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Consolidated Financial Results for the Six Months Ended September 30, 2019 [Japanese GAAP]

October 25, 2019

Company name: Keihanshin Building Co., Ltd.
Stock exchange listing: Tokyo
Code number: 8818
URL: http://www.keihanshin.co.jp/english/
Representative: Koichi Minami, President
Contact: Toshiki Tabuchi, Operating Officer, General Manager (Accounting Dept)
Phone: 06-6202-7331
Scheduled date of filing quarterly securities report: November 01, 2019
Scheduled date of commencing dividend payments: December 05, 2019
Availability of supplementary briefing material on quarterly financial results: Yes
Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Six Months Ended September 30, 2019 (April 01, 2019 to September 30, 2019)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2019	7,695	4.2	2,828	4.2	2,760	5.4	2,391	8.4
September 30, 2018	7,387	1.2	2,714	1.8	2,618	4.0	2,205	26.2

(Note) Comprehensive income: Six months ended September 30, 2019: ¥ 1,876 million [(51.0)%]
Six months ended September 30, 2018: ¥ 3,830 million [56.8 %]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2019	45.40	45.25
September 30, 2018	40.97	40.87

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
September 30, 2019	137,247	65,391	47.6
March 31, 2019	132,780	64,228	48.3

(Reference) Equity: As of September 30, 2019: ¥ 65,288 million
As of March 31, 2019: ¥ 64,133 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	-	10.00	-	13.00	23.00
Fiscal year ending March 31, 2020	-	11.50			
Fiscal year ending March 31, 2020 (Forecast)			-	13.50	25.00

(Note) Revision to the forecast for dividends announced most recently: Yes

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020(April 01, 2019 to March 31, 2020)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	15,200	1.4	5,500	0.9	5,300	1.6	3,800	(5.0)	72.16

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2019 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the 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: No
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):
September 30, 2019: 52,882,298 shares
March 31, 2019: 53,998,798 shares

2) Total number of treasury shares at the end of the period:
September 30, 2019: 218,155 shares
March 31, 2019: 1,312,174 shares

3) Average number of shares during the period:
Six months ended September 30, 2019: 52,682,896 shares
Six months ended September 30, 2018: 53,830,079 shares

*This summary is not subject to quarterly review procedures by a certified public accountant or audit firm.

*Appropriate use of business forecasts; other special items

Information described in this document, such as projections, is prepared based on available information at the time of the release of this document and certain assumptions that the Company judged as rational. Actual results may be significantly different due to various factors.

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2019	As of September 30,2019
Assets		
Current assets		
Cash and deposits	15,918,547	13,158,441
Notes and accounts receivable - trade	473,037	354,342
Other	128,934	284,274
Total current assets	16,520,519	13,797,058
Non-current assets		
Property, plant and equipment		
Buildings and structures	65,973,619	66,055,015
Accumulated depreciation	(36,788,019)	(37,694,463)
Buildings and structures, net	29,185,600	28,360,552
Land	52,640,231	52,664,231
Buildings in trust	3,343,060	3,343,060
Accumulated depreciation	(1,077,013)	(1,163,693)
Buildings in trust, net	2,266,046	2,179,367
Land in trust	11,038,280	11,038,280
Construction in progress	3,118,301	12,025,999
Other	791,084	795,002
Accumulated depreciation	(638,642)	(654,421)
Other, net	152,441	140,580
Total property, plant and equipment	98,400,902	106,409,011
Intangible assets	79,357	116,010
Investments and other assets		
Investment securities	15,104,819	14,271,541
Other	2,674,749	2,653,892
Total investments and other assets	17,779,568	16,925,434
Total non-current assets	116,259,828	123,450,457
Total assets	132,780,347	137,247,515

(Thousand yen)

	As of March 31,2019	As of September 30,2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,746	9,216
Current portion of bonds	5,000,000	5,000,000
Short-term borrowings	4,422,900	4,239,000
Income taxes payable	1,006,190	1,119,235
Provisions	33,990	37,572
Other	2,007,542	1,766,573
Total current liabilities	12,478,369	12,171,597
Non-current liabilities		
Bonds payable	35,000,000	35,000,000
Long-term borrowings	11,286,850	15,056,700
Retirement benefit liability	66,704	71,069
Asset retirement obligations	113,827	114,012
Other	9,605,737	9,442,200
Total non-current liabilities	56,073,119	59,683,983
Total liabilities	68,551,488	71,855,581
Net assets		
Shareholders' equity		
Share capital	9,827,611	9,827,611
Capital surplus	9,786,093	9,199,840
Retained earnings	43,029,004	44,359,458
Treasury shares	(1,126,658)	(200,450)
Total shareholders' equity	61,516,050	63,186,460
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,385,655	6,870,527
Revaluation reserve for land	(4,768,378)	(4,768,378)
Total accumulated other comprehensive income	2,617,277	2,102,148
Share acquisition rights	95,530	103,325
Total net assets	64,228,858	65,391,934
Total liabilities and net assets	132,780,347	137,247,515

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Thousand yen)

	For the six months ended September 30,2018	For the six months ended September 30,2019
Net sales	7,387,781	7,695,161
Cost of sales	4,026,322	4,160,382
Gross profit	3,361,458	3,534,778
Selling, general and administrative expenses	646,660	706,051
Operating profit	2,714,798	2,828,726
Non-operating income		
Interest income	221	625
Dividend income	150,591	165,152
Other	5,081	5,114
Total non-operating income	155,894	170,893
Non-operating expenses		
Interest expenses	89,549	82,772
Interest on bonds	124,774	150,231
Bond issuance cost	33,220	-
Other	4,567	5,703
Total non-operating expenses	252,112	238,706
Ordinary profit	2,618,580	2,760,913
Extraordinary income		
Gain on sales of non-current assets	523,812	-
Gain on sales of investment securities	-	696,084
Compensation income	2,200	-
Total extraordinary income	526,012	696,084
Extraordinary losses		
Loss on retirement of non-current assets	7,936	3,612
Total extraordinary losses	7,936	3,612
Profit before income taxes	3,136,656	3,453,385
Income taxes - current	883,116	1,067,269
Income taxes - deferred	47,882	(5,575)
Total income taxes	930,999	1,061,694
Profit	2,205,657	2,391,690
Profit attributable to owners of parent	2,205,657	2,391,690

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Thousand yen)

	For the six months ended September 30,2018	For the six months ended September 30,2019
Profit	2,205,657	2,391,690
Other comprehensive income		
Valuation difference on available-for-sale securities	1,625,199	(515,128)
Total other comprehensive income	1,625,199	(515,128)
Comprehensive income	3,830,856	1,876,561
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,830,856	1,876,561
Comprehensive income attributable to non-controlling interests	-	-

Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30,2018	For the six months ended September 30,2019
Cash flows from operating activities		
Profit before income taxes	3,136,656	3,453,385
Depreciation	1,117,510	1,091,622
Share-based remuneration expenses	19,243	17,517
Increase (decrease) in retirement benefit liability	5,892	4,365
Increase (decrease) in provision for bonuses	4,350	3,582
Interest and dividend income	(150,813)	(165,778)
Interest expenses	89,549	82,772
Interest expenses on bonds	124,774	150,231
Bond issuance cost	33,220	-
Loss (gain) on sales of investment securities	-	(696,084)
Loss (gain) on sales of property, plant and equipment	(523,812)	-
Loss on retirement of property, plant and equipment	7,936	3,612
Compensation income	(2,200)	-
Decrease (increase) in trade receivables	(182,021)	(28,800)
Increase (decrease) in trade payables	(234,692)	84,686
Increase (decrease) in accrued consumption taxes	(67,997)	151,292
Other, net	3,184	4,963
Subtotal	3,380,782	4,157,368
Interest and dividends received	150,813	165,778
Interest paid	(220,395)	(232,393)
Income taxes paid	(926,860)	(960,703)
Net cash provided by (used in) operating activities	2,384,339	3,130,049
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,712,343)	(9,483,482)
Proceeds from sales of property, plant and equipment	1,228,543	-
Purchase of intangible assets	(49,742)	(47,000)
Proceeds from sales of investment securities	-	784,490
Payments for long-term accounts payable-other	(42,300)	-
Other, net	1,555	-
Net cash provided by (used in) investing activities	(574,287)	(8,745,992)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	5,000,000
Repayments of long-term borrowings	(1,286,400)	(1,414,050)
Proceeds from issuance of bonds	5,000,000	-
Redemption of bonds	(5,000,000)	-
Payments for issuance of bonds	(49,400)	-
Purchase of treasury shares	(39,692)	(46,092)
Dividends paid	(511,348)	(684,035)
Other, net	17	15
Net cash provided by (used in) financing activities	(1,886,824)	2,855,837
Net increase (decrease) in cash and cash equivalents	(76,771)	(2,760,105)
Cash and cash equivalents at beginning of period	7,051,250	15,918,547
Cash and cash equivalents at end of period	6,974,478	13,158,441