



Financial Results for the Fiscal Year Ended March 31, 2019 [Japanese GAAP] (Consolidated Data)

May 10, 2019

Company Name:	Nikko Co., Ltd.	Stock Exchange Listing: Tokyo Stock Exchange
Stock Code:	6306	URL: http://www.nikko-net.co.jp
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Scheduled date of the Annual General Meeting of Shareholders:	June 21, 2019	Scheduled date for cash dividends: June 24, 2019
Scheduled date for filing the annual securities report:	June 24, 2019	
Full-year earnings supplementary explanatory materials:	Yes	
Financial results briefing session:	Yes (for securities analysts)	

(Amounts rounded down to the nearest million yen)

1. Consolidated Performance for the Fiscal Year Ended March 31, 2019 (April 1, 2018 - March 31, 2019)

(1) Consolidated Operating Results

(% represents year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended March 31, 2019	31,780	(9.5)	1,427	(32.2)	1,576	(29.6)	1,345	(9.7)
Fiscal year ended March 31, 2018	35,114	7.3	2,103	8.2	2,239	12.3	1,490	11.2

Note:

Comprehensive income:	Fiscal year ended March 31, 2019	607 million yen (-67.4%)	Fiscal year ended March 31, 2018	1,866 million yen (-5.3%)
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	Net income per share	Diluted net income per share	Return on equity	Ordinary profit to total assets	Net sales Operating margin
	yen	yen	%	%	%
Fiscal year ended March 31, 2019	175.58	—	4.4	3.5	4.5
Fiscal year ended March 31, 2018	193.77	—	5.0	5.0	6.0

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Fiscal year ended March 31, 2019	43,969	30,414	69.2	3,968.79
Fiscal year ended March 31, 2018	44,876	30,286	67.5	3,955.78

(Reference) Capital:	Fiscal year ended March 31, 2019	30,414 million yen	Fiscal year ended March 31, 2018	30,286 million yen
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Note: Starting from the beginning of the current accounting period, the Company has applied the Partial Amendments to Accounting Standard for the Tax Effect Accounting (Accounting Board of Japan [ASBJ] Statement No. 28, February 16, 2018), and the figures for the previous accounting period have been revised by applying the said standard retroactively.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal year ended March 31, 2019	(218)	(1,021)	(526)	10,300
Fiscal year ended March 31, 2018	274	41	(883)	12,110

2. Dividends

	Annual dividends					Total dividend (Total)	Dividend payout ratio (consolidated)	Rate of total dividends to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal year ended March 31, 2018	–	25.00	–	35.00	60.00	459	30.8	1.5
Fiscal year ended March 31, 2019	–	30.00	–	30.00	60.00	459	34.2	1.5
Fiscal year ending March 31, 2020 (Forecasts)	–	100.00	–	100.00	200.00		76.6	

Note: The dividend forecasts for the fiscal year ending March 31, 2020 include commemorative dividend for the Company's 100th anniversary of 100.00 yen per share consisting of 50.00 yen per share as interim dividend and 50.00 yen per share as year-end dividend.

3. Consolidated Performance Forecast for the Fiscal Year Ended March 31, 2020 (April 1, 2019 - March 31, 2020)

(Percentages indicate year-on-year changes from full fiscal year and first half of the previous fiscal year, respectively)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
2Q (first half)	16,600	12.9	1,100	131.9	1,250	109.8	900	59.5	117.47
Full year	35,700	12.3	2,300	61.2	2,500	58.5	2,000	48.7	261.04

*Notes

(1) Changes in important subsidiaries during the period under review (changes in specific subsidiaries which involve changes in the scope of consolidation): None

(2) Changes in accounting policy, changes in accounting estimates, and retrospective restatements

- (i) Changes in accounting policy arising from revision of accounting standards, etc.: None
- (ii) Changes in accounting policy other than those noted in (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Retrospective restatements: None

(3) Shares issued (common stock)

(i) Number of shares issued at end of period (including treasury stock)	Fiscal year ended March 31, 2019	8,000,000 shares	Fiscal year ended March 31, 2018	8,000,000 shares
(ii) Number of shares held in treasury at end of period	Fiscal year ended March 31, 2019	336,569 shares	Fiscal year ended March 31, 2018	343,851 shares
(iii) Average number of shares outstanding during the period	Fiscal year ended March 31, 2019	7,661,642 shares	Fiscal year ended March 31, 2018	7,692,394 shares

* This report is exempt from audit procedures by certified public accountant or auditing firm.

