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August 9, 2018

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

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 Stock exchange listing: Tokyo
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 Scheduled date to file Quarterly Securities Report: August 10, 2018
 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, 2018 (from April 1, 2018 to June 30, 2018)

(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, 2018	9,725	11.0	255	(1.7)	316	17.7	184	(9.1)
Three months ended June 30, 2017	8,761	7.6	259	(4.6)	269	190.9	202	—

(Note) Comprehensive income Three months ended June 30, 2018: (33) million yen (—%)
 Three months ended June 30, 2017: 65 million yen (—%)

	Earnings per share		Diluted earnings per share	
	yen		yen	
Three months ended June 30, 2018	4.30		4.17	
Three months ended June 30, 2017	4.74		4.60	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of June 30, 2018	53,306		13,218		24.1		300.04	
As of March 31, 2018	52,813		13,552		25.0		307.89	

(Reference) Shareholders equity As of June 30, 2018: 12,854 million yen
 As of March 31, 2018: 13,190 million yen

2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen				
Year ended March 31, 2018	—	4.00	—	7.00	11.00
Year ending March 31, 2019	—	—	—	—	—
Year ending March 31, 2019 (forecasts)	—	4.00	—	7.00	11.00

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

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 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, 2018	19,500	9.1	900	11.9	780	(7.2)	393	(35.4)	9.17	
Full year	41,000	13.5	2,500	47.8	2,230	38.5	1,333	6.5	31.11	

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

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4. Notes

- (1) Changes in significant subsidiaries during the current quarter consolidated cumulative period (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods to the preparation of quarterly consolidated financial statement: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- ① Changes in accounting policies due to revisions to accounting standards and other regulations: No
 - ② Changes in accounting policies due to other reasons: No
 - ③ Changes in accounting estimates: No
 - ④ 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	45,447,600 shares	As of March 31, 2018	45,447,600 shares
Number of treasury shares at the end of the period			
As of June 30, 2018	2,606,863 shares	As of March 31, 2018	2,606,863 shares
Average number of shares during the period (cumulative from the beginning of the fiscal year)			
Three months ended June 30, 2018	42,840,737 shares	Three months ended June 30, 2017	42,699,591 shares

* Quarterly summary of financial results is not included in a quarterly review by a certified public accountant or an auditing firm.

* 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".

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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 concerns about consequences of the protectionist U.S. policies.

In the construction industry in which the Group operates, our environment for receiving orders still continues to grow steadily, including large-scale redevelopment work around Tokyo metropolitan area and those related to the upcoming Olympic/Paralympic Games in Tokyo. At the same time, however, consequences due to shortage of construction workers, rise in material prices and other factors have become more apparent.

In such an environment, the Group has proactively put its efforts to promotion of both sales business and rental business, streamlining of management focusing on reduction in manufacturing cost, and building up its supply structure of temporary equipment for rent that is stable even during busy seasons, with its aim at achieving de facto standards with its own next-generation scaffolding called "Iq System". Furthermore, it has developed proactive sales activities for manufacturing/sales/rental business of temporary equipment overseas mainly in ASEAN region.

As a result, consolidated performance of the current first consolidated cumulative period was as follows: net sales of 9,725,219,000 yen (increase by 11.0% YoY); operating income of 255,483,000 yen (decrease by 1.7% YoY); ordinary income of 316,950,000 yen (increase by 17.7% YoY); and quarterly net profit attributable to owners of parent of 184,044,000 yen (decrease by 9.1% YoY).

Operating results of individual business segments are as follows.

① Sales business

Although inter-segment sales considerably decreased due to integration of Hory Corp., a manufacturing subsidiary in Jan., 2018, as for external sales the Group has seen steady growth of its environment for receiving orders together with many inquiries about the "Iq System" from customers, and proactively recommending solutions in response to a wide variety of customers' needs resulted in receiving several orders for medium-scale sales transactions.

As a result, net sales was 2,877,357,000 yen (decrease by 26.0% YoY, including decrease in inter-segment sales by 97.8% YoY and increase in sales to external customers by 1.7% YoY), and operating income was 341,562,000 yen (decrease by 26.2% YoY).

② Rental business

Regarding private construction work, the Group has, in an environment where demands rise steadily, proposed highly value-added services together with scaffolding set-up services to its customers, in addition to providing temporary equipment that is safer and easier to set up, centered on the "Iq System". As a result, utilization of temporary equipment remains at a high level. At the same time, it has just started shipment of temporary equipment in the field of civil engineering and bridge construction where prominent delay in commencement of work had been observed. As a result, during the current first quarter consolidated cumulative period, overall shipment quantities of temporary equipment including those for private construction work and civil engineering and bridge construction largely exceeded the same period of the previous year. However, increase in the shipment quantities was still on a rising trend starting from the beginning of the period and accordingly had only a little effect, so net sales just increased slightly. In addition, investment in temporary equipment for rent passed a peak and therefore depreciation that was on an upward trend stayed at almost the same level as the previous year.

