

Translation

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

May 12, 2017

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 of ordinary general meeting of shareholders: June 29, 2017
 Scheduled date to file Securities Report: June 30, 2017
 Scheduled date to commence dividend payments: June 30, 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

	Operating revenue		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	246,212	1.6	22,550	2.5	24,035	0.8	16,383	2.3
Year ended March 31, 2016	242,399	(0.2)	22,010	(1.6)	23,850	0.9	16,018	7.1

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/operating revenue
	Yen	Yen	%	%	%
Year ended March 31, 2017	65.53	—	5.3	6.6	9.2
Year ended March 31, 2016	63.23	—	5.3	6.7	9.1

(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	370,872	312,116	84.1	1,270.04
As of March 31, 2016	359,942	301,944	83.9	1,205.57

(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	31,578	17,736	(8,257)	47,348
Year ended March 31, 2016	25,261	(28,515)	(8,640)	6,296

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	—	6.00	—	7.00	13.00	3,285	20.6	1.1
Year ended March 31, 2017	—	6.00	—	9.00	15.00	3,713	22.9	1.2
Year ending March 31, 2018 (Forecast)	—	7.00	—	14.00	—		20.2	

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

	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
Six months ending September 30, 2017	126,000	4.0	11,500	2.2	12,300	2.0	8,400	0.9	34.19
Full year	253,000	2.8	23,200	2.9	24,800	3.2	17,000	3.8	138.37

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): No

(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: No

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	274,345,675 shares	As of March 31, 2016	274,345,675 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	28,636,313 shares	As of March 31, 2016	23,930,828 shares
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Average number of shares during the period

Year ended March 31, 2017	250,021,349 shares	Year ended March 31, 2016	253,333,570 shares
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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	17,330	47,381
Notes and operating accounts receivable	41,225	41,765
Securities	23,299	700
Inventories	1,142	1,100
Deferred tax assets	1,228	1,126
Other	7,602	7,077
Allowance for doubtful accounts	(53)	(53)
Total current assets	91,775	99,097
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	108,895	110,043
Machinery, equipment and vehicles, net	14,146	13,680
Land	92,477	93,317
Construction in progress	5,321	7,180
Other, net	1,042	937
Total property, plant and equipment	221,882	225,160
Intangible assets	8,295	7,807
Investments and other assets		
Investment securities	28,205	30,825
Long-term loans receivable	312	135
Deferred tax assets	2,519	1,552
Other	7,178	6,515
Allowance for doubtful accounts	(226)	(220)
Total investments and other assets	37,988	38,807
Total non-current assets	268,166	271,775
Total assets	359,942	370,872

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and operating accounts payable - trade	24,951	25,674
Income taxes payable	3,918	4,282
Deferred tax liabilities	1	1
Provision for bonuses	142	140
Other	11,874	11,906
Total current liabilities	40,888	42,005
Non-current liabilities		
Deferred tax liabilities	145	165
Provision for directors' retirement benefits	25	25
Provision for special repairs for ships and vessels	7	11
Net defined benefit liability	15,845	15,547
Other	1,086	1,001
Total non-current liabilities	17,109	16,750
Total liabilities	57,997	58,755
Net assets		
Shareholders' equity		
Capital stock	31,642	31,642
Capital surplus	26,854	26,854
Retained earnings	259,580	272,709
Treasury shares	(19,347)	(24,349)
Total shareholders' equity	298,729	306,855
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,538	6,097
Foreign currency translation adjustment	(7)	(82)
Remeasurements of defined benefit plans	(1,368)	(810)
Total accumulated other comprehensive income	3,162	5,204
Non-controlling interests	52	56
Total net assets	301,944	312,116
Total liabilities and net assets	359,942	370,872

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
Operating revenue	242,399	246,212
Operating cost	203,821	207,051
Operating gross profit	38,577	39,160
Selling, general and administrative expenses	16,566	16,609
Operating profit	22,010	22,550
Non-operating income		
Interest income	99	51
Dividend income	727	621
Share of profit of entities accounted for using equity method	641	389
Other	497	531
Total non-operating income	1,966	1,593
Non-operating expenses		
Foreign exchange losses	62	88
Other	64	20
Total non-operating expenses	126	108
Ordinary profit	23,850	24,035
Extraordinary income		
Gain on sales of non-current assets	83	64
Gain on sales of investment securities	–	302
Subsidy income	440	225
Total extraordinary income	524	592
Extraordinary losses		
Loss on sales and retirement of non-current assets	106	155
Loss on valuation of investment securities	27	2
Loss on sales of investments in capital	–	401
Loss on sales of golf club memberships	2	–
Loss on disaster	–	96
Total extraordinary losses	136	656
Profit before income taxes	24,238	23,970
Income taxes - current	7,936	7,694
Income taxes - deferred	278	(111)
Total income taxes	8,214	7,583
Profit	16,023	16,387
Profit attributable to non-controlling interests	5	3
Profit attributable to owners of parent	16,018	16,383

