Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2016 (Based on Japanese GAAP)

November 11, 2016

Company name: Konoike Transport Co.,Ltd.
Stock exchange listing: Tokyo
Stock code: 9025 URL http://www.konoike.net/
Representative: Executive Director and President Tadahiko Konoike
Inquiries: Executive Officer,General Manager Finance / Accounting Division Mitsuhiro Nakatani TEL 06-6227-4600
Scheduled date to file Quarterly Securities Report: November 14, 2016
Scheduled date to commence dividend payments: December 5, 2016
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

(1) Consolidated operating results (cumulative) Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2016	130,116	3.2	6,296	9.8	6,408	10.9	4,248	26.0
Six months ended September 30, 2015	126,120	4.1	5,734	12.0	5,779	11.5	3,371	13.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2016	74.66	74.51
Six months ended September 30, 2015	59.26	59.23

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2016	191,938	89,544	45.6	1,538.39
As of March 31, 2016	191,773	88,596	45.2	1,521.92

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2016	–	16.50	–	16.50	33.00
Year ending March 31, 2017	–	17.50			
Year ending March 31, 2017 (Forecast)			–	17.50	35.00

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	266,000	5.3	11,000	7.2	11,100	3.6	6,800	6.1	119.49

4. Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2016 (changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:	Yes
Changes in accounting policies due to other reasons:	Yes
Changes in accounting estimates:	No
Restatement of prior period financial statements:	No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2016	56,912,172 shares	As of March 31, 2016	56,899,202 shares

Number of treasury shares at the end of the period

As of September 30, 2016	276 shares	As of March 31, 2016	276 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2016	56,908,003 shares	Six months ended September 30, 2015	56,898,961 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	20,307	19,510
Notes and accounts receivable - trade	43,510	45,518
Costs on uncompleted works	14	54
Supplies	1,255	1,242
Deferred tax assets	2,304	2,406
Other	3,356	3,520
Allowance for doubtful accounts	(62)	(55)
Total current assets	70,685	72,197
Non-current assets		
Property, plant and equipment		
Buildings and structures	103,888	103,752
Accumulated depreciation	(61,807)	(62,160)
Buildings and structures, net	42,080	41,591
Machinery, equipment and vehicles	48,220	48,161
Accumulated depreciation	(40,254)	(40,102)
Machinery, equipment and vehicles, net	7,966	8,059
Land	40,953	40,282
Leased assets	4,130	5,521
Accumulated depreciation	(1,558)	(1,767)
Leased assets, net	2,571	3,754
Construction in progress	4,557	3,357
Other	6,959	7,031
Accumulated depreciation	(5,769)	(5,841)
Other, net	1,190	1,189
Total property, plant and equipment	99,320	98,234
Intangible assets	3,599	3,293
Investments and other assets		
Investment securities	9,301	9,108
Long-term loans receivable	344	378
Deferred tax assets	2,953	3,055
Net defined benefit asset	131	114
Other	5,621	5,741
Allowance for doubtful accounts	(185)	(186)
Total investments and other assets	18,168	18,212
Total non-current assets	121,087	119,740
Total assets	191,773	191,938

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,592	14,023
Short-term loans payable	2,868	3,338
Current portion of bonds	4,000	1,000
Current portion of long-term loans payable	4,691	6,488
Accrued expenses	9,468	9,651
Income taxes payable	1,732	2,503
Other	11,376	11,961
Total current liabilities	48,728	48,968
Non-current liabilities		
Bonds payable	16,000	16,000
Long-term loans payable	11,804	9,766
Lease obligations	2,183	3,357
Deferred tax liabilities	531	508
Deferred tax liabilities for land revaluation	1,800	1,788
Net defined benefit liability	17,646	17,474
Retirement allowance for directors	95	95
Allowance for loss dissolution of employees' pension fund	58	58
Long-term accounts payable - other	2,147	2,127
Other	2,181	2,246
Total non-current liabilities	54,448	53,424
Total liabilities	103,177	102,393
Net assets		
Shareholders' equity		
Capital stock	1,688	1,697
Capital surplus	755	764
Retained earnings	86,900	90,216
Treasury shares	(0)	(0)
Total shareholders' equity	89,343	92,678
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,986	2,895
Revaluation reserve for land	(4,833)	(4,839)
Foreign currency translation adjustment	1,762	(631)
Remeasurements of defined benefit plans	(2,663)	(2,550)
Total accumulated other comprehensive income	(2,748)	(5,125)
Subscription rights to shares	121	208
Non-controlling interests	1,878	1,783
Total net assets	88,596	89,544
Total liabilities and net assets	191,773	191,938