These operations resulted in net sales of 5,279,308,000 yen (increase by 0.9% YoY) and operating income of 265,904,000 yen (increase by 41.3% YoY).

③ Overseas business

DIMENSION-ALL INC. (a subsidiary in the Philippines) has rolled out proactive sales activities in the context of construction demands rising vigorously, continuously making new records of high utilization, whereas concerning its profitability, in addition to increased depreciation due to proactive investment in temporary equipment, SG&A expenses also increased because of e.g. opening a new sales base in Davao. Hory Korea Co., Ltd. received orders for selling large-size solar panel mounting frames and installation work of them, but on the other hand, like in the Philippines, depreciation increased due to proactive investment in equipment.

These operations resulted in net sales of 1,991,457,000 yen (increase by 77.2% YoY) and operating loss of 30,374,000 yen (in comparison, operating loss of 4,882,000 yen in the same period of the previous year).

(2) Descriptions regarding financial position

Total assets was 53,306,326,000 yen at the end of the current first quarter consolidated fiscal period, i.e. increase by 492,737,000 yen as compared to the end of previous consolidated fiscal year. This is mainly due to increase in cash and deposits by 486,080,000 yen, increase in notes and accounts receivable - trade by 367,674,000 yen, and decrease in assets for rent by 648,015,000 yen.

Total liabilities was 40,087,606,000 yen, namely increase by 826,132,000 yen since the end of the previous consolidated fiscal year. This is mainly due to increase in notes and accounts payable by 626,367,000 yen, decrease in short-term loans payable by 573,306,000 yen, and increase in long-term loans payable (including current portion) by 584,166,000 yen.

Total net assets was 13,218,720,000 yen, namely decrease by 333,394,000 yen since the end of the previous consolidated fiscal year. This is mainly due to decrease in foreign currency translation adjustment by 224,655,000 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, 2018" published on May 9, 2018.

2. Quarterly consolidated financial statements and principal notes

(1) Quarterly consolidated balance sheets

	(Thousand yen)	
	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	5,150,160	5,636,241
Notes and accounts receivable - trade	9,547,860	9,915,535
Merchandise and finished goods	3,050,797	3,246,224
Work in process	805,016	897,349
Raw materials and supplies	848,357	858,174
Other	747,353	813,030
Allowance for doubtful accounts	(178,162)	(191,770)
Total current assets	19,971,384	21,174,785
Non-current assets		
Property, plant and equipment		
Assets for rent	39,645,483	39,590,532
Accumulated depreciation-Assets for rent	(21,383,108)	(21,976,173)
Assets for rent, net	18,262,374	17,614,359
Buildings and structures	6,102,671	6,157,500
Accumulated depreciation and impairment loss	(3,093,236)	(3,159,462)
Buildings and structures, net	3,009,435	2,998,037
Machinery, equipment and vehicles	2,057,439	2,034,711
Accumulated depreciation	(931,122)	(958,949)
Machinery, equipment and vehicles, net	1,126,316	1,075,762
Land	5,680,348	5,679,051
Leased assets	926,609	879,896
Accumulated depreciation	(471,143)	(420,570)
Leased assets, net	455,465	459,326
Construction in progress	122,917	211,302
Other	967,774	983,096
Accumulated depreciation	(657,917)	(675,546)
Other, net	309,856	307,550
Total property, plant and equipment	28,966,714	28,345,389
Intangible assets		
Leasehold right	327,821	327,821
Goodwill	344,792	316,294
Leased assets	22,515	18,150
Other	158,943	150,221
Total intangible assets	854,073	812,487
Investments and other assets		
Investment securities	489,662	489,517
Guarantee deposits	589,381	588,801
Membership	39,356	39,356
Net defined benefit asset	85,768	82,947
Deferred tax assets	919,951	895,600
Other	942,141	923,142
Allowance for doubtful accounts	(44,844)	(45,700)
Total investments and other assets	3,021,417	2,973,664
Total non-current assets	32,842,205	32,131,540
Total assets	52,813,589	53,306,326

