

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
Fiscal year ended February 28, 2018	(Yen) —	(Yen) 25.00	(Yen) —	(Yen) 25.00	(Yen) 50.00
Fiscal year ending February 28, 2019	—	25.00			
Fiscal year ending February 28, 2019 (Forecasted)			—	25.00	50.00

(Note) Revision of dividend forecast: None

3. Forecasts on the Consolidated Financial Results for the Fiscal Year Ending February 28, 2019 (March 1, 2018 - February 28, 2019)

(Percentages represent year-on-year changes)

	Revenue		Operating profit		Income before income taxes		Net income		Net income attributable to owners of the parent		Basic earnings per share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Yen)
Fiscal year ending February 28, 2019	30,301	16.6	7,565	5.0	7,437	5.0	5,103	4.1	5,103	4.1	113.10

(Notes) Revision of forecasts on the dividends: No

(1) Changes in status of significant subsidiaries during the period

(changes in specified subsidiaries accompanying changes in : No
scope of consolidation)

(2) Changes in accounting policies and accounting estimates

- (i) Changes in accounting policies required by IFRSs : Yes
- (ii) Changes in accounting policies other than those in (i) : No
- (iii) Changes in accounting estimates : No

(3) Number of issued shares (common stock)

(i) Number of issued shares (including treasury stock)	As of August 31, 2018	45,562,500	As of February 28, 2018	45,122,550
(ii) Number of treasury stock	As of August 31, 2018	460,110	As of February 28, 2018	-
(iii) Average number of issued shares during the period	Six months ended August 31, 2018	45,007,886	Six months ended August 31, 2017	44,370,696

* This report is not subject to quarterly review procedures.

* Notes for using forecasted information and other matters

The forecasts above are based on information available at the date of this report and certain assumptions deemed to be reasonable. The Company does not provide any assurance as to achievement of these forecasts. In addition, the actual results may vary materially from the forecasts due to various uncertainties.

Supplementary materials will be posted on our web site on October 12, 2018

(Appendix)

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Interim Consolidated Financial Statements

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Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statements of Financial Position (Unaudited)

	(Thousands of yen)	
	As of	
	February 28, 2018	August 31, 2018
Assets		
Current assets		
Cash and cash equivalents	5,429,765	6,795,776
Trade and other receivables	3,337,856	3,841,252
Other financial assets	3,125,797	3,112,444
Inventories	175,764	132,210
Other current assets	697,504	343,893
Total current assets	<u>12,766,686</u>	<u>14,225,575</u>
Non-current assets		
Property, plant and equipment	5,495,667	6,531,256
Goodwill	38,312,892	38,353,524
Other intangible assets	51,118	59,760
Trade and other receivables	3,520,829	3,518,383
Other financial assets	2,388,044	2,680,952
Deferred tax assets	93,290	133,502
Other non-current assets	202,126	210,897
Total non-current assets	<u>50,063,966</u>	<u>51,488,274</u>
Total assets	<u>62,830,652</u>	<u>65,713,849</u>
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and payables	1,136,442	1,362,931
Short-term borrowings	1,997,198	2,973,316
Income tax payable	1,103,797	1,264,427
Other financial liabilities	1,385,368	1,321,812
Other current liabilities	914,472	976,916
Total current liabilities	<u>6,537,277</u>	<u>7,899,402</u>
Non-current liabilities		
Long-term debt	21,330,458	22,121,375
Other financial liabilities	7,130,208	7,268,429
Deferred tax liabilities	25,577	-
Provisions	80,133	139,903
Other non-current liabilities	432,287	435,684
Total non-current liabilities	<u>28,998,663</u>	<u>29,965,391</u>
Total liabilities	35,535,940	37,864,793
Equity		
Common stock	391,500	493,033
Capital surplus	13,001,815	13,070,465
Retained earnings	13,893,007	15,264,296
Treasury stock	-	(989,347)
Other components of equity	8,390	10,609
Equity attributable to owners of the parent	<u>27,294,712</u>	<u>27,849,056</u>
Total equity	<u>27,294,712</u>	<u>27,849,056</u>
Total liabilities and equity	<u>62,830,652</u>	<u>65,713,849</u>

(2) Condensed Interim Consolidated Statements of Income (Unaudited)

	(Thousands of yen)	
	Six months ended August 31,	
	2017	2018
Revenue	12,987,652	14,850,163
Cost of sales	(7,732,247)	(9,211,534)
Gross profit	5,255,405	5,638,629
Other operating income	25,482	43,814
Selling, general and administrative expenses	(1,760,211)	(1,979,645)
Other operating expenses	(18,469)	(7,992)
Operating profit	3,502,207	3,694,806
Financial income	15,040	17,214
Financial expense	(74,065)	(68,648)
Income before income taxes	3,443,182	3,643,372
Income taxes	(1,084,947)	(1,144,019)
Net income	2,358,235	2,499,353
Net income attributable to:		
Owners of the parent	2,358,235	2,499,353
Net income	2,358,235	2,499,353
Interim earnings per share		
Basic (Yen)	53.15	55.53
Diluted (Yen)	51.75	54.81

(3) Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

	(Thousands of yen)	
	Six months ended August 31,	
	2017	2018
Cash flows from operating activities		
Income before income taxes	3,443,182	3,643,372
Depreciation and amortization	231,877	289,620
Financial income	(15,040)	(17,214)
Financial expense	74,065	68,648
Decrease (increase) in trade and other receivables	(178,132)	(456,385)
Decrease (increase) in guarantee deposits and construction assistance fund receivables	(114,599)	(94,696)
Decrease (increase) in other financial assets	(41,642)	17,018
Increase (decrease) in trade payables	186,051	196,756
Increase (decrease) in guarantee deposits received and construction assistance fund received	234,588	183,360
Increase (decrease) in other financial liabilities	(469,508)	(288,331)
Others	(236,443)	25,294
Subtotal	3,114,700	3,567,442
Interest received	1,281	1,359
Interest paid	(30,776)	(32,371)
Income taxes paid	(1,013,998)	(1,055,680)
Income taxes refunded	358,653	424,377
Net cash provided by operating activities	2,429,860	2,905,127
Cash flows from investing activities		
Purchase of property, plant and equipment	(217,432)	(770,275)
Purchase of intangible assets	(7,010)	(9,455)
Proceeds from redemption of securities	150,475	-
Acquisition of a subsidiary	-	(42,011)
Others	1,303	315
Net cash used in investing activities	(72,664)	(821,426)
Cash flows from financing activities		
Proceeds from long-term debt	-	2,500,000
Repayment of long-term debt	(900,000)	(1,243,992)
Repayments of lease obligations	(28,415)	(31,347)
Proceeds from issuance of common stock	249,353	177,158
Purchase of treasury stock	-	(1,000,076)
Cash dividends paid to owners of the parent	(1,102,371)	(1,126,039)
Net cash used in financing activities	(1,781,433)	(724,296)
Effect of exchange rate changes on cash and cash equivalents	(3,648)	6,606
Net increase (decrease) in cash and cash equivalents	572,115	1,366,011
Cash and cash equivalents at beginning of period	7,243,860	5,429,765
Cash and cash equivalents at end of period	7,815,975	6,795,776