* Explanation of the appropriate use of earnings forecasts, and other special notes

(Cautionary statement with respect to forward-looking statements)

Any forecasts and forward-looking statements given herein are based on information available as of this report's publication and on certain assumptions that are deemed reasonable and these forecasts are not guarantees of future performance. Actual results may differ significantly from forecasts due to various factors. For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, please refer to (1) Overview of Operating Results for Fiscal Year Ended March 31, 2019 in 1. Overview of Operating Results, etc. on page 2 in the accompanying materials.

(How to obtain the earnings supplementary explanatory materials and the date of the financial results briefing session)

The Company is scheduled to post the earnings supplementary explanatory materials on its website on Friday, May 10, 2019.

The Company has scheduled a financial results briefing session on Thursday, May 30, 2019.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for Fiscal Year Ended March 31, 2019

(i) Operating Results for Fiscal Year Ended March 31, 2019

During the fiscal year under review, the global economy remained strong reflecting continued favorable consumer spending and corporate earnings and strong stock market, in spite of the weakness in some U.S. economic indicators. At the same time, there has been a growing sense of a slowdown of the economy in Europe and the growth rate of the Chinese economy has decelerated, pointing to an economic downturn compared with the previous fiscal year. Moreover, the outlook for the global economy remained uncertain weighed by factors such as the outcome of the U.K.'s exit of EU and trade frictions between the U.S. and Japan, China and Europe. The Japanese economy has continued on its gradual recovery track, as corporate earnings and employment and income environment improved thanks to reflation measures by the government and Bank of Japan.

Under such circumstances, the construction-related industry, to which the Nikko Group is closely related, performed strongly as a whole in the period under review, as private construction investment significantly increased. There are various projects lined up from fiscal year 2019 onwards, and both public and private construction investment is expected to remain strong. Nevertheless, the construction-related industry continues to face chronic labor shortage and hike in raw material prices and the situation remains unpredictable.

Under such management environment, the Nikko Group strived to expand profits and enhance its corporate culture based on the basic policy of new product development, formulation of new sales strategy through reinforcement of sales strengths and bolstering of maintenance business, strengthening of overseas business and improvement of design and production technologies to boost product competitiveness under its corporate philosophy of customer first.

In Japan, net sales of the Asphalt Plant-Related Business, the Company's mainstay business, declined compared with the previous year. This was primarily attributable to the decline in shipment volume of asphalt mixture resulting from the slow orders for road-related public projects nationwide and the exposure of antitrust law violations by a major road builder and subsequent operation suspension for a certain period of time.

Contrarily, new orders and order backlog of asphalt plants in the Asphalt Plant-Related Business increased significantly compared with a year earlier. This resulted from active replacement investment in large-scale asphalt mixture plants in urban areas and favorable rating for VP series, which the Company introduced as a strategic product to improve productivity of recycled mixture. Further, net sales of the Concrete Plant-Related Business declined compared with a year earlier, as the initial order backlog was lower than the level a year ago. New orders for the Concrete Plant-Related Business slightly fell compared with a year earlier, while order backlog increased. Users' appetite for capital investment continues to be strong, given the rise in the market price of ready-made concrete and large-scale projects starting from Tokyo Olympic and Paralympic Games followed by Osaka Expo and a series of redevelopment projects in the metropolitan areas. The order backlog increased as a large-scale project was delayed into the next fiscal year.

Overseas, net sales of the Asphalt Plant-Related Business in China exceeded the level of the previous fiscal year, when net sales had grown significantly on the back of the government's proactive infrastructure investment policy and tightening of environmental regulations. While the Company set forth the ASEAN region as its strategic market and unfolded intense activities, sales in the overseas markets other than China declined from a year earlier, as execution of budget was delayed in Thailand due to the impact of the general elections and there was a steep drop in the currency in Indonesia.

