

Consolidated Financial Results for the Three Months Ended June 30, 2018 [Japanese GAAP]



August 7, 2018

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 Stock exchange listing: Tokyo Stock Exchange
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 Scheduled date of filing quarterly securities report: August 10, 2018
 Scheduled date of commencing dividend payments: —
 Availability of supplementary briefing material on quarterly financial results: No
 Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2018 (April 1, 2018 to June 30, 2018)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2018	20,200	7.0	2,033	58.0	2,237	56.7	1,503	173.1
June 30, 2017	18,877	2.8	1,287	(30.3)	1,427	(17.9)	550	(65.8)

(Note) Comprehensive income: Three months ended June 30, 2018: ¥1,245 million [45.0%]

Three months ended June 30, 2017: ¥859 million [(31.1)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2018	75.02	-
June 30, 2017	27.47	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2018	82,173	49,345	60.0	2,461.19
As of March 31, 2018	83,677	48,901	58.4	2,438.94

(Reference) Equity: As of June 30, 2018: ¥49,314 million

As of March 31, 2018: ¥48,868 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	-	0.00	-	40.00	40.00
Fiscal year ending March 31, 2019	-				
Fiscal year ending March 31, 2019 (Forecast)		0.00	-	40.00	40.00

(Note) Revision to the forecast for dividends 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.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	41,261	(0.5)	4,353	2.1	4,285	(5.0)	2,847	10.3	142.09
Full year	85,746	(0.6)	9,243	6.8	9,233	2.9	6,155	8.3	307.20

(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

New: - (Company name: -)

Exclusion: - (Company name: -)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated 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: 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 shares)

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

June 30, 2018: 22,066,160 shares

March 31, 2018: 22,066,160 shares

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

June 30, 2018: 2,029,421 shares

March 31, 2018: 2,029,421 shares

3) Average number of shares during the period:

Three months ended June 30, 2018: 20,036,739 shares

Three months ended June 30, 2017: 20,036,952 shares

* These quarterly financial results are outside the scope of quarterly review conducted by certified public accountants and an audit corporation.

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

Financial results forecasts and other forward-looking statements herein are based on information currently available and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors.

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

The forward-looking statements herein are based on the judgments as of the end of the quarterly consolidated accounting period under review.

Additionally, “Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.” (The Accounting Standards Board of Japan (ASBJ) Statement No. 28; February 16, 2018) and other standards have been adopted from the beginning of the first quarter of the fiscal year under review. For the status of financial position, comparison with the previous fiscal year and analysis were made based on the figures after retrospectively applying the said accounting standard, etc.

(1) Explanation of Operating Results

During the three months ended June 30, 2018, the Japanese economy remained on a moderate recovery path as the government’s economic and financial policies helped improve corporate revenue and the employment environment. Meanwhile, rising material prices and concern about export environment associated with the increasing trade friction caused by the U.S. are considered future economic downturn risks.

In the business environment in which our Group operates, overall sales in the restaurant industry are above the level of the previous fiscal year, due to ongoing rise in spending per customer as a result of developing high-value added menu and price revision, despite harsh business conditions such as difficulty in hiring and a rise in labor costs due to the impact of serious personnel shortage and cost increase associated with a rise in food prices.

In the distribution industry, harsh conditions continued as food supermarkets reined in new openings mainly due to higher construction and transportation costs and difficulty in hiring part-time personnel. In the convenience store industry, monthly sales were above the same month of the previous year on an all-store basis, but the results were fluctuating on same-store basis, with some months indicating a year on year decrease. Also, a strong desire to restrain spending for daily necessities among consumers was ongoing and stoked demand for discount shops, which led to continued openings of drug stores that strengthen sales of low-price food products through low-cost operations.

Net sales of commercial refrigerators and freezers decreased by 1.6% year on year. Sales of general purpose refrigerators and freezers were lackluster compared to the same quarter of the previous year as major restaurant companies focused on remodeling of existing stores and shifting overseas, and reined in new openings in Japan.

Net sales of refrigerated and freezer showcases increased by 7.1% year on year. This was due to continued vigorous new openings of drug stores that strengthened sales of food products, though new store openings of supermarkets decreased due to higher construction costs coupled with market area saturation, and investment in remodeling to integrate convenience stores almost finished.

