)	—
Total	10,337,499	5,760,331	509,351	16,607,183	303,609	16,910,793	(25,948)	16,884,844
Segment income	176,806	564,429	212,558	953,794	103,620	1,057,415	—	1,057,415

(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 solar power generation business.

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

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

No relevant items.