

Consolidated Quarterly Financial Results for the Nine Months Ended December 31, 2018 [Japanese GAAP]



February 14, 2019

Company name: NIPPON HUME CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Securities code: 5262

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Scheduled date of filing quarterly securities report: February 14, 2019

Scheduled date of commencing dividend payments: —

Preparation of supplementary briefing material on quarterly financial results: No

Holding of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2018

(April 1, 2018 to December 31, 2018)

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

	Turnover		Operating income		Ordinary income		Profit attributable to owners of parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2018	29,581	11.8	1,272	20.6	2,077	40.1	1,686	54.9
Nine months ended December 31, 2017	26,459	14.9	1,055	(4.8)	1,482	5.8	1,088	13.9

(Note) Comprehensive income: Nine months ended December 31, 2018: ¥1,402 million [(12.0)%]

Nine months ended December 31, 2017: ¥1,594 million [(5.3)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2018	67.89		—	
Nine months ended December 31, 2017	43.47		—	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2018	48,739	31,603	64.4
As of March 31, 2018	48,952	30,787	62.4

(Reference) Equity: As of December 31, 2018: ¥31,376 million

As of March 31, 2017: ¥30,570 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2018	Yen —	Yen —	Yen —	Yen 17.00	Yen 17.00
Fiscal year ending March 31, 2019	—	—	—		
Fiscal year ending March 31, 2019 (Forecast)				18.00	18.00

(Note) Revision to the dividend forecast announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% indicates changes from the previous corresponding period.)

	Turnover		Operating income		Ordinary income		Profit attributable to owners of parent company		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	38,000	1.5	1,700	1.3	2,300	4.0	1,700	2.9	68.31

(Note) Revision to the financial results forecast announced most recently: No

* Notes

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

Newly included: — (Company name) Excluded: — (Company name)

(2) Application of accounting procedures specific to preparation of consolidated quarterly 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, etc.: 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 stock)

1) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2018: 29,347,500 shares

As of March 31, 2018: 29,347,500 shares

2) Total number of treasury shares at the end of the period

As of December 31, 2018: 4,620,728 shares

As of March 31, 2018: 4,459,908 shares

3) Average number of shares during the period

Nine months ended December 31, 2018: 24,846,715 shares

Nine months ended December 31, 2017: 25,046,181 shares

* These quarterly financial results are not subject to quarterly review procedures by certified public accountants or auditing corporations.

* Explanation of the proper use of financial results forecast and other note

The financial results forecast and other forward-looking statements contained in these materials are based on information available to the Company and on certain assumptions deemed to be reasonable as of the date of publication of this document. They are not intended as a commitment by the Company that these results will be achieved. Actual results may differ considerably as a result of numerous factors. For the assumptions used in the financial results forecast and precautionary notes on its use, please refer to “1. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 2 of the attachment.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

During the nine months ended December 31, 2018, business sentiment in Japan remained flat, but due to factors including both the issue of the United Kingdom's withdrawal from the European Union and the trade friction between the United States and China, the Chinese and European economies are slowing, and there are concerns over the impact of the slowdowns on future economic conditions in Japan and Asia.

In the concrete products industry in which the Group operates, while demand for Hume pipes fell below that in the same period of the previous fiscal year, demand for pile products exceeded slightly above that in the same period of the previous fiscal year.

Under these circumstances, the Group worked diligently to pursue stable profits and sustainable growth, which were the key objectives of the basic policy in Evolution All Japan II, the Group's new three-year medium-term management plan that began in fiscal 2018.

In the nine months ended December 31, 2018, orders received for concrete products (mainly Hume pipes and pile products) and construction, etc., were ¥28,040 million (up 8.1% year on year), and turnover, including mainly revenue from concrete products, construction, and real estate was ¥29,581 million (up 11.8% year on year).

As for profit and loss, operating income was ¥1,272 million (up 20.6% year on year); ordinary income was ¥2,077 million (up 40.1% year on year), mainly because of equity in earnings of affiliates and dividend income, and profit attributable to owners of parent was ¥1,686 million (up 54.9% year on year) due to gain on sales of fixed assets, etc.