Net sales of large-scale food processing equipment decreased by 5.7 % year on year as there were fewer deliveries during the first quarter of the fiscal year under review compared to the same quarter of the previous year, although inquiries were steady for tunnel freezers used in the cooling process for frozen and chilled food mainly by food manufacturers.

Net sales of large-scale panel refrigerators for the period increased by 59.9% year on year as large-scale orders, etc. from food factories for delicatessen and boxed lunch and low-temperature distribution centers continued to be favorable.

Net sales of small-scale panel refrigerators for the period increased slightly by 0.8% year on year, although orders for panel refrigerators used in back rooms of supermarkets and convenience stores slightly decelerated.

Net sales from services increased by 9.6% year on year due to the impact of a dry rainy season and a rise in repairs associated with an increase in the number of convenience stores and drug stores.

At the manufacturing department, the Company completed refurbishment of the truck berths at its Okayama factory in June to increase distribution efficiency, with a plan to start full-scale operation in July. In addition, the Company undertook initiatives to improve productivity by streamlining the inspection process and renovating the production lines at its Shiga and Okayama factories. With regard to panel refrigerators, the

Company made capital investment in response to vigorous demand for large-scale panels, and its production volume has been greatly enhanced from June. Meanwhile, the Company undertook initiatives to reduce fixed costs and purchasing costs in order to offset higher costs, such as a sharp increase in the prices of raw materials and import products, as well as transportation costs.

As a result, for the three months ended June 30, 2018, net sales increased by 7.0% year on year to ¥20,200 million. Operating profit increased by 58.0% year on year to ¥2,033 million, ordinary profit increased by 56.7% year on year to ¥2,237 million, and profit attributable to owners of parent increased by 173.1% year on year to ¥1,503 million.

(2) Explanation of Financial Position

(Current assets)

Current assets as of the end of the first quarter of the fiscal year under review decreased by ¥2,116 million to ¥57,856 million (¥59,972 million at the end of the previous fiscal year). This is mainly attributable to a decrease in notes and accounts receivable - trade.

(Non-current assets)

Non-current assets as of the end of the first quarter of the fiscal year under review increased by ¥612 million to ¥24,316 million (¥23,704 million at the end of the previous fiscal year). This is mainly attributable to an increase in land under property, plant and equipment.

(Current liabilities)

Current liabilities as of the end of the first quarter of the fiscal year under review decreased by ¥1,666 million to ¥31,034 million (¥32,701 million at the end of the previous fiscal year). This is mainly attributable to a decrease in income taxes payable.

(Non-current liabilities)

Non-current liabilities as of the end of the first quarter of the fiscal year under review decreased by ¥281 million to ¥1,792 million (¥2,074 million at the end of the previous fiscal year). This is mainly attributable to a decrease in deferred tax liabilities included in "other."

(Net assets)

Net assets as of the end of the first quarter of the fiscal year under review increased by ¥444 million to ¥49,345 million (¥48,901 million at the end of the previous fiscal year). This is mainly attributable to an increase in retained earnings due to the recording of profit attributable to owners of parent.

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

For the financial results forecasts for the six months ending September 30, 2018 and the fiscal year ending March 31, 2019, no revisions have been made to the projected figures announced on May 28, 2018.

2. Quarterly Consolidated Financial Statements and Primary Notes
(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	31,870,525	30,245,189
Notes and accounts receivable - trade	22,040,842	20,929,750
Merchandise and finished goods	2,172,702	1,905,093
Work in process	2,248,959	3,285,051
Raw materials and supplies	1,909,033	1,957,679
Other	1,026,115	753,180
Allowance for doubtful accounts	(1,295,261)	(1,219,289)
Total current assets	59,972,918	57,856,656
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,802,974	3,817,360
Land	5,008,260	5,252,393
Other, net	3,154,530	3,145,235
Total property, plant and equipment	11,965,765	12,214,990
Intangible assets	273,105	338,482
Investments and other assets		
Investment securities	9,059,098	8,772,844
Other	2,418,163	3,001,824
Allowance for doubtful accounts	(11,765)	(11,715)
Total investments and other assets	11,465,496	11,762,954
Total non-current assets	23,704,367	24,316,427
Total assets	83,677,286	82,173,083