As a result of these business activities, Nikko Group's consolidated operating results are as follows.

Consolidated net sales for the period under review declined 9.5% to 31,780 million yen compared with a year earlier, as sales at the Asphalt Plant-Related Business, Concrete Plant-Related Business and Environment- and Conveyor-related Business fell.

In terms of profits, consolidated operating income declined 32.2% from a year earlier to 1,427 million yen, due to rise in costs of raw materials such as steel materials. Consolidated ordinary income fell 29.6% compared with a year earlier to 1,576 million yen and net income attributable to owners of parent declined 9.7% to 1,345 million yen.

Overview of operating results by segment is as follows.

<Asphalt Plant-Related Business>

Net sales of the Asphalt Plant-Related Business in Japan fell 5.0% compared with a year earlier, as net sales of products declined significantly despite an increase in sales of the maintenance business. Overseas net sales also declined 2.0% compared with a year earlier due to sales decline in ASEAN, while net sales in China increased. As a result, net sales of the business declined 4.3% from a year earlier to 16,434 million yen. Both new orders received and order backlog in the period under review increased compared with a year earlier.

<Concrete Plant-Related Business>

Net sales of the Concrete Plant-Related Business in Japan fell 17.1% compared with a year earlier to 7,893 million yen, as net sales of both products and maintenance business declined. While new orders received declined in the period under review compared with a year earlier, order backlog increased.

<Environment- and Conveyor-Related Business>

Net sales of environmental products declined 72.3% compared with the previous fiscal year, when there were sales from a large-scale project. Net sales of conveyor products were roughly at the same level as the previous year and down 0.8%. As a result, net sales of the business declined 29.4% from a year earlier to 2,775 million yen. Both new orders received and order backlog in the period under review declined from a year earlier.

<Other Business Such as Temporary Construction Materials and Hand Tools>

Net sales of temporary construction materials were roughly at the same level as the previous year and up 0.5%.

Net sales of hand tools declined 4.6% compared with a year earlier.

Net sales of crushers rose 6.4% compared with a year earlier. As a result, net sales of the business rose 4.3% from a year earlier to 4,677 million yen. Both new orders received and order backlog in the period under review increased compared with a year earlier.

Net sales by business segment (comparison with the previous fiscal year)

		Asphalt Plant-Related Business	Concrete Plant-Related Business	Environment- and Conveyor-Related Business	Other Business	Total
Fiscal year ended March 31, 2019	Net sales (mil. yen)	16,434	7,893	2,775	4,677	31,780
	Share (%)	51.7	24.8	8.7	14.7	100
Fiscal year ended March 31, 2018	Net sales (mil. yen)	17,179	9,521	3,931	4,480	35,114
	Share (%)	48.9	27.1	11.2	12.8	100

Note: 1. Net sales are rounded down to the nearest million yen.

2. Shares are rounded to the first decimal place.

(ii) Future Outlook

The construction-related field, which is Nikko Group's business domain, is expecting various projects even after the Tokyo Olympic and Paralympic Games in 2020 and the Company expects both public and private construction investment to remain strong for the time being. However, issues such as chronic labor shortage and hike in raw material prices remain, which requires attention. Overseas, infrastructure investment continues to be active in China, the mainstay market, and the market environment such as further tightening of environmental regulations and the full-fledged start of the use of recycled mixture, where the Company can leverage the technological edge it has developed in Japan, is expected to continue for the time being. In the ASEAN region, which the Company envisages as the future growth market, it will start anew further market investigation and will consider development of products reflecting user requirements or establishment of business bases based on the result of the investigation.

For the fiscal year ending March 31, 2020, the Company expects to achieve consolidated net sales of 35,700 million yen, operating income of 2,300 million yen, ordinary income of 2,500 million yen and net income attributable to owners of parent of 2,000 million yen.

Moreover, the Company will further strive to enhance returns to its shareholders and to strengthen information disclosure.

Note: The above earnings forecasts are based on information available as of this report's publication and include considerable number of uncertain factors such as changes to industry conditions including demand trend and fluctuation of exchange rates. Actual results may differ significantly from the forecasts due to changes to various factors.

