

Translation

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

November 9, 2018

Company name: Kamigumi Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 9364 URL <https://www.kamigumi.co.jp/>
 Representative: President & Representative Director Yoshihiro Fukai
 Executive Officer and Director of Financial
 Inquiries: Yasuhiro Kishino TEL 078-271-5119
 Div.
 Scheduled date to file Quarterly Securities Report: November 14, 2018
 Scheduled date to commence dividend payments: December 3, 2018
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(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

	Operating revenue		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	136,750	5.4	11,596	(1.2)	12,528	(0.8)	8,715	(9.9)
Six months ended September 30, 2017	129,704	7.0	11,735	4.3	12,628	4.7	9,670	16.1

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2018	72.03	—
Six months ended September 30, 2017	78.71	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	391,596	330,529	84.2
As of March 31, 2018	383,481	321,907	83.9

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	—	7.00	—	21.00	—
Year ending March 31, 2019	—	22.00			
Year ending March 31, 2019 (Forecast)			—	23.00	45.00

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

	Operating revenue		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	270,000	3.3	23,300	1.4	25,600	3.9	18,000	0.5	148.76

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	134,386,837 shares	As of March 31, 2018	134,386,837 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	13,384,461 shares	As of March 31, 2018	13,384,461 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2018	121,002,376 shares	Six months ended September 30, 2017	122,854,624 shares
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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	51,611	58,694
Notes and operating accounts receivable	44,638	45,538
Electronically recorded monetary claims - operating	600	877
Inventories	1,016	841
Other	6,667	6,741
Allowance for doubtful accounts	(56)	(56)
Total current assets	104,477	112,636
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	112,910	110,523
Land	94,092	95,776
Other, net	19,612	20,146
Total property, plant and equipment	226,615	226,446
Intangible assets	7,471	7,260
Investments and other assets		
Investment securities	35,311	36,451
Other	9,822	9,017
Allowance for doubtful accounts	(217)	(216)
Total investments and other assets	44,916	45,252
Total non-current assets	279,003	278,960
Total assets	383,481	391,596
Liabilities		
Current liabilities		
Notes and operating accounts payable - trade	26,363	27,002
Income taxes payable	4,890	4,214
Provision for bonuses	134	161
Other	13,097	12,291
Total current liabilities	44,486	43,668
Non-current liabilities		
Provision for directors' retirement benefits	26	30
Provision for special repairs for ships and vessels	14	16
Net defined benefit liability	15,955	16,247
Other	1,089	1,103
Total non-current liabilities	17,086	17,398
Total liabilities	61,573	61,067

	(Millions of yen)	
	As of March 31, 2018	As of September 30, 2018
Net assets		
Shareholders' equity		
Capital stock	31,642	31,642
Capital surplus	26,854	26,854
Retained earnings	281,680	288,197
Treasury shares	(24,020)	(24,020)
Total shareholders' equity	316,156	322,673
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,530	7,582
Foreign currency translation adjustment	(45)	103
Remeasurements of defined benefit plans	(796)	(729)
Total accumulated other comprehensive income	5,688	6,956
Non-controlling interests	62	899
Total net assets	321,907	330,529
Total liabilities and net assets	383,481	391,596

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
Operating revenue	129,704	136,750
Operating cost	109,410	115,908
Operating gross profit	20,294	20,841
Selling, general and administrative expenses	8,558	9,245
Operating profit	11,735	11,596
Non-operating income		
Interest income	19	18
Dividend income	396	423
Share of profit of entities accounted for using equity method	161	264
Other	325	243
Total non-operating income	904	951
Non-operating expenses		
Other	11	19
Total non-operating expenses	11	19
Ordinary profit	12,628	12,528
Extraordinary income		
Gain on sales of non-current assets	42	37
Gain on sales of investment securities	689	–
Subsidy income	170	–
Total extraordinary income	902	37
Extraordinary losses		
Loss on sales and retirement of non-current assets	125	9
Loss on sales of investment securities	–	1
Total extraordinary losses	125	10
Profit before income taxes	13,405	12,556
Income taxes - current	3,916	3,850
Income taxes - deferred	(183)	(30)
Total income taxes	3,732	3,819
Profit	9,673	8,736
Profit attributable to non-controlling interests	2	20
Profit attributable to owners of parent	9,670	8,715

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	9,673	8,736
Other comprehensive income		
Valuation difference on available-for-sale securities	407	1,055
Foreign currency translation adjustment	(12)	(33)
Remeasurements of defined benefit plans, net of tax	57	66
Share of other comprehensive income of entities accounted for using equity method	5	(47)
Total other comprehensive income	458	1,040
Comprehensive income	10,131	9,776
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,128	9,754
Comprehensive income attributable to non-controlling interests	3	22

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	13,405	12,556
Depreciation	6,072	6,493
Amortization of goodwill	—	40
Increase (decrease) in allowance for doubtful accounts	(1)	(0)
Increase (decrease) in net defined benefit liability	283	358
Interest and dividend income	(416)	(442)
Share of loss (profit) of entities accounted for using equity method	(161)	(264)
Loss (gain) on sales of investment securities	(689)	1
Loss (gain) on sales and retirement of non-current assets	83	(28)
Decrease (increase) in notes and accounts receivable - trade	(2,273)	(686)
Decrease (increase) in inventories	52	174
Increase (decrease) in notes and accounts payable - trade	823	299
Other, net	832	883
Subtotal	18,010	19,383
Interest and dividend income received	657	708
Payments for loss on disaster	(34)	—
Income taxes paid	(3,426)	(4,531)
Net cash provided by (used in) operating activities	15,207	15,561
Cash flows from investing activities		
Net decrease (increase) in time deposits	—	0
Purchase of non-current assets	(8,167)	(5,665)
Proceeds from sales of non-current assets	45	47
Purchase of investment securities	(1,398)	(8)
Proceeds from sales and redemption of investment securities	1,867	0
Purchase of shares of subsidiaries and associates	—	(1,166)
Collection of loans receivable	28	71
Other, net	42	256
Net cash provided by (used in) investing activities	(7,581)	(6,464)
Cash flows from financing activities		
Cash dividends paid	(2,211)	(2,541)
Purchase of treasury shares	(0)	—
Net cash provided by (used in) financing activities	(2,211)	(2,541)
Effect of exchange rate change on cash and cash equivalents	(7)	(23)
Net increase (decrease) in cash and cash equivalents	5,406	6,533
Cash and cash equivalents at beginning of period	47,348	51,578
Increase in cash and cash equivalents from newly consolidated subsidiary	—	482
Cash and cash equivalents at end of period	52,755	58,594