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	126,120	130,116
Cost of sales	113,980	117,486
Gross profit	12,140	12,630
Selling, general and administrative expenses	6,406	6,333
Operating income	5,734	6,296
Non-operating income		
Interest income	54	44
Dividend income	117	120
Other	184	149
Total non-operating income	355	315
Non-operating expenses		
Interest expenses	180	142
Loss on valuation of investment securities	107	7
Foreign exchange losses	–	19
Other	23	33
Total non-operating expenses	310	203
Ordinary income	5,779	6,408
Extraordinary income		
Gain on sales of non-current assets	47	64
Gain on revision of retirement benefit plan	–	242
Other	8	20
Total extraordinary income	56	328
Extraordinary losses		
Loss on sales and retirement of non-current assets	88	191
Loss on disaster	–	49
Other	–	57
Total extraordinary losses	88	298
Profit before income taxes	5,747	6,437
Income taxes - current	2,280	2,397
Income taxes - deferred	11	(263)
Total income taxes	2,291	2,134
Profit	3,455	4,303
Profit attributable to non-controlling interests	83	54
Profit attributable to owners of parent	3,371	4,248

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	3,455	4,303
Other comprehensive income		
Valuation difference on available-for-sale securities	(485)	(91)
Foreign currency translation adjustment	192	(2,457)
Remeasurements of defined benefit plans, net of tax	141	113
Share of other comprehensive income of entities accounted for using equity method	30	(60)
Total other comprehensive income	(121)	(2,495)
Comprehensive income	3,333	1,807
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,255	1,877
Comprehensive income attributable to non-controlling interests	78	(69)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	5,747	6,437
Depreciation	3,424	3,563
Amortization of goodwill	153	172
Increase (decrease) in allowance for doubtful accounts	(18)	(2)
Increase (decrease) in net defined benefit liability	115	150
Loss on disaster	–	49
Gain on revision of retirement benefit plan	–	(242)
Increase(decrease) in provision for directors' retirement benefits	(1,892)	0
Increase (decrease) in provision of reserve for loss on dissolution of employees' pension fund	(63)	–
Interest and dividend income	(171)	(165)
Interest expenses	180	142
Foreign exchange losses (gains)	(5)	20
Gain from sale of fixed assets	(47)	(64)
Fixed assets of retirement and loss from sale of fixed assets	88	191
Decrease (increase) in notes and accounts receivable - trade	(1,702)	(2,230)
Decrease (increase) in inventories	48	(30)
Decrease (increase) in other assets	(122)	(305)
Increase (decrease) in notes and accounts payable - trade	(60)	(77)
Increase (decrease) in other liabilities	(1,000)	1,479
Other, net	430	495
Subtotal	5,102	9,585
Interest and dividend income received	154	155
Interest expenses paid	(179)	(146)
Income taxes paid	(2,278)	(1,499)
Other, net	–	177
Net cash provided by (used in) operating activities	2,798	8,271
Cash flows from investing activities		
Decrease (increase) in time deposits	(20)	(32)
Net decrease (increase) in short-term loans receivable	(86)	5
Purchase of property, plant and equipment	(4,662)	(4,395)
Proceeds from sales of property, plant and equipment	41	473
Purchase of intangible assets	(135)	(232)
Purchase of investment securities	(34)	(22)
Payments of long-term loans receivable	(23)	(6)
Collection of long-term loans receivable	11	10
purchase of investments accounted for using the equity method	(287)	–
Other, net	(346)	(236)
Net cash provided by (used in) investing activities	(5,543)	(4,435)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	78	515
Redemption of bonds	–	(3,000)
Proceeds from long-term loans payable	600	1,100
Repayments of long-term loans payable	(2,095)	(1,345)
Cash dividends paid	(640)	(938)
Dividends paid to non-controlling interests	(30)	(25)
Other, net	(263)	(332)
Net cash provided by (used in) financing activities	(2,352)	(4,027)
Effect of exchange rate change on cash and cash equivalents	41	(584)
Net increase (decrease) in cash and cash equivalents	(5,055)	(775)
Cash and cash equivalents at beginning of period	26,480	19,954
Cash and cash equivalents at end of period	21,425	19,179