(2) Overview of Financial Conditions for Fiscal Year Ended March 31, 2019

(i) Assets, Liabilities and Net Assets

Total assets at the end of the fiscal year (March 31, 2019) amounted to 43,969 million yen, a decrease of 906 million yen from the end of the previous fiscal year.

Current assets came to 29,390 million yen, down 1,088 million yen from the end of the previous fiscal year. Main changes include an increase of 900 million yen in inventories, an increase of 209 million yen in consumption tax receivable, a decrease of 1,810 million yen in cash and deposits, a decline of 199 million yen in securities and a decline of 179 million yen in notes and accounts receivable-trade.

Non-current assets came to 14,578 million yen, up 181 million yen from the end of the previous fiscal year. Factors contributing to the change include an increase of 882 million yen in buildings and structures and an increase of 255 million yen in land and a decrease of 1,090 million yen in investment securities.

Liabilities came to 13,554 million yen, down 1,035 million yen from the end of the previous fiscal year. Factors contributing to the change include an increase of 359 million yen in electronically recorded monetary claims, a decrease of 787 million yen in notes and accounts payable-trade, a decline of 395 million yen in accounts payable-other and a decline of 295 million yen in deferred tax liabilities.

Net assets came to 30,414 million yen, up 128 million yen from the end of the previous fiscal year. Factors contributing to the change include an increase from recording of 1,345 million yen in net income attributable to owners of parent, a decrease of 638 million yen in valuation difference on available-for-sale securities and a decline from payment of 497 million yen in dividends.

As a result, equity ratio rose to 69.2% from 67.5% as of the end of the previous fiscal year.

(ii) Cash Flows

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Change
Cash flows from operating activities (million yen)	(218)	274	(493)
Cash flows from investing activities (million yen)	(1,021)	41	(1,063)
Cash flows from financing activities (million yen)	(526)	(883)	356
Effect of exchange rate changes on cash and cash equivalents (million yen)	(43)	55	(99)
Net increase (decrease) in cash and cash equivalents (million yen)	(1,810)	(511)	(1,298)
Cash and cash equivalents at beginning of year (million yen)	12,110	12,622	(511)
Cash and cash equivalents at end of year (million yen)	10,300	12,110	(1,810)

Cash used in operating activities totaled 218 million yen (compared with 274 million yen in cash provided by operating activities in the previous fiscal year). Major items in cash flow from operating activities include 1,933 million yen in net income before income taxes and 508 million yen in depreciation and amortization as well as 405 million yen in gain on sale and valuation of investment securities, 991 million yen in increase in inventories, 1,008 million yen in decrease in notes and accounts payable-trade and 507 million yen in income taxes paid.

Cash used in investing activities totaled 1,021 million yen (compared with 41 million yen in cash provided by investing activities in the previous fiscal year). Major items in cash flow from investing activities include 834 million yen in proceeds from sales and redemption of investment securities as well as 1,849 million yen in purchase of property, plant and equipment and intangible assets.

Cash used in financing activities totaled 526 million yen (compared with 883 million yen in cash used in financing activities in the previous fiscal year). Major items in cash flow from financing activities include 112 million yen in repayment of long-term loans payable and 496 million yen in cash dividends paid.

As a result, consolidated cash and cash equivalents at the end of the fiscal year under review decreased by 1,810 million yen from the end of the previous fiscal year to 10,300 million yen.

Changes in cash flow-related indicators

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Equity ratio (%)	66.1	64.7	67.5	69.2
Return on equity based on market value (%)	33.3	34.8	40.2	42.0
Cash flow to interest-bearing debt (years)	-	0.4	6.6	-
Interest coverage ratio (times)	-	105.6	6.5	-

Notes: Return on equity: Total equity/Total assets

Return on equity based on market value: Market valuation/Total assets

Cash flow to interest-bearing debt: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest expenses

* All indicators are calculated based on consolidated figures.

* Market valuation is calculated by multiplying the number of shares issued at end of period (excluding treasury stock) with the closing stock price of the period.

