Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2018 (Based on Japanese GAAP)

November 12, 2018

Company name: Konoike Transport Co.,Ltd.
Stock exchange listing: Tokyo
Stock code: 9025 URL https://www.konoike.net/
Representative: Representative Director & President and Chief Executive Officer — Tadahiko Konoike
Inquiries: Managing Executive Officer,General Manager Finance / Accounting Division — Mitsuhiro Nakatani TEL 06-6227-4600
Scheduled date to file Quarterly Securities Report: November 12, 2018
Scheduled date to commence dividend payments: December 3, 2018
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, 2018 (from April 1, 2018 to September 30, 2018)

(1) Consolidated operating results (cumulative) — 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	%
Six months ended September 30, 2018	143,974	4.8	6,404	(1.4)	6,663	(0.4)	4,004	(7.7)
Six months ended September 30, 2017	137,363	5.6	6,494	3.1	6,692	4.4	4,337	2.1

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2018	70.60	70.33
Six months ended September 30, 2017	76.19	75.96

(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, 2018	214,616	104,116	47.0	1,784.66
As of March 31, 2018	211,691	101,162	46.2	1,719.14

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, 2018	–	18.00	–	18.00	36.00
Year ending March 31, 2019	–	18.00			
Year ending March 31, 2019 (Forecast)			–	18.00	36.00

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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
Full year	284,800	2.9	10,000	(9.6)	10,300	(10.7)	6,100	(13.4)	107.14

4. Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2018 (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:	No
Changes in accounting policies due to other reasons:	No
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, 2018	56,952,442 shares	As of March 31, 2018	56,933,332 shares

Number of treasury shares at the end of the period

As of September 30, 2018	482,251 shares	As of March 31, 2018	320 shares

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

Six months ended September 30, 2018	56,719,734 shares	Six months ended September 30, 2017	56,932,472 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	30,039	31,026
Notes and accounts receivable - trade	50,962	51,493
Costs on uncompleted works	42	103
Supplies	1,400	1,611
Other	2,625	2,842
Allowance for doubtful accounts	(54)	(48)
Total current assets	85,016	87,028
Non-current assets		
Property, plant and equipment		
Buildings and structures	107,809	108,074
Accumulated depreciation	(66,022)	(67,296)
Buildings and structures, net	41,786	40,778
Machinery, equipment and vehicles	49,721	46,239
Accumulated depreciation	(41,197)	(37,859)
Machinery, equipment and vehicles, net	8,523	8,380
Land	41,381	41,396
Leased assets	6,027	6,480
Accumulated depreciation	(2,402)	(2,693)
Leased assets, net	3,625	3,786
Construction in progress	327	404
Other	7,584	7,763
Accumulated depreciation	(6,220)	(6,407)
Other, net	1,363	1,356
Total property, plant and equipment	97,008	96,101
Intangible assets		
Goodwill	3,165	3,151
Other	2,768	2,890
Total intangible assets	5,933	6,042
Investments and other assets		
Investment securities	11,601	13,039
Long-term loans receivable	383	513
Deferred tax assets	5,689	5,272
Net defined benefit asset	141	170
Other	6,101	6,640
Allowance for doubtful accounts	(185)	(193)
Total investments and other assets	23,732	25,443
Total non-current assets	126,674	127,587
Total assets	211,691	214,616

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,598	15,360
Short-term loans payable	4,244	4,076
Current portion of bonds	3,000	3,000
Current portion of long-term loans payable	3,137	2,635
Accrued expenses	10,841	11,017
Income taxes payable	3,193	2,430
Other	13,452	14,289
Total current liabilities	53,467	52,810
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	8,502	8,844
Lease obligations	2,860	2,981
Deferred tax liabilities	627	658
Deferred tax liabilities for land revaluation	1,668	1,661
Net defined benefit liability	19,348	19,531
Retirement allowance for directors	156	118
Long-term accounts payable - other	1,837	1,770
Other	2,059	2,122
Total non-current liabilities	57,060	57,690
Total liabilities	110,528	110,500
Net assets		
Shareholders' equity		
Capital stock	1,710	1,723
Capital surplus	778	790
Retained earnings	97,561	100,539
Treasury shares	(0)	(810)
Total shareholders' equity	100,050	102,243
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,366	5,369
Revaluation reserve for land	(5,111)	(5,127)
Foreign currency translation adjustment	772	297
Remeasurements of defined benefit plans	(2,202)	(2,002)
Total accumulated other comprehensive income	(2,174)	(1,463)
Share acquisition rights	283	321
Non-controlling interests	3,003	3,015
Total net assets	101,162	104,116
Total liabilities and net assets	211,691	214,616