(Thousand yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,476,888	20,652,591
Short-term loans payable	711,215	642,103
Income taxes payable	2,082,013	954,380
Provision for bonuses	1,436,049	2,258,233
Provision for product warranties	369,167	396,479
Provision for loss on construction contracts	534,234	289,095
Other	6,092,170	5,842,062
Total current liabilities	32,701,738	31,034,945
Non-current liabilities		
Provision for directors' retirement benefits	820,766	834,342
Provision for contingent loss	288,383	273,805
Net defined benefit liability	16,808	-
Asset retirement obligations	101,516	101,782
Other	846,963	582,728
Total non-current liabilities	2,074,439	1,792,658
Total liabilities	34,776,178	32,827,604
Net assets		
Shareholders' equity		
Capital stock	2,760,192	2,760,192
Capital surplus	3,168,379	3,168,379
Retained earnings	41,242,790	41,944,464
Treasury shares	(3,213,394)	(3,213,394)
Total shareholders' equity	43,957,968	44,659,642
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,870,266	4,653,634
Foreign currency translation adjustment	65,057	19,513
Remeasurements of defined benefit plans	(24,814)	(18,611)
Total accumulated other comprehensive income	4,910,509	4,654,535
Non-controlling interests	32,630	31,301
Total net assets	48,901,107	49,345,479
Total liabilities and net assets	83,677,286	82,173,083

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three Months Ended June 30

(Thousand yen)

	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Net sales	18,877,680	20,200,960
Cost of sales	14,394,633	14,859,198
Gross profit	4,483,047	5,341,762
Selling, general and administrative expenses	3,195,980	3,308,749
Operating profit	1,287,066	2,033,013
Non-operating income		
Interest income	2,102	2,210
Dividend income	33,968	34,830
House rent income	23,855	24,094
Insurance and dividend income	32,400	1,433
Foreign exchange gains	3,986	86,824
Other	53,180	68,766
Total non-operating income	149,493	218,161
Non-operating expenses		
Interest expenses	3,987	4,106
Compensation expenses	1,241	2,162
Other	3,722	7,244
Total non-operating expenses	8,952	13,513
Ordinary profit	1,427,607	2,237,660
Extraordinary losses		
Provision for contingent loss	409,270	-
Total extraordinary losses	409,270	-
Profit before income taxes	1,018,336	2,237,660
Income taxes - current	859,810	914,897
Income taxes - deferred	(383,135)	(176,066)
Total income taxes	476,674	738,831
Profit	541,661	1,498,829
Loss attributable to non-controlling interests	(8,764)	(4,313)
Profit attributable to owners of parent	550,426	1,503,143

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended June 30

(Thousand yen)

	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Profit	541,661	1,498,829
Other comprehensive income		
Valuation difference on available-for-sale securities	277,630	(216,632)
Foreign currency translation adjustment	2,597	(42,559)
Remeasurements of defined benefit plans, net of tax	37,343	6,203
Total other comprehensive income	317,571	(252,988)
Comprehensive income	859,233	1,245,841
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	863,374	1,247,170
Comprehensive income attributable to non-controlling interests	(4,140)	(1,328)

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

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

There is no relevant information.

(Additional information)

“Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.” (The Accounting Standards Board of Japan (ASBJ) Statement No. 28; February 16, 2018) and other standards have been adopted from the beginning of the first quarter of the fiscal year under review, thereby deferred tax assets are presented under investments and other assets, and deferred tax liabilities are presented under non-current liabilities.

3. Others

Significant litigation matters, etc.

The following lawsuits, etc. against the Company or a joint venture comprised of four companies including the Company are pending in the Osaka District Court or the Tokyo District Court.

Lawsuit Filing Date	Plaintiff	Claimed Amount	Lawsuit Overview
August 10, 2017	Daiichi-tec Co., Ltd.	¥740 million	A lawsuit filed against the Company, with the plaintiff seeking payment for contracts regarding specific construction work of a joint venture comprised of four companies including the Company. The Company asserts that there is no basis for any such claim, and the case is currently pending in the Osaka District Court.
August 15, 2017	Newwell Co., Ltd.	¥243 million	A lawsuit filed against a joint venture comprised of four companies including the Company, with the plaintiff seeking payment for sales charges. The Company asserts that the goods covered under the sales charges are not within the scope of those managed by the Company, and the case is currently pending in the Tokyo District Court.
November 1, 2017	Nakariki Co., Ltd.	¥171 million	A lawsuit filed against the Company, with the plaintiff seeking payment for specific construction work. The Company asserts that there is no basis for any such claim, and the case is currently pending in the Tokyo District Court.