Cash flows from operating activities in the Consolidated Statements of Cash Flows are used for operating cash flow. Interest-bearing debt includes all liabilities recorded on the Consolidated Balance Sheets on which interest is paid. Interest paid in the Consolidated Statements of Cash Flows is used for Interest expenses.

(3) Basic Policy Concerning Profit Distribution and Dividends for the Current Term and Next Term

The Company identifies the return of profits to shareholders as an important management goal and in principle pays dividends continuously by taking into account the business performance in the period. It is the Company's basic policy to strive to strengthen its management foundation and enhance corporate value to meet the shareholders' expectations and make decisions on return of profits from a comprehensive perspective including enhancement of internal reserves.

The Company expects to propose dividends of 30.00 yen per share at the 156th Annual General Meeting Shareholders scheduled on June 21, 2019.

For the next fiscal year, the Company plans annual dividend of 200.00 yen per share, consisting of interim and year-end dividends of 100.00 yen per share each. The dividend forecasts for the fiscal year ending March 31, 2020 include commemorative dividend for the Company's 100th anniversary of 100.00 yen per share consisting of 50.00 yen per share as interim dividend and 50.00 yen per share as year-end dividend.

(4) Risks Associated with Business, etc.

- Changes in the market environment

Reduction of public investment decline in construction investment in Japan lead to a significant fall in demand for asphalt and concrete plants (hereinafter referred to as the "plants"), which potentially affects the Company's business performance.

- Changes in product prices

Changes in product prices occur due to various factors including short-term demand changes, shortage of specific parts and raw materials, unstable economic situation, revision to import restrictions, revision to foreign exchange control law, and intensifying competition. If such situations occur in the mainstay markets where the Company operates business, it would affect price fluctuations, which in turn affects the Company's business performance.

- Fluctuation in foreign exchange rates

The Company exports plants and plant parts from Japan to multiple countries and has sales in currencies other than the Japanese yen. In addition, the stronger yen works to the disadvantage of the Company's sales when competing for orders. Fluctuation in foreign exchange rate affects the Company's operating results, financial standings and competitiveness.

- Environmental restrictions regarding plants and other restrictions

Exhaust gas, fuel consumption, noise and safety regarding plants and production facilities are widely restricted. These restrictions are subject to revisions and in many cases the restrictions get tightened. Costs for complying with these restrictions potentially affect the Company's business activities in a significant way.

- Protection of intellectual properties

Over many years, the Company has been owning a number of patents and trademarks regarding the products it manufactures and has been acquiring their rights. These patents and trademarks are important for the Company's businesses and their importance remains the same in the future. If a situation arises where such intellectual properties cannot be protected extensively or the Company's intellectual property rights are infringed illegally, the Company's business activities may be affected.

- Investment

The Company makes investment in several countries. If such investment is affected by changes in the management environment in the counterpart country, the Company's business, financial standings and operating results may be affected.

- Impact of disaster, war, terror attack, strike, etc.

The Company operates business outside Japan, and if a natural disaster, disease, war, terror attack, strike, etc. occurs in such a place overseas, it could lead to delay or suspension of production, sales, offering of service and collection of accounts receivable. If such a situation prolongs, it may affect the Company's business, financial standing and operating results.

