

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2017 (Based on Japanese GAAP)

November 13, 2017

Company name: Konoike Transport Co.,Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 9025 URL <http://www.konoike.net/>  
 Representative: Executive Director and President Tadahiko Konoike  
 Managing Executive Officer, General  
 Inquiries: Manager Mitsuhiro Nakatani TEL 06-6227-4600  
 Finance / Accounting Division  
 Scheduled date to file Quarterly Securities Report: November 14, 2017  
 Scheduled date to commence dividend payments: December 4, 2017  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2017 (from April 1, 2017 to September 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	%
Six months ended September 30, 2017	137,363	5.6	6,486	3.0	6,684	4.3	4,334	2.0
Six months ended September 30, 2016	130,116	3.2	6,296	9.8	6,408	10.9	4,248	26.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2017	76.14		75.91	
Six months ended September 30, 2016	74.66		74.51	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2017	210,415	99,014	45.4	1,677.21
As of March 31, 2017	204,655	95,348	44.9	1,615.59

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2017	–	17.50	–	17.50	35.00
Year ending March 31, 2018	–	18.00	–	–	–
Year ending March 31, 2018 (Forecast)	–	–	–	18.00	36.00

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	278,100	7.7	11,000	7.5	11,300	5.4	7,000	(4.3)	123.00

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2017  
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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 September 30, 2017	56,933,332 shares	As of March 31, 2017	56,912,172 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	320 shares	As of March 31, 2017	276 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2017	56,932,472 shares	Six months ended September 30, 2016	56,908,003 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	32,466	27,395
Notes and accounts receivable - trade	46,547	52,398
Costs on uncompleted works	12	96
Supplies	1,291	1,356
Deferred tax assets	2,633	2,623
Other	2,333	2,790
Allowance for doubtful accounts	(64)	(53)
Total current assets	85,220	86,606
Non-current assets		
Property, plant and equipment		
Buildings and structures	105,734	106,307
Accumulated depreciation	(63,589)	(64,973)
Buildings and structures, net	42,145	41,334
Machinery, equipment and vehicles	48,496	49,618
Accumulated depreciation	(40,738)	(40,985)
Machinery, equipment and vehicles, net	7,757	8,632
Land	41,196	41,568
Leased assets	5,689	5,771
Accumulated depreciation	(1,939)	(2,152)
Leased assets, net	3,749	3,619
Construction in progress	1,115	1,660
Other	7,093	7,387
Accumulated depreciation	(5,910)	(6,021)
Other, net	1,182	1,365
Total property, plant and equipment	97,147	98,181
Intangible assets		
Goodwill	847	3,540
Other	2,279	2,163
Total intangible assets	3,127	5,704
Investments and other assets		
Investment securities	9,859	10,704
Long-term loans receivable	387	381
Deferred tax assets	3,097	2,935
Net defined benefit asset	125	135
Other	5,878	5,950
Allowance for doubtful accounts	(187)	(185)
Total investments and other assets	19,160	19,922
Total non-current assets	119,435	123,808
Total assets	204,655	210,415

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	14,546	15,017
Short-term loans payable	3,455	4,211
Current portion of bonds	3,000	3,000
Current portion of long-term loans payable	4,401	1,929
Accrued expenses	9,954	10,311
Income taxes payable	2,224	2,812
Other	12,400	12,972
Total current liabilities	49,983	50,253
Non-current liabilities		
Bonds payable	23,000	23,000
Long-term loans payable	8,760	10,277
Lease obligations	3,315	3,153
Deferred tax liabilities	550	539
Deferred tax liabilities for land revaluation	1,680	1,680
Net defined benefit liability	17,728	18,281
Retirement allowance for directors	104	140
Allowance for loss dissolution of employees' pension fund	56	56
Long-term accounts payable - other	2,091	1,960
Other	2,036	2,057
Total non-current liabilities	59,323	61,147
Total liabilities	109,307	111,401
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,697	1,710
Capital surplus	764	778
Retained earnings	92,528	95,867
Treasury shares	(0)	(0)
Total shareholders' equity	94,990	98,355
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,336	3,793
Revaluation reserve for land	(5,085)	(5,085)
Foreign currency translation adjustment	1,073	606
Remeasurements of defined benefit plans	(2,368)	(2,181)
Total accumulated other comprehensive income	(3,044)	(2,867)
Subscription rights to shares	208	283
Non-controlling interests	3,193	3,242
Total net assets	95,348	99,014
Total liabilities and net assets	204,655	210,415