(Thousand yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,349,587	5,975,955
Short-term loans payable	6,645,188	6,071,882
Current portion of bonds	62,500	61,250
Current portion of long-term loans payable	5,651,675	5,763,528
Lease obligations	170,624	161,968
Income taxes payable	355,330	179,038
Provision for bonuses	188,904	74,105
Notes payable - facilities	246,061	201,826
Other	2,322,007	2,700,556
Total current liabilities	20,991,878	21,190,110
Non-current liabilities		
Bonds payable	1,450,000	1,720,000
Long-term loans payable	13,653,216	14,125,529
Lease obligations	337,059	347,967
Net defined benefit liability	883,169	881,429
Asset retirement obligations	15,504	15,598
Other	1,930,646	1,806,970
Total non-current liabilities	18,269,595	18,897,496
Total liabilities	39,261,474	40,087,606
Net assets		
Shareholders' equity		
Capital stock	731,097	731,097
Capital surplus	1,225,185	1,225,185
Retained earnings	12,229,063	12,113,223
Treasury shares	(1,233,095)	(1,233,095)
Total shareholders' equity	12,952,251	12,836,411
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	80,629	79,967
Deferred gains or losses on hedges	(38,496)	(34,006)
Foreign currency translation adjustment	209,100	(15,554)
Remeasurements of defined benefit plans	(13,462)	(12,761)
Total accumulated other comprehensive income	237,770	17,644
Subscription rights to shares	268,274	268,274
Non-controlling interests	93,817	96,389
Total net assets	13,552,115	13,218,720
Total liabilities and net assets	52,813,589	53,306,326

(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, 2017	Three months ended June 30, 2018
Net sales	8,761,478	9,725,219
Cost of sales	6,302,611	7,217,008
Gross profit	2,458,867	2,508,210
Selling, general and administrative expenses	2,198,954	2,252,726
Operating income	259,912	255,483
Non-operating income		
Interest income	3,695	2,256
Dividend income	15,907	16,160
Rent income	13,416	12,741
Contribution for Assets for rent	9,235	11,851
Gain on sales of Scrap	16,389	31,194
Share of profit of entities accounted for using equity method	38,574	—
Foreign exchange gains	—	54,989
Other	20,950	23,051
Total non-operating income	118,170	152,244
Non-operating expenses		
Interest expenses	56,188	58,515
Commission fee	25,319	16,618
Bond issuance cost	—	4,674
Loss on valuation of derivatives	1,195	1,357
Foreign exchange losses	11,658	—
Other	14,344	9,612
Total non-operating expenses	108,706	90,778
Ordinary income	269,376	316,950
Extraordinary income		
Gain on sales of non-current assets	1,191	—
Total extraordinary income	1,191	—
Extraordinary losses		
Loss on sales of non-current assets	3,074	165
Total extraordinary losses	3,074	165
Profit before income taxes	267,493	316,784
Income taxes - current	112,626	116,888
Income taxes - deferred	(48,581)	13,297
Total income taxes	64,045	130,185
Profit (loss)	203,448	186,598
Profit (loss) attributable to non-controlling interests	903	2,554
Profit (loss) attributable to owners of parent	202,545	184,044

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

(Thousand yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Profit (loss)	203,448	186,598
Other comprehensive income		
Valuation difference on available-for-sale securities	10,198	(644)
Deferred gains (losses) on hedges	4,135	4,490
Foreign currency translation adjustment	(164,007)	(224,655)
Remeasurements of defined benefit plans, net of tax	11,285	700
Total other comprehensive income	(138,387)	(220,108)
Comprehensive income	65,061	(33,509)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	64,126	(36,081)
Comprehensive income attributable to non-controlling interests	934	2,572

(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, TOTAL TOSHISEIBI Co., Ltd. has been excluded from the scope of consolidated accounting since it was merged with SN Build Tech Co., Ltd. (surviving company) and accordingly became extinct during the current first quarter consolidated fiscal period. In addition, SN Build Tech Co., Ltd. changed its trade name to TOTAL TOSHISEIBI Co., Ltd.

(Additional information)

(Application of "Partial amendment of 'Accounting Standards for Tax Effect Accounting'" and others)

"Partial amendment of 'Accounting Standards for Tax Effect Accounting'" (Accounting Standards for Business Enterprises, No. 28, February 16, 2018) and others have been applied since the beginning of the current first quarter consolidated fiscal period. Accordingly, deferred tax assets falls under investment and other assets; and deferred tax liabilities falls under non-current liabilities.

(Segment information)

【Segment Information】

I Previous 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.

II Current first quarter consolidated cumulative period (from April 1, 2018 to June 30, 2018)

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	2,853,034	5,253,214	1,618,970	9,725,219	—	9,725,219
Inter-segment sales or transfer	24,322	26,093	372,486	422,903	(422,903)	—
Total	2,877,357	5,279,308	1,991,457	10,148,122	(422,903)	9,725,219
Segment income (loss)	341,562	265,904	(30,374)	577,091	(321,607)	255,483

Notes: 1. Adjusted segment profit (loss) of (321,607) thousand yen includes inter-segment transaction elimination of 88,859 thousand yen and corporate expenses not allocated to individual reportable segments of (410,467) 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.