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August 7, 2017

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

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 Stock exchange listing: Tokyo
 Stock code: 2445 URL: <http://www.srg.jp/>
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 Scheduled date to file Quarterly Securities Report: August 9, 2017
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of 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 income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2017	8,761	7.6	259	(4.6)	269	190.9	202	—
Three months ended June 30, 2016	8,142	4.5	272	7.5	92	(69.9)	(37)	—

(Note) Comprehensive income Three months ended June 30, 2017: 65 million yen (—%)
 Three months ended June 30, 2016: (134) million yen (—%)

	Earnings per share		Diluted earnings per share	
	yen		yen	
Three months ended June 30, 2017	4.74		4.60	
Three months ended June 30, 2016	(0.86)		—	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of June 30, 2017	50,325		12,487		24.1		283.95	
As of March 31, 2017	52,760		12,699		23.4		288.97	

(Reference) Shareholders equity As of June 30, 2017: 12,153 million yen
 As of March 31, 2017: 12,338 million yen

2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen				
Year ended March 31, 2017	—	3.50	—	6.50	10.00
Year ending March 31, 2018	—	—	—	—	—
Year ending March 31, 2018 (forecasts)	—	4.00	—	7.00	10.00

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 income		Ordinary income		Profit attributable to owners of parent		Earnings per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Six months ending September 30, 2017	18,280	4.3	900	(6.9)	770	3.9	490	16.6	11.48	
Full year	38,300	4.2	2,850	17.3	2,600	11.3	1,700	12.1	39.82	

(Note) Revisions to performance forecasts published most recently: No

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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: No

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 June 30, 2017	45,407,600 shares	As of March 31, 2017	45,304,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2017	2,606,723 shares	As of March 31, 2017	2,606,631 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	42,699,591 shares	Three months ended June 30, 2016	43,725,930 shares
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* Quarterly summary of financial results is not covered by quarterly review.

* Explanation regarding appropriate use of the earnings forecast and other special notes

(notes on descriptions about the future, etc.)

Descriptions about the future such as performance forecasts contained in this document are based on information currently available to the Company and certain presumptions considered as reasonable, and those are not intended to indicate the Company should assure that it would realize such forecasts. Meanwhile, actual performance in the future may differ substantially, influenced by a wide variety of factors. For preconditions for performance forecasts and precaution statements in using such forecasts, please see the appendix, page 2, "1. Qualitative information regarding the financial results for the current quarter: (3) Descriptions regarding future prospects such as consolidated performance forecasts".

○ Table of Contents: Appendix

1. Qualitative Information regarding the Current Quarter	2
(1) Descriptions regarding operating results.....	2
(2) Descriptions regarding financial position	2
(3) Descriptions regarding future prospects such as consolidated performance forecasts.....	2
2. Quarterly consolidated financial statements and principal notes.....	3
(1) Quarterly consolidated balance sheets	3
(2) Quarterly consolidated statements of income and statement of comprehensive income	5
Quarterly consolidated statements of income	
For the first quarter consolidated cumulative period.....	5
Quarterly consolidated statement of comprehensive income	
For the first quarter consolidated cumulative period.....	6
(3) Notes on quarterly consolidated financial statements	7
(Going concern assumption)	7
(Notes in case of significant changes in the amount of shareholders' equity).....	7
(Changes in important subsidiaries during the current consolidated cumulative period).....	7
(Segment information)	7

1. Qualitative information regarding the current quarter

(1) Descriptions regarding operating results

During the current first quarter consolidated cumulative period, Japanese economy has shown gradual upswing thanks to improvement in overall corporate profit and employment environment. Overseas, however, global economic prospects have still been under unpredictable and unclear situation, especially in Europe, USA and China.

In the construction industry in which the Group operates, construction works have already been started gradually, including large-scale redevelopment work around Tokyo metropolitan area and the those related to the upcoming Olympic/Paralympic Games in Tokyo, so our environment for receiving orders has largely been steadily growing. In such an environment, the Group has proactively put its efforts to promotion of both sales business and rental business, and overseas business expansion mainly in ASEAN region, aiming at achieving de facto standards with its own next-generation scaffolding called "Iq System".

During the current fiscal period, in terms of domestic activities, the Group is in the process of merging Hory Corporation for the purposes of enhancing its consistent structure for development, manufacture, sales and rental business of temporary equipment, notably the "Iq System", and of higher efficiency in group asset management and improved development capabilities.

Overseas, foundations of internal control schemes at subsidiaries in the Philippines and Korea have been enhanced.

As a result, consolidated performance of the current first quarter consolidated cumulative period was as follows: net sales of 8,761,478,000 yen (increase by 7.6% YoY); operating income of 259,912,000 yen (decrease by 4.6% YoY); ordinary income of 269,376,000 yen (increase by 190.9% YoY); and profit attributable to owners of parent of 202,545,000 yen (to the contrary, loss attributable to owners of parent of 37,407,000 yen in the same period of the previous year).

Operating results of individual business segments are as follows.

① Sales business

With respect to the "Iq System", the Group has continued since the previous term to proactively promote recommending solutions in response to a wide variety of customers' needs. Consequently, the Group received large-scale sales orders and has received increasing number of inquiries. Also, there has been a rise in profitability due to reduced production cost.

These operations resulted in net sales of 3,887,089,000 yen (increase by 6.4% YoY) and operating income of 462,726,000 yen (increase by 19.6% YoY).

② Rental business

Regarding private construction work, the Group has, in an environment where construction demands rise steadily, proposed highly value-added services together with scaffolding set-up services to its customers, in addition to safety and easiness to set-up temporary equipment centered on the "Iq System". Concerning temporary equipment for civil engineering / bridge construction, although there are some delay in commencement, shipment operations resumed little by little. In terms of profitability, there is some increase in depreciation due to proactive expansion of temporary equipment varieties carried out during the previous year. In addition, two subsidiaries in Northern Shinetsu and Northern Kanto regions were merged during the previous year and first half of the current fiscal year, but these had only slight effects on efficient asset management and other aspects because there had not been so much time since their merger.

These operations resulted in net sales of 5,230,610,000 yen (increase by 4.4% YoY) and operating income of 188,136,000 yen (decrease by 50.1% YoY).

③ Overseas business

DIMENSION-ALL INC. (Philippines) and Hory Korea Co., Ltd. have strengthened their foundations of internal control schemes such as operational management and inventory control, being issues carried over since the previous year. Since then, especially in the Philippines, proactive sales activities started in the context of construction demands rising vigorously.

These operations resulted in net sales of 1,123,949,000 yen (increase by 11.6% YoY) and operating loss of 4,882,000 yen (in comparison, operating loss of 25,000,000 yen in the same period of the previous year), indicating some prospects for recovery in profitability.

(2) Descriptions regarding financial position

Total assets was 50,325,102,000 yen at the end of the current first quarter consolidated fiscal period, i.e. decrease by 2,435,390,000 yen as compared to the end of previous consolidated fiscal year. This is mainly due to decrease in cash and deposits by 1,300,689,000 yen, decrease in notes and accounts receivable - trade by 1,743,034,000 yen.

Total liabilities was 37,837,798,000 yen, namely decrease by 2,222,990,000 yen since the end of the previous consolidated fiscal year. This is mainly due to decrease in income taxes payable by 627,735,000 yen, and decrease in long-term loans payable (including current portion) by 1,355,503,000 yen.

Total net assets was 12,487,304,000 yen, namely decrease by 212,400,000 yen since the end of the previous consolidated fiscal year. This is mainly due to decrease in foreign currency translation adjustment by 164,007,000 yen.

(3) Descriptions regarding future prospects such as consolidated performance forecasts

Consolidated performance was generally as expected. Thus, at this point, there is no change in consolidated performance forecasts for the second quarter consolidated cumulative period and for the full term, as announced in the "Summary of Consolidated Financial Results for the Year Ended March 31, 2017" published on May 10, 2017.

2. Quarterly consolidated financial statements and principal notes

(1) Quarterly consolidated balance sheets

	(Thousand yen)	
	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	5,587,909	4,287,219
Notes and accounts receivable - trade	10,189,280	8,446,246
Merchandise and finished goods	2,745,211	3,039,653
Work in process	623,679	671,038
Raw materials and supplies	831,797	918,982
Deferred tax assets	148,540	174,849
Other	588,403	633,483
Allowance for doubtful accounts	(157,578)	(153,090)
Total current assets	20,557,244	18,018,382
Non-current assets		
Property, plant and equipment		
Assets for rent	38,284,023	38,411,114
Accumulated depreciation-Assets for rent	(19,560,884)	(19,852,936)
Assets for rent, net	18,723,139	18,558,178
Buildings and structures	5,542,443	5,519,692
Accumulated depreciation and impairment loss	(2,868,075)	(2,882,085)
Buildings and structures, net	2,674,367	2,637,606
Machinery, equipment and vehicles	1,896,008	1,890,490
Accumulated depreciation	(770,006)	(796,362)
Machinery, equipment and vehicles, net	1,126,002	1,094,127
Land	5,277,847	5,274,899
Leased assets	882,272	852,286
Accumulated depreciation	(427,554)	(444,395)
Leased assets, net	454,717	407,891
Construction in progress	118,562	139,756
Other	910,328	919,399
Accumulated depreciation	(562,797)	(579,219)
Other, net	347,530	340,179
Total property, plant and equipment	28,722,168	28,452,639
Intangible assets		
Leasehold right	327,821	327,821
Goodwill	110,950	96,555
Leased assets	51,197	41,880
Other	149,694	143,372
Total intangible assets	639,664	609,629
Investments and other assets		
Investment securities	421,491	436,986
Guarantee deposits	582,842	583,201
Membership	46,206	31,146
Net defined benefit asset	84,070	97,992
Deferred tax assets	799,448	804,817
Other	969,007	1,351,932
Allowance for doubtful accounts	(61,649)	(61,625)
Total investments and other assets	2,841,416	3,244,450
Total non-current assets	32,203,248	32,306,719
Total assets	52,760,493	50,325,102

(Thousand yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,971,664	5,957,931
Short-term loans payable	5,163,530	5,474,153
Current portion of bonds	62,500	62,500
Current portion of long-term loans payable	5,762,166	5,653,586
Lease obligations	202,507	186,062
Income taxes payable	776,202	148,467
Provision for bonuses	229,602	95,741
Notes payable - facilities	241,378	78,285
Other	2,196,593	2,144,830
Total current liabilities	20,606,144	19,801,558
Non-current liabilities		
Bonds payable	612,500	581,250
Long-term loans payable	15,403,972	14,157,048
Lease obligations	354,502	311,368
Provision for directors' retirement benefits	47,365	48,675
Net defined benefit liability	853,787	794,420
Asset retirement obligations	12,457	12,534
Other	2,170,058	2,130,943
Total non-current liabilities	19,454,643	18,036,239
Total liabilities	40,060,788	37,837,798
Net assets		
Shareholders' equity		
Capital stock	714,770	729,032
Capital surplus	1,208,857	1,223,120
Retained earnings	11,425,631	11,350,643
Treasury shares	(1,232,951)	(1,233,001)
Total shareholders' equity	12,116,307	12,069,794
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46,873	57,040
Deferred gains or losses on hedges	(48,354)	(44,218)
Foreign currency translation adjustment	241,387	77,379
Remeasurements of defined benefit plans	(17,842)	(6,556)
Total accumulated other comprehensive income	222,063	83,644
Subscription rights to shares	271,176	242,754
Non-controlling interests	90,157	91,110
Total net assets	12,699,704	12,487,304
Total liabilities and net assets	52,760,493	50,325,102

(2) Quarterly consolidated statements of income and statement of comprehensive income

(Quarterly consolidated statements of income)

(For the first quarter consolidated cumulative period)

(Thousand yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	8,142,851	8,761,478
Cost of sales	5,759,603	6,302,611
Gross profit	2,383,248	2,458,867
Selling, general and administrative expenses	2,110,945	2,198,954
Operating income	272,302	259,912
Non-operating income		
Interest income	2,656	3,695
Dividend income	8,949	15,907
Rent income	30,031	13,416
Contribution for Assets for rent	5,266	9,235
Gain on sales of Scrap	7,359	16,389
Share of profit of entities accounted for using equity method	8,794	38,574
Other	18,696	20,950
Total non-operating income	81,755	118,170
Non-operating expenses		
Interest expenses	54,772	56,188
Commission fee	18,342	25,319
Loss on valuation of derivatives	6,670	1,195
Foreign exchange losses	168,442	11,658
Other	13,228	14,344
Total non-operating expenses	261,456	108,706
Ordinary income	92,601	269,376
Extraordinary income		
Gain on sales of non-current assets	3,552	1,191
Total extraordinary income	3,552	1,191
Extraordinary losses		
Loss on sales of non-current assets	3,617	3,074
Total extraordinary losses	3,617	3,074
Profit before income taxes	92,536	267,493
Income taxes - current	90,599	112,626
Income taxes - deferred	39,506	(48,581)
Total income taxes	130,105	64,045
Profit (loss)	(37,569)	203,448
Profit (loss) attributable to non-controlling interests	(161)	903
Profit (loss) attributable to owners of parent	(37,407)	202,545

(Quarterly consolidated statements of income)
(For the first quarter consolidated cumulative period)

(Thousand yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit (loss)	(37,569)	203,448
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,835)	10,198
Deferred gains (losses) on hedges	(7,221)	4,135
Foreign currency translation adjustment	(97,676)	(164,007)
Remeasurements of defined benefit plans, net of tax	13,927	11,285
Total other comprehensive income	(96,806)	(138,387)
Comprehensive income	(134,375)	65,061
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(134,211)	64,126
Comprehensive income attributable to non-controlling interests	(163)	934

(3) Notes on quarterly consolidated financial statements

(Going concern assumption)

Not applicable.

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

Not applicable.

(Changes in important subsidiaries during the current consolidated cumulative period)

Not applicable.

It should be noted that, although not applicable to changes in particular subsidiaries, TATSUMI CO., LTD. has been excluded from the scope of consolidated accounting since it was merged by the Company during the current first quarter consolidated fiscal period.

(Segment information)

【Segment Information】**I Previous first quarter consolidated cumulative period (from April 1, 2016 to June 30, 2016)****1. Information on amount of net sales and of income/loss for each reportable segment.**

	(Thousand yen)					
	Sales business	Rental business	Overseas business	Total	Adjustment (Note 1)	Amount allocated to the quarterly consolidated P/L statement (Note 2)
Net sales						
Sales to external customers	2,561,027	4,951,911	629,912	8,142,851	–	8,142,851
Inter-segment sales or transfer	1,091,126	59,169	376,918	1,527,214	(1,527,214)	–
Total	3,652,153	5,011,080	1,006,831	9,670,065	(1,527,214)	8,142,851
Segment income (loss)	386,764	377,355	(25,000)	739,119	(466,816)	272,302

Notes: 1. Adjusted segment profit (loss) of (466,816) thousand yen includes inter-segment transaction elimination of (129,026) thousand yen and corporate expenses not allocated to individual reportable segments of (337,789) thousand yen. Corporate expenses comprises mainly of general and administrative expenses not attributable to reportable segments.

2. Segment income (loss) is in agreement with the operating income (loss) presented on the Quarterly consolidated statements of income.

2. Information on impairment loss of non-current assets or goodwill, etc. for each reportable segment.

Not applicable.

II Current first quarter consolidated cumulative period (from April 1, 2017 to June 30, 2017)**1. Information on amount of net sales and of income/loss for each reportable segment.**

	(Thousand yen)					
	Sales business	Rental business	Overseas business	Total	Adjustment (Note 1)	Amount allocated to the quarterly consolidated P/L statement (Note 2)
Net sales						
Sales to external customers	2,804,842	5,177,765	778,870	8,761,478	–	8,761,478
Inter-segment sales or transfer	1,082,246	52,844	345,078	1,480,170	(1,480,170)	–
Total	3,887,089	5,230,610	1,123,949	10,241,649	(1,480,170)	8,761,478
Segment income (loss)	462,726	188,136	(4,882)	645,981	(386,068)	259,912

Notes: 1. Adjusted segment profit (loss) of (386,068) thousand yen includes inter-segment transaction elimination of (28,476) thousand yen and corporate expenses not allocated to individual reportable segments of (357,591) thousand yen. Corporate expenses comprises mainly of general and administrative expenses not attributable to reportable segments.

2. Segment income (loss) is in agreement with the operating income (loss) presented on the Quarterly consolidated statements of income.

2. Information on impairment loss of non-current assets or goodwill, etc. for each reportable segment.

Not applicable.