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	130,116	137,363
Cost of sales	117,486	124,182
Gross profit	12,630	13,180
Selling, general and administrative expenses	6,333	6,693
Operating profit	6,296	6,486
Non-operating income		
Interest income	44	77
Dividend income	120	139
Other	149	181
Total non-operating income	315	398
Non-operating expenses		
Interest expenses	142	117
Loss on valuation of investment securities	7	–
Foreign exchange losses	19	11
Other	33	71
Total non-operating expenses	203	200
Ordinary profit	6,408	6,684
Extraordinary income		
Gain on sales of non-current assets	64	169
Gain on sales of investment securities	18	68
Gain on revision of retirement benefit plan	242	–
Other	2	–
Total extraordinary income	328	238
Extraordinary losses		
Loss on sales and retirement of non-current assets	191	66
Loss on sales of shares of subsidiaries	–	22
Loss on disaster	49	–
Other	57	0
Total extraordinary losses	298	90
Profit before income taxes	6,437	6,832
Income taxes - current	2,397	2,535
Income taxes - deferred	(263)	(113)
Total income taxes	2,134	2,421
Profit	4,303	4,410
Profit attributable to non-controlling interests	54	75
Profit attributable to owners of parent	4,248	4,334

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	4,303	4,410
Other comprehensive income		
Valuation difference on available-for-sale securities	(91)	450
Foreign currency translation adjustment	(2,457)	(443)
Remeasurements of defined benefit plans, net of tax	113	187
Share of other comprehensive income of entities accounted for using equity method	(60)	(15)
Total other comprehensive income	(2,495)	177
Comprehensive income	1,807	4,588
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,877	4,511
Comprehensive income attributable to non-controlling interests	(69)	76

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	6,437	6,832
Depreciation	3,563	3,551
Amortization of goodwill	172	222
Increase (decrease) in allowance for doubtful accounts	(2)	(12)
Increase (decrease) in net defined benefit liability	150	361
Increase(decrease) in provision for directors' retirement benefits	0	8
Interest and dividend income	(165)	(216)
Gain on reversal of loss on valuation of investment securities	(5)	(19)
Interest expenses	142	117
Foreign exchange losses (gains)	20	0
Gain from sale of fixed assets	(64)	(169)
Fixed assets of retirement and loss from sale of fixed assets	191	66
Loss (gain) on sales of investment securities	(18)	(68)
Loss on disaster	49	–
Gain on revision of retirement benefit plan	(242)	–
Decrease (increase) in notes and accounts receivable - trade	(2,230)	(5,495)
Decrease (increase) in inventories	(30)	(123)
Decrease (increase) in other assets	(305)	(365)
Increase (decrease) in notes and accounts payable - trade	(77)	1,427
Increase (decrease) in other liabilities	1,479	(1,289)
Other, net	519	421
Subtotal	9,585	5,250
Interest and dividend income received	155	193
Interest expenses paid	(146)	(120)
Income taxes paid	(1,499)	(1,715)
Other, net	177	24
Net cash provided by (used in) operating activities	8,271	3,633
Cash flows from investing activities		
Decrease (increase) in time deposits	(32)	65
Net decrease (increase) in short-term loans receivable	5	1
Purchase of property, plant and equipment	(4,395)	(2,914)
Proceeds from sales of property, plant and equipment	473	238
Purchase of intangible assets	(232)	(135)
Purchase of investment securities	(22)	(236)
Proceeds from sales of investment securities	35	149
Payments of long-term loans receivable	(6)	(7)
Collection of long-term loans receivable	10	10
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(3,297)
Payments for transfer of business	(21)	(960)
Other, net	(249)	91
Net cash provided by (used in) investing activities	(4,435)	(6,995)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	515	783
Redemption of bonds	(3,000)	–
Proceeds from long-term loans payable	1,100	1,204
Repayments of long-term loans payable	(1,345)	(2,163)
Cash dividends paid	(938)	(995)
Dividends paid to non-controlling interests	(25)	(27)
Repayments of finance lease obligations	(298)	(324)
Other, net	(34)	(30)
Net cash provided by (used in) financing activities	(4,027)	(1,554)
Effect of exchange rate change on cash and cash equivalents	(584)	(84)
Net increase (decrease) in cash and cash equivalents	(775)	(5,000)
Cash and cash equivalents at beginning of period	19,954	31,398
Cash and cash equivalents at end of period	19,179	26,397