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, 2017	Six months ended September 30, 2018
Net sales	137,363	143,974
Cost of sales	124,182	130,551
Gross profit	13,180	13,423
Selling, general and administrative expenses	6,686	7,018
Operating profit	6,494	6,404
Non-operating income		
Interest income	77	59
Dividend income	139	160
Rent income	32	52
Foreign exchange gains	–	10
Other	149	90
Total non-operating income	398	373
Non-operating expenses		
Interest expenses	117	89
Foreign exchange losses	11	–
Other	71	23
Total non-operating expenses	200	113
Ordinary profit	6,692	6,663
Extraordinary income		
Gain on sales of non-current assets	169	42
Gain on sales of investment securities	68	–
Insurance income	–	14
Total extraordinary income	238	57
Extraordinary losses		
Loss on sales and retirement of non-current assets	66	40
Loss on sales of shares of subsidiaries	22	–
Loss on valuation of investment securities	–	11
Impairment loss	–	23
Loss on disaster	–	271
Settlement package	0	78
Total extraordinary losses	90	424
Profit before income taxes	6,839	6,296
Income taxes - current	2,535	2,348
Income taxes - deferred	(113)	(111)
Total income taxes	2,421	2,237
Profit	4,418	4,059
Profit attributable to non-controlling interests	80	54
Profit attributable to owners of parent	4,337	4,004

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	4,418	4,059
Other comprehensive income		
Valuation difference on available-for-sale securities	450	1,003
Foreign currency translation adjustment	(443)	(524)
Remeasurements of defined benefit plans, net of tax	187	200
Share of other comprehensive income of entities accounted for using equity method	(15)	(10)
Total other comprehensive income	177	669
Comprehensive income	4,595	4,728
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,514	4,731
Comprehensive income attributable to non-controlling interests	80	(3)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	6,839	6,296
Depreciation	3,559	3,549
Impairment loss	–	23
Amortization of goodwill	207	189
Increase (decrease) in allowance for doubtful accounts	(12)	2
Increase (decrease) in net defined benefit liability	361	183
Increase(decrease) in provision for directors' retirement benefits	8	(38)
Interest and dividend income	(216)	(219)
Rent income	(32)	(52)
Gain on reversal of loss on valuation of investment securities	(19)	(0)
Interest expenses	117	89
Foreign exchange losses (gains)	0	6
Gain from sale of fixed assets	(169)	(42)
Insurance income	–	(14)
Fixed assets of retirement and loss from sale of fixed assets	66	40
Loss on valuation of investment securities	–	11
Loss (gain) on sales of investment securities	(68)	–
Loss on disaster	–	271
Settlement package	–	78
Decrease (increase) in notes and accounts receivable - trade	(5,495)	(487)
Decrease (increase) in inventories	(123)	(272)
Decrease (increase) in other assets	(365)	(222)
Increase (decrease) in notes and accounts payable - trade	1,427	47
Increase (decrease) in other liabilities	(1,289)	(26)
Other, net	436	402
Subtotal	5,233	9,815
Interest and dividend income received	193	203
Interest expenses paid	(120)	(91)
Rent revenue	17	42
Payments for loss on disaster	–	(103)
Settlement package paid	–	(34)
Proceeds from insurance income	–	14
Income taxes paid	(1,715)	(2,795)
Other, net	24	–
Net cash provided by (used in) operating activities	3,633	7,050

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from investing activities		
Decrease (increase) in time deposits	65	308
Net decrease (increase) in short-term loans receivable	1	(11)
Purchase of property, plant and equipment	(2,914)	(2,364)
Proceeds from sales of property, plant and equipment	238	290
Purchase of intangible assets	(135)	(310)
Purchase of investment securities	(236)	(24)
Proceeds from sales of investment securities	149	–
Payments of long-term loans receivable	(7)	(139)
Collection of long-term loans receivable	10	3
Purchase of shares of subsidiaries and associates	–	(52)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,297)	(219)
Payments for transfer of business	(960)	–
Other, net	91	(466)
Net cash provided by (used in) investing activities	(6,995)	(2,984)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	783	(251)
Proceeds from long-term loans payable	1,204	500
Repayments of long-term loans payable	(2,163)	(648)
Purchase of treasury shares	–	(852)
Cash dividends paid	(995)	(1,024)
Dividends paid to non-controlling interests	(27)	(42)
Repayments of finance lease obligations	(324)	(389)
Proceeds from share issuance to non-controlling shareholders	–	24
Other, net	(30)	(31)
Net cash provided by (used in) financing activities	(1,554)	(2,717)
Effect of exchange rate change on cash and cash equivalents	(84)	(102)
Net increase (decrease) in cash and cash equivalents	(5,000)	1,246
Cash and cash equivalents at beginning of period	31,398	29,114
Increase in cash and cash equivalents from newly consolidated subsidiary	–	25
Cash and cash equivalents at end of period	26,397	30,386