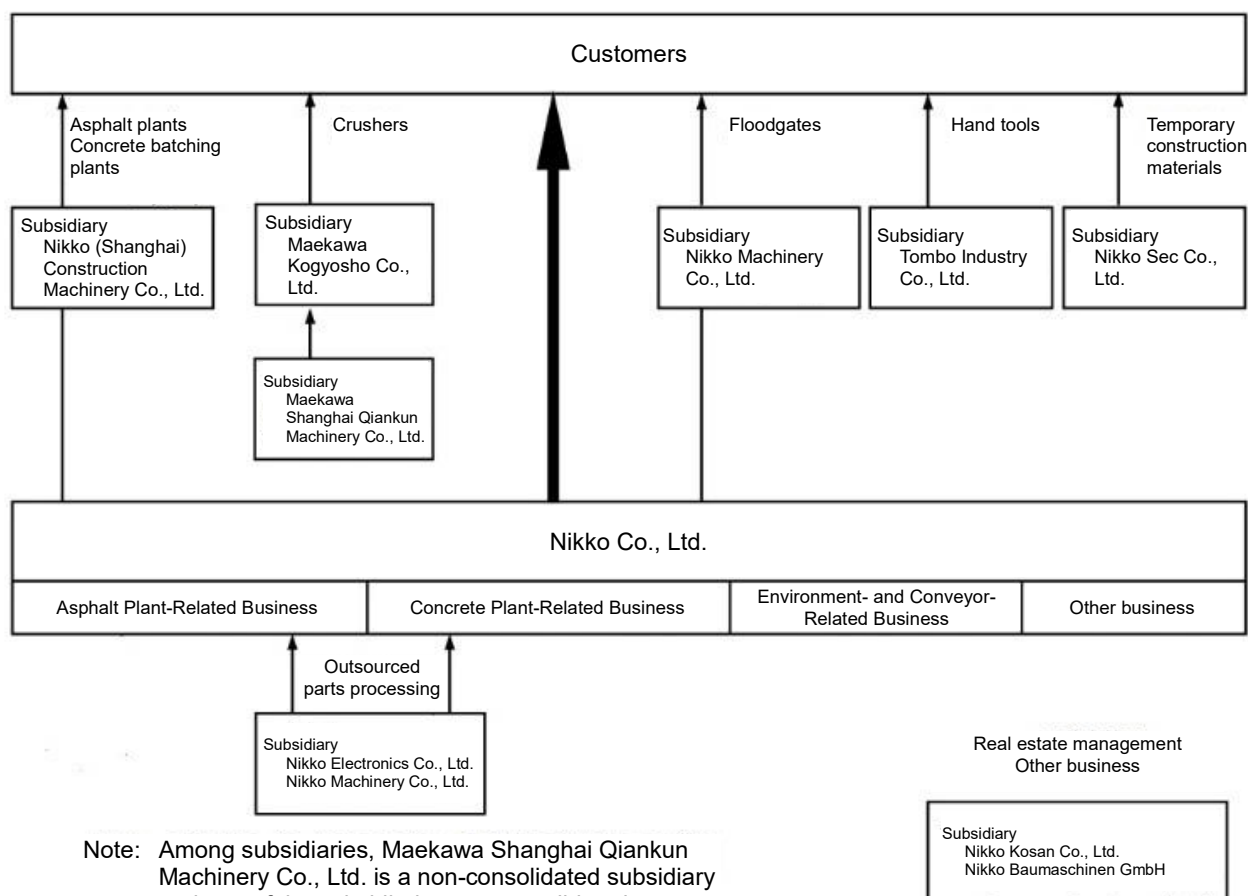
2. Status of the Nikko Corporate Group

The Nikko corporate group consists of the Company and nine subsidiaries. The principal business of Nikko Group is manufacture and distribution of asphalt plants, concrete plants and environment- and conveyor machinery, and it is also engaged in real estate leasing and sales of housing renovation, etc.

In the segment information by type of business, the asphalt plant business is classified as the Asphalt Plant-Related Business, concrete plant business as the Concrete Plant-Related Business, the environment and conveyor business as the Environment- and Conveyor-Related Business and the other business including temporary construction materials and hand tools as the Other Business.

Category	Main products	Main companies
Asphalt Plant-Related Business	Asphalt plants Recycling plants Mixture silos Electronic control devices, plant management system	Nikko Co., Ltd. Nikko Electronics Co., Ltd. Nikko Machinery Co., Ltd. Nikko (Shanghai) Construction Machinery Co., Ltd.
Concrete Plant-Related Business	Concrete plants Compact concrete plants Concrete pumps Electronic control devices, plant management system Concrete manufacturing plant facilities, etc.	Nikko Co., Ltd. Nikko Electronics Co., Ltd. Nikko Machinery Co., Ltd. Nikko (Shanghai) Construction Machinery Co., Ltd.
Environment- and Conveyor-Related Business	Belt conveyors, conveyors for facilities, beverage container recycling plants Soil remediation plant, plastic recycling plