

Translation

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

August 9, 2018

Company name: TOYO KANETSU K.K.
 Stock exchange listing: Tokyo
 Stock code: 6369 URL <http://www.toyokanetsu.co.jp>
 Representative: President and Representative Director Toru Yanagawa
 Executive Officer, General Manager of
 Inquiries: Financial Planning Department, Corporate Management Division Takeshi Yonehara TEL 03-5857-3333
 Scheduled date to file Quarterly Securities Report: August 10, 2018
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2018 (from April 1, 2018 to June 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	%
Three months ended June 30, 2018	7,603	(17.0)	(417)	–	(148)	–	78	(88.9)
Three months ended June 30, 2017	9,162	13.5	728	(38.9)	941	(23.4)	711	(5.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2018	8.55		–	
Three months ended June 30, 2017	74.82		–	

(Note) The Company conducted a share consolidation at a ratio of 10 shares of common shares to 1 share, effective on October 1, 2017.

Accordingly, the earnings per share is calculated based on the assumption that the share consolidation had been conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2018	53,560	34,923	65.2	3,853.99
As of March 31, 2018	55,818	36,666	65.7	3,941.68

(Note) "Partial revision of Tax Effect Accounting" (Corporate Accounting Standard No.28, February 16, 2018) had been reflected from the year ending March 31, 2019, the consolidated financial position of previous fiscal year is shown as revision reflected amount.

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	–	0.00	–	100.00	100.00
Year ending March 31, 2019	–	–	–	–	–
Year ending March 31, 2019 (Forecast)	–	0.00	–	100.00	100.00

(Note) The Company conducted a share consolidation at a ratio of 10 shares of common shares to 1 share, effective on October 1, 2017.

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	52,500	25.7	3,020	33.3	3,340	26.2	2,210	(6.4)	235.06

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 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 June 30, 2018	9,323,074 shares	As of March 31, 2018	9,703,074 shares
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Number of treasury shares at the end of the period

As of June 30, 2018	261,658 shares	As of March 31, 2018	401,043 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2018	9,212,286 shares	Three months ended June 30, 2017	9,504,333 shares
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(Note) The Company conducted a share consolidation at a ratio of 10 shares of common shares to 1 share, effective on October 1, 2017. Accordingly, the average number of shares during the period is calculated based on the assumption that the share consolidation had been conducted at the beginning of the previous fiscal year.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	12,421	9,701
Notes and accounts receivable - trade	9,387	8,659
Lease investment assets	1,781	1,787
Securities	500	500
Merchandise and finished goods	40	38
Work in process	3,819	4,204
Raw materials and supplies	1,640	1,721
Other	494	732
Allowance for doubtful accounts	(21)	(7)
Total current assets	30,064	27,337
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,457	3,479
Machinery, equipment and vehicles, net	1,152	1,100
Tools, furniture and fixtures, net	282	332
Land	10,707	10,764
Construction in progress	110	261
Other, net	0	1
Total property, plant and equipment	15,710	15,939
Intangible assets	368	414
Investments and other assets		
Investment securities	8,730	8,888
Deferred tax assets	58	68
Net defined benefit asset	398	367
Other	778	837
Allowance for doubtful accounts	(292)	(293)
Total investments and other assets	9,674	9,868
Total non-current assets	25,753	26,223
Total assets	55,818	53,560

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,033	1,876
Short-term loans payable	4,604	4,629
Current portion of long-term loans payable	15	–
Accrued expenses	3,380	3,192
Income taxes payable	316	130
Advances received	417	882
Provision for bonuses	242	–
Provision for loss on order received	183	279
Provision for warranties for completed construction	580	594
Other	924	751
Total current liabilities	12,698	12,336
Non-current liabilities		
Long-term loans payable	3,080	3,165
Deferred tax liabilities	1,591	1,425
Deferred tax liabilities for land revaluation	1,107	1,107
Net defined benefit liability	325	329
Asset retirement obligations	321	244
Other	27	27
Total non-current liabilities	6,453	6,300
Total liabilities	19,151	18,637
Net assets		
Shareholders' equity		
Capital stock	18,580	18,580
Capital surplus	1,273	1,273
Retained earnings	15,750	13,575
Treasury shares	(1,397)	(991)
Total shareholders' equity	34,207	32,436
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,995	3,104
Revaluation reserve for land	133	133
Foreign currency translation adjustment	(676)	(753)
Remeasurements of defined benefit plans	5	0
Total accumulated other comprehensive income	2,458	2,485
Non-controlling interests	0	0
Total net assets	36,666	34,923
Total liabilities and net assets	55,818	53,560

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	9,162	7,603
Cost of sales	7,095	6,681
Gross profit	2,067	921
Selling, general and administrative expenses	1,338	1,339
Operating profit (loss)	728	(417)
Non-operating income		
Interest income	2	2
Dividend income	176	205
Foreign exchange gains	7	23
Other	44	56
Total non-operating income	231	288
Non-operating expenses		
Interest expenses	8	11
Other	9	7
Total non-operating expenses	18	18
Ordinary profit (loss)	941	(148)
Extraordinary income		
Gain on bargain purchase	–	87
Other	0	–
Total extraordinary income	0	87
Extraordinary losses		
Loss on sales of non-current assets	–	1
Other	1	0
Total extraordinary losses	1	1
Profit (loss) before income taxes	940	(61)
Income taxes - current	239	84
Income taxes - deferred	(10)	(224)
Total income taxes	229	(140)
Profit	711	78
Profit attributable to		
Profit attributable to owners of parent	711	78
Other comprehensive income		
Valuation difference on available-for-sale securities	378	108
Deferred gains or losses on hedges	19	–
Foreign currency translation adjustment	(56)	(76)
Remeasurements of defined benefit plans, net of tax	(10)	(4)
Total other comprehensive income	330	27
Comprehensive income	1,041	105
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,041	105