Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2017 (Based on Japanese GAAP)

May 15, 2017

Company name: Konoike Transport Co.,Ltd.
Stock exchange listing: Tokyo
Stock code: 9025 URL http://www.konoike.net/
Representative: Executive Director and President Managing Executive Officer,General Tadahiko Konoike
Inquiries: Manager Finance / Accounting Division Mitsuhiro Nakatani TEL 06-6227-4600
Scheduled date of ordinary general meeting of shareholders: June 28, 2017
Scheduled date to file Securities Report: June 29, 2017
Scheduled date to commence dividend payments: June 29, 2017
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	258,332	2.3	10,232	(0.3)	10,721	0.1	7,310	14.0
Year ended March 31, 2016	252,550	3.1	10,264	9.7	10,714	11.7	6,411	17.9

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	128.46	128.15	8.2	5.4	4.0
Year ended March 31, 2016	112.68	112.57	7.6	5.6	4.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	204,655	95,348	44.9	1,615.59
As of March 31, 2016	191,773	88,596	45.2	1,521.92

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2017	16,508	(6,281)	1,420	31,398
Year ended March 31, 2016	11,279	(12,536)	(5,292)	19,954

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	–	16.50	–	16.50	33.00	1,877	29.3	2.2
Year ended March 31, 2017	–	17.50	–	17.50	35.00	1,991	27.2	2.2
Year ending March 31, 2018 (Forecast)	–	18.00	–	18.00	36.00		29.3	

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2017	138,500	6.4	5,800	(7.9)	5,900	(7.9)	3,700	(12.9)	65.01
Full year	278,100	7.7	11,000	7.5	11,300	5.4	7,000	(4.3)	123.00

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017 (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2017	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 March 31, 2017	276 shares	As of March 31, 2016	276 shares

Average number of shares during the period

Year ended March 31, 2017	56,909,944 shares	Year ended March 31, 2016	56,898,943 shares

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	20,307	32,466
Notes and accounts receivable - trade	43,510	46,547
Costs on uncompleted construction contracts	14	12
Supplies	1,255	1,291
Deferred tax assets	2,304	2,633
Other	3,356	2,333
Allowance for doubtful accounts	(62)	(64)
Total current assets	70,685	85,220
Non-current assets		
Property, plant and equipment		
Buildings and structures	103,888	105,734
Accumulated depreciation	(61,807)	(63,589)
Buildings and structures, net	42,080	42,145
Machinery, equipment and vehicles	48,220	48,496
Accumulated depreciation	(40,254)	(40,738)
Machinery, equipment and vehicles, net	7,966	7,757
Land	40,953	41,196
Leased assets	4,130	5,689
Accumulated depreciation	(1,558)	(1,939)
Leased assets, net	2,571	3,749
Construction in progress	4,557	1,115
Other	6,959	7,093
Accumulated depreciation	(5,769)	(5,910)
Other, net	1,190	1,182
Total property, plant and equipment	99,320	97,147
Intangible assets	3,599	3,127
Investments and other assets		
Investment securities	9,301	9,859
Long-term loans receivable	344	387
Deferred tax assets	2,953	3,097
Net defined benefit asset	131	125
Other	5,621	5,878
Allowance for doubtful accounts	(185)	(187)
Total investments and other assets	18,168	19,160
Total non-current assets	121,087	119,435
Total assets	191,773	204,655

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,592	14,546
Short-term loans payable	2,868	3,455
Current portion of bonds	4,000	3,000
Current portion of long-term loans payable	4,691	4,401
Accrued expenses	9,468	9,954
Income taxes payable	1,732	2,224
Other	11,376	12,400
Total current liabilities	48,728	49,983
Non-current liabilities		
Bonds payable	16,000	23,000
Long-term loans payable	11,804	8,760
Lease obligations	2,183	3,315
Deferred tax liabilities	531	550
Deferred tax liabilities for land revaluation	1,800	1,680
Net defined benefit liability	17,646	17,728
Provision for directors' retirement benefits	95	104
Allowance for loss dissolution of employees' pension fund	58	56
Long-term accounts payable - other	2,147	2,091
Other	2,181	2,036
Total non-current liabilities	54,448	59,323
Total liabilities	103,177	109,307
Net assets		
Shareholders' equity		
Capital stock	1,688	1,697
Capital surplus	755	764
Retained earnings	86,900	92,528
Treasury shares	(0)	(0)
Total shareholders' equity	89,343	94,990
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,986	3,336
Revaluation reserve for land	(4,833)	(5,085)
Foreign currency translation adjustment	1,762	1,073
Remeasurements of defined benefit plans	(2,663)	(2,368)
Total accumulated other comprehensive income	(2,748)	(3,044)
Subscription rights to shares	121	208
Non-controlling interests	1,878	3,193
Total net assets	88,596	95,348
Total liabilities and net assets	191,773	204,655

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	252,550	258,332
Cost of sales	229,669	235,062
Gross profit	22,881	23,270
Selling, general and administrative expenses	12,616	13,037
Operating profit	10,264	10,232
Non-operating income		
Interest income	102	117
Dividend income	221	219
Reversal of allowance for doubtful accounts	5	8
Gain on reversal of loss on valuation of investment securities	1	76
Foreign exchange gains	189	23
Incentives for establishment of new business facilities	103	32
Compensation for transfar	–	160
Other	298	241
Total non-operating income	924	879
Non-operating expenses		
Interest expenses	342	263
Bond issuance cost	–	55
Loss on valuation of investment securities	93	–
Other	39	70
Total non-operating expenses	474	390
Ordinary profit	10,714	10,721
Extraordinary income		
Gain on sales of non-current assets	127	199
Gain on sales of investment securities	10	89
Insurance income	589	–
Compensation for damage received	66	–
Gain on revision of retirement benefit plan	–	242
Gain on surface rights	–	221
Other	16	–
Total extraordinary income	810	752
Extraordinary losses		
Loss on sales and retirement of non-current assets	137	240
Impairment loss	836	279
Loss on disaster	–	53
Loss on fire	651	–
Other	1	0
Total extraordinary losses	1,626	573
Profit before income taxes	9,898	10,900
Income taxes - current	3,500	4,270
Income taxes - deferred	(159)	(853)
Total income taxes	3,341	3,417
Profit	6,556	7,483
Profit attributable to non-controlling interests	145	172
Profit attributable to owners of parent	6,411	7,310

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	6,556	7,483
Other comprehensive income		
Valuation difference on available-for-sale securities	(286)	361
Revaluation reserve for land	96	–
Foreign currency translation adjustment	(532)	(706)
Remeasurements of defined benefit plans, net of tax	(411)	290
Share of other comprehensive income of entities accounted for using equity method	(4)	(11)
Total other comprehensive income	(1,138)	(66)
Comprehensive income	5,417	7,416
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,326	7,266
Comprehensive income attributable to non-controlling interests	91	149

Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,688	755	81,784	(0)	84,228
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares					–
Dividends of surplus			(1,578)		(1,578)
Profit attributable to owners of parent			6,411		6,411
Reversal of revaluation reserve for land			359		359
The retained earnings decrease amount by a consolidated subsidiary increase			(76)		(76)
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	5,115	(0)	5,115
Balance at end of current period	1,688	755	86,900	(0)	89,343

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	3,258	(4,570)	2,259	(2,251)	(1,304)	–	1,818	84,742
Changes of items during period								
Issuance of new shares - exercise of subscription rights to shares								–
Dividends of surplus								(1,578)
Profit attributable to owners of parent								6,411
Reversal of revaluation reserve for land								359
The retained earnings decrease amount by a consolidated subsidiary increase								(76)
Purchase of treasury shares								(0)
Net changes of items other than shareholders' equity	(271)	(262)	(497)	(411)	(1,444)	121	60	(1,261)
Total changes of items during period	(271)	(262)	(497)	(411)	(1,444)	121	60	3,853
Balance at end of current period	2,986	(4,833)	1,762	(2,663)	(2,748)	121	1,878	88,596

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,688	755	86,900	(0)	89,343
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	9	9			18
Dividends of surplus			(1,934)		(1,934)
Profit attributable to owners of parent			7,310		7,310
Reversal of revaluation reserve for land			252		252
The retained earnings decrease amount by a consolidated subsidiary increase					–
Purchase of treasury shares					–
Net changes of items other than shareholders' equity					
Total changes of items during period	9	9	5,628	–	5,646
Balance at end of current period	1,697	764	92,528	(0)	94,990

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	2,986	(4,833)	1,762	(2,663)	(2,748)	121	1,878	88,596
Changes of items during period								
Issuance of new shares - exercise of subscription rights to shares								18
Dividends of surplus								(1,934)
Profit attributable to owners of parent								7,310
Reversal of revaluation reserve for land								252
The retained earnings decrease amount by a consolidated subsidiary increase								–
Purchase of treasury shares								–
Net changes of items other than shareholders' equity	350	(252)	(688)	294	(296)	86	1,314	1,104
Total changes of items during period	350	(252)	(688)	294	(296)	86	1,314	6,751
Balance at end of current period	3,336	(5,085)	1,073	(2,368)	(3,044)	208	3,193	95,348

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	9,898	10,900
Depreciation	7,331	7,320
Impairment loss	836	279
Amortization of goodwill	306	323
Increase (decrease) in allowance for doubtful accounts	(22)	5
Increase (decrease) in net defined benefit liability	418	403
Loss on disaster	–	53
Gain on revision of retirement benefit plan	–	(242)
Compensation for removal	–	(160)
Gain on surface right	–	(221)
Increase (decrease) in provision for directors' retirement benefits	(1,882)	9
Increase (decrease) in provision of reserve for loss on dissolution of employees' pension fund	(63)	(1)
Interest and dividend income	(324)	(336)
Gain on reversal of loss on valuation of investment securities	(1)	(76)
Interest expenses	342	263
Bond issuance cost	–	55
Foreign exchange losses (gains)	(204)	27
Gain on sales of noncurrent assets	(127)	(199)
Insurance income	(589)	–
Compensation for damage received	(66)	–
Loss (gain) on sales of investment securities	(9)	(89)
Loss on sales and retirement of noncurrent assets	137	240
Loss on fire	651	–
Decrease (increase) in notes and accounts receivable - trade	(1,673)	(2,773)
Decrease (increase) in inventories	79	(34)
Decrease (increase) in other assets	(24)	625
Increase (decrease) in notes and accounts payable - trade	771	361
Increase (decrease) in other liabilities	(643)	2,347
Other, net	540	1,135
Subtotal	15,681	20,217
Interest and dividend income received	287	306
Interest expenses paid	(338)	(255)
Compensation for damage income received	150	–
Payments for loss on fire	(432)	–
Gain on surface rights income received	–	221
Income taxes paid	(4,145)	(4,040)
Proceeds from compensation for removal	–	79
Other, net	78	(20)
Net cash provided by (used in) operating activities	11,279	16,508

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from investing activities		
Decrease (increase) in time deposits	(94)	(696)
Net decrease (increase) in short-term loans receivable	197	(17)
Purchase of property, plant and equipment	(11,896)	(6,740)
Proceeds from sales of property, plant and equipment	159	1,679
Purchase of intangible assets	(269)	(373)
Purchase of investment securities	(110)	(44)
Payments of long-term loans receivable	(23)	(15)
Collection of long-term loans receivable	23	21
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(429)	–
purchase of investments accounted for using the equity method	(287)	–
Other, net	194	(94)
Net cash provided by (used in) investing activities	(12,536)	(6,281)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(55)	544
Proceeds from issuance of bonds	–	9,944
Redemption of bonds	–	(4,000)
Proceeds from long-term loans payable	2,300	1,400
Repayments of long-term loans payable	(5,395)	(4,692)
Cash dividends paid	(1,578)	(1,934)
Dividends paid to non-controlling interests	(30)	(25)
Proceeds from share issuance to non-controlling shareholders	–	850
Repayments of finance lease obligations	(463)	(611)
Other, net	(68)	(54)
Net cash provided by (used in) financing activities	(5,292)	1,420
Effect of exchange rate change on cash and cash equivalents	(63)	(204)
Net increase (decrease) in cash and cash equivalents	(6,613)	11,443
Cash and cash equivalents at beginning of period	26,480	19,954
Increase in cash and cash equivalents from newly consolidated subsidiary	87	–
Cash and cash equivalents at end of period	19,954	31,398