(2) Explanation of Financial Position

Total assets as of December 31, 2018, decreased ¥213 million from the end of the previous consolidated fiscal year, to ¥48,739 million. This was mainly because, under current assets, while cash and deposits increased ¥1,128 million, notes and accounts receivable – trade decreased ¥1,823 million.

In addition, under liabilities, total liabilities decreased ¥1,029 million from the end of the previous consolidated fiscal year, to ¥17,136 million. This was mainly because, under current liabilities, notes and accounts payable - trade decreased ¥984 million.

Under net assets, total net assets increased ¥816 million from the end of the previous consolidated fiscal year, to ¥31,603 million. This was mainly because, under retained earnings, while profit attributable to owners of parent company increased ¥1,686 million, there was a decrease of ¥436 million for cash dividends paid, and valuation difference on available-for-sale securities decreased ¥368 million.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Regarding the results forecasts pertaining to the fiscal year ending March 31, 2019, there has been no change to the full-year results forecast published in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 [Japanese GAAP],” dated May 11, 2018.

2. Consolidated Quarterly Financial Statements and Important Notes

(1) Consolidated Quarterly Balance Sheets

(Thousand yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	8,838,717	9,967,403
Notes and accounts receivable - trade	15,151,754	13,327,814
Merchandise and finished goods	1,886,616	1,916,299
Raw materials and supplies	528,757	515,914
Other	259,764	179,314
Provision for doubtful accounts	(16,939)	(20,379)
Total current assets	26,648,670	25,886,367
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,023,197	2,896,004
Land	3,697,674	3,692,005
Other, net	2,003,334	2,687,869
Total property, plant and equipment	8,724,206	9,275,878
Intangible assets	119,008	99,044
Investments and other assets		
Investment securities	13,150,972	13,159,828
Other	490,591	474,433
Provision for doubtful accounts	(180,997)	(156,053)
Total investments and other assets	13,460,566	13,478,208
Total non-current assets	22,303,861	22,853,131
Total assets	48,952,531	48,739,498
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,617,640	10,633,029
Short-term loans	1,221,480	1,256,915
Income taxes payable	438,800	199,591
Provision for bonuses	182,108	—
Provision for loss on construction contracts	—	30
Other	894,861	1,342,747
Total current liabilities	14,354,892	13,432,313
Non-current liabilities		
Provision for directors' retirement benefits	36,017	36,017
Provision for environmental measures	7,736	7,736
Net defined benefit liability	2,688,857	2,680,047
Other	1,077,672	979,933
Total non-current liabilities	3,810,284	3,703,734
Total liabilities	18,165,176	17,136,048

(Thousand yen)

	As of March 31, 2018	As of December 31, 2018
Net assets		
Shareholders' equity		
Share capital	5,251,400	5,251,400
Share premium	4,736,524	4,736,524
Retained earnings	21,509,299	22,759,565
Treasury shares	(1,710,327)	(1,860,421)
Total shareholders' equity	29,786,896	30,887,068
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	905,884	537,290
Difference in foreign exchange	203,908	227,281
Remeasurements of defined benefit	(326,588)	(275,074)
Total accumulated other comprehensive income	783,204	489,497
Non-controlling interests	217,253	226,883
Total net assets	30,787,354	31,603,449
Total liabilities and net assets	48,952,531	48,739,498

(2) Consolidated Quarterly Statements of Income and Comprehensive Income

Consolidated Quarterly Statements of Income

Nine Months Ended December 31

(Thousand yen)

	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018
Turnover	26,459,841	29,581,590
Cost of sales	22,442,698	25,157,933
Gross profit	4,017,142	4,423,656
Selling, general and administrative expenses	2,961,935	3,151,265
Operating income	1,055,207	1,272,391
Non-operating income		
Interest income	954	1,606
Dividend income	100,482	109,365
Share of income of associates	281,087	651,543
Foreign exchange gains	8,324	—
Other	89,213	115,811
Total non-operating income	480,062	878,326
Non-operating expenses		
Interest expenses	18,317	20,538
Foreign exchange losses	—	36,859
Other	34,704	16,221
Total non-operating expenses	53,021	73,619
Ordinary income	1,482,247	2,077,098
Extraordinary income		
Gain on sales of fixed assets	2,406	143,576
Insurance income	5,167	—
State subsidy	1,440	1,440
Total extraordinary income	9,014	145,016
Extraordinary losses		
Loss on disposal of fixed assets	11	—
Total extraordinary losses	11	—
Profit before income taxes and minority interests	1,491,250	2,222,115
Income taxes - current	348,903	484,982
Income taxes - deferred	44,375	40,715
Total income taxes	393,278	525,697
Profit after income taxes	1,097,972	1,696,418
Profit attributable to non-controlling interests	9,336	9,629
Profit attributable to owners of parent company	1,088,635	1,686,788

Consolidated Quarterly Statements of Comprehensive Income

Nine Months Ended December 31

(Thousand yen)

	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018
Profit after income taxes	1,097,972	1,696,418
Other comprehensive income		
Valuation difference on available-for-sale securities	430,123	(341,669)
Difference in foreign exchange	(7,573)	23,373
Remeasurements of defined benefit	38,136	50,851
Share of other comprehensive income of associates	35,645	(26,261)
Total other comprehensive income	496,332	(293,707)
Comprehensive income	1,594,304	1,402,711
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent company	1,584,967	1,393,081
Comprehensive income attributable to non-controlling interests	9,336	9,629

(3) Notes to the Consolidated Quarterly Financial Statements

(Notes on going concern assumption)

No relevant items.

(Notes in the case of significant changes in shareholders' equity)

No relevant items.

(Additional information)

Adoption of the "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc.)

The Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 on February 16, 2018), etc. from the beginning of the first quarter of the fiscal year under review. As a result, deferred tax assets are presented in investments and other assets, and deferred tax liabilities are presented in non-current liabilities.

(Segment information, etc.)

I. For the nine months ended December 31, 2017 (April 1, 2017 to December 31, 2017)

1. Information on turnover and income (loss) by reportable segment

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustments	Amount recorded on the Consolidated Quarterly Statements of Income (Note 2)
	Concrete Products	Construction	Real Estate Development	Total				
Turnover								
Turnover to external customers	13,849,356	11,424,210	743,884	26,017,451	442,389	26,459,841	—	26,459,841
Inter-segment turnover or transfers	12,648	—	32,260	44,909	101	45,010	(45,010)	—
Total	13,862,005	11,424,210	776,145	26,062,360	442,491	26,504,852	(45,010)	26,459,841
Segment income (loss)	(31,569)	663,320	309,653	941,405	113,801	1,055,207	—	1,055,207

(Notes) 1. The "Others" segment includes businesses not included in reportable segments, such as the environmental equipment sales business, the sport facility management business, the rental business, and the solar power generation business.

2. Total segment income (loss) corresponds to operating income on the Consolidated Quarterly Statements of Income.

2. Information concerning impairment loss on non-current assets, goodwill, etc., by reportable segment

No relevant items.

II. For the nine months ended December 31, 2018 (April 1, 2018 to December 31, 2018)

1. Information on turnover and income (loss) by reportable segment

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustments	Amount recorded on the Consolidated Quarterly Statements of Income (Note 2)
	Concrete Products	Construction	Real Estate Development	Total				
Turnover								
Turnover to external customers	15,815,441	12,569,159	742,986	29,127,587	454,003	29,581,590	—	29,581,590
Inter-segment turnover or transfers	11,622	—	32,181	43,804	2,740	46,545	(46,545)	—
Total	15,827,064	12,569,159	775,167	29,171,391	456,744	29,628,135	(46,545)	29,581,590
Segment income	313,523	513,109	310,852	1,137,486	134,905	1,272,391	—	1,272,391

(Notes) 1. The “Others” segment includes businesses not included in reportable segments, such as the environmental equipment sales business, the sport facility management business, the rental business, and the solar power generation business.

2. Total segment income corresponds to operating income on the Consolidated Quarterly Statements of Income.

2. Information concerning impairment loss on non-current assets, goodwill, etc., by reportable segment

No relevant items.