

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2017 (Based on Japanese GAAP)

August 9, 2017

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, 2017
 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, 2017 (from April 1, 2017 to June 30, 2017)

(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, 2017	9,162	13.5	728	(38.9)	941	(23.4)	711	(5.0)
Three months ended June 30, 2016	8,074	(23.6)	1,193	90.6	1,229	47.6	748	56.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2017	7.48		–	
Three months ended June 30, 2016	7.27		–	

(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, 2017	56,783	34,872	61.4	370.02
As of March 31, 2017	53,228	35,481	66.7	370.20

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, 2017	–	0.00	–	12.00	12.00
Year ending March 31, 2018	–	–	–	–	–
Year ending March 31, 2018 (Forecast)	–	0.00	–	100.00	100.00

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

	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	45,700	9.0	2,260	(26.6)	2,510	(27.1)	2,000	(46.6)	199.54

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2017
 (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, 2017	97,030,741 shares	As of March 31, 2017	103,030,741 shares
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Number of treasury shares at the end of the period

As of June 30, 2017	2,787,100 shares	As of March 31, 2017	7,187,482 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, 2017	95,043,330 shares	Three months ended June 30, 2016	102,948,748 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	6,811	13,462
Notes and accounts receivable - trade	12,824	8,616
Lease investment assets	1,526	1,628
Securities	100	100
Merchandise and finished goods	54	36
Work in process	4,140	4,040
Raw materials and supplies	1,649	1,839
Deferred tax assets	582	520
Other	872	1,366
Allowance for doubtful accounts	(83)	(63)
Total current assets	28,479	31,547
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,578	3,557
Machinery, equipment and vehicles, net	1,132	1,111
Tools, furniture and fixtures, net	288	321
Land	10,965	10,948
Construction in progress	119	87
Other, net	0	0
Total property, plant and equipment	16,084	16,025
Intangible assets	418	387
Investments and other assets		
Investment securities	7,325	7,872
Deferred tax assets	41	39
Net defined benefit asset	358	337
Other	788	860
Allowance for doubtful accounts	(267)	(287)
Total investments and other assets	8,245	8,821
Total non-current assets	24,748	25,235
Total assets	53,228	56,783

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,347	2,513
Short-term loans payable	2,397	6,635
Current portion of long-term loans payable	60	60
Accrued expenses	4,324	3,376
Income taxes payable	647	254
Advances received	1,173	2,797
Provision for bonuses	258	–
Provision for loss on order received	674	321
Provision for warranties for completed construction	512	520
Other	709	707
Total current liabilities	13,104	17,185
Non-current liabilities		
Long-term loans payable	1,095	1,080
Deferred tax liabilities	1,692	1,779
Deferred tax liabilities for land revaluation	1,121	1,121
Net defined benefit liability	364	374
Asset retirement obligations	332	332
Other	37	37
Total non-current liabilities	4,642	4,725
Total liabilities	17,747	21,910
Net assets		
Shareholders' equity		
Capital stock	18,580	18,580
Capital surplus	1,273	1,273
Retained earnings	16,447	14,069
Treasury shares	(2,323)	(884)
Total shareholders' equity	33,978	33,038
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,992	2,370
Deferred gains or losses on hedges	(14)	4
Revaluation reserve for land	163	163
Foreign currency translation adjustment	(652)	(709)
Remeasurements of defined benefit plans	14	4
Total accumulated other comprehensive income	1,503	1,833
Total net assets	35,481	34,872
Total liabilities and net assets	53,228	56,783

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

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	8,074	9,162
Cost of sales	5,635	7,095
Gross profit	2,438	2,067
Selling, general and administrative expenses	1,244	1,338
Operating profit	1,193	728
Non-operating income		
Interest income	6	2
Dividend income	159	176
Foreign exchange gains	–	7
Gain on investments in silent partnership	60	–
Other	24	44
Total non-operating income	250	231
Non-operating expenses		
Interest expenses	4	8
Foreign exchange losses	189	–
Other	21	9
Total non-operating expenses	215	18
Ordinary profit	1,229	941
Extraordinary income		
Gain on sales of non-current assets	–	0
Other	0	–
Total extraordinary income	0	0
Extraordinary losses		
Head office transfer cost	97	–
Loss on retirement of non-current assets	0	1
Other	0	0
Total extraordinary losses	97	1
Profit before income taxes	1,132	940
Income taxes - current	345	239
Income taxes - deferred	38	(10)
Total income taxes	383	229
Profit	748	711
Profit attributable to		
Profit attributable to owners of parent	748	711
Other comprehensive income		
Valuation difference on available-for-sale securities	(24)	378
Deferred gains or losses on hedges	–	19
Foreign currency translation adjustment	10	(56)
Remeasurements of defined benefit plans, net of tax	(23)	(10)
Total other comprehensive income	(37)	330
Comprehensive income	710	1,041
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	710	1,041