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	16,023	16,387
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,460)	1,548
Foreign currency translation adjustment	9	(50)
Remeasurements of defined benefit plans, net of tax	(884)	557
Share of other comprehensive income of entities accounted for using equity method	(80)	(12)
Total other comprehensive income	(3,415)	2,043
Comprehensive income	12,608	18,430
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,604	18,426
Comprehensive income attributable to non-controlling interests	3	4

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	31,642	26,854	246,874	(14,028)	291,342
Changes of items during period					
Dividends of surplus			(3,320)		(3,320)
Profit attributable to owners of parent			16,018		16,018
Purchase of treasury shares				(5,319)	(5,319)
Increase in retained earnings resulting from merger of subsidiaries and merger with unconsolidated subsidiaries			8		8
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	12,706	(5,319)	7,386
Balance at end of current period	31,642	26,854	259,580	(19,347)	298,729

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	6,995	65	(484)	6,576	50	297,969
Changes of items during period						
Dividends of surplus						(3,320)
Profit attributable to owners of parent						16,018
Purchase of treasury shares						(5,319)
Increase in retained earnings resulting from merger of subsidiaries and merger with unconsolidated subsidiaries						8
Net changes of items other than shareholders' equity	(2,456)	(73)	(884)	(3,413)	2	(3,411)
Total changes of items during period	(2,456)	(73)	(884)	(3,413)	2	3,975
Balance at end of current period	4,538	(7)	(1,368)	3,162	52	301,944

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	31,642	26,854	259,580	(19,347)	298,729
Changes of items during period					
Dividends of surplus			(3,255)		(3,255)
Profit attributable to owners of parent			16,383		16,383
Purchase of treasury shares				(5,001)	(5,001)
Increase in retained earnings resulting from merger of subsidiaries and merger with unconsolidated subsidiaries					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	13,128	(5,001)	8,126
Balance at end of current period	31,642	26,854	272,709	(24,349)	306,855

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	4,538	(7)	(1,368)	3,162	52	301,944
Changes of items during period						
Dividends of surplus						(3,255)
Profit attributable to owners of parent						16,383
Purchase of treasury shares						(5,001)
Increase in retained earnings resulting from merger of subsidiaries and merger with unconsolidated subsidiaries						—
Net changes of items other than shareholders' equity	1,559	(74)	557	2,042	3	2,046
Total changes of items during period	1,559	(74)	557	2,042	3	10,172
Balance at end of current period	6,097	(82)	(810)	5,204	56	312,116

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	24,238	23,970
Depreciation	11,210	11,866
Amortization of goodwill	159	—
Increase (decrease) in allowance for doubtful accounts	(119)	(4)
Increase (decrease) in net defined benefit liability	896	259
Interest and dividend income	(827)	(673)
Share of (profit) loss of entities accounted for using equity method	(641)	(389)
Loss (gain) on sales of investment securities	—	(302)
Loss (gain) on valuation of investment securities	27	2
Loss (gain) on sales of golf club memberships	2	—
Loss (gain) on sales of investments in capital	—	401
Loss on disaster	—	96
Loss (gain) on sales and retirement of non-current assets	23	91
Decrease (increase) in notes and accounts receivable - trade	42	(918)
Decrease (increase) in inventories	401	41
Increase (decrease) in notes and accounts payable - trade	(39)	1,086
Other, net	(1,895)	2,663
Subtotal	33,478	38,192
Interest and dividend income received	1,190	1,043
Payments for loss on disaster	—	(62)
Income taxes paid	(9,407)	(7,595)
Net cash provided by (used in) operating activities	25,261	31,578
Cash flows from investing activities		
Net decrease (increase) in time deposits	(4,000)	13,000
Purchase of securities	(68,999)	(5,000)
Proceeds from sales of securities	66,999	25,999
Purchase of non-current assets	(23,402)	(16,116)
Proceeds from sales of non-current assets	90	66
Purchase of investment securities	(1,557)	(1,373)
Proceeds from sales and redemption of investment securities	1,000	1,340
Purchase of shares of subsidiaries and associates	(123)	(269)
Collection of loans receivable	1,410	61
Other, net	67	26
Net cash provided by (used in) investing activities	(28,515)	17,736
Cash flows from financing activities		
Cash dividends paid	(3,320)	(3,255)
Purchase of treasury shares	(5,319)	(5,001)
Net cash provided by (used in) financing activities	(8,640)	(8,257)
Effect of exchange rate change on cash and cash equivalents	0	(5)
Net increase (decrease) in cash and cash equivalents	(11,894)	41,051
Cash and cash equivalents at beginning of period	18,173	6,296
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	17	—
Cash and cash equivalents at end of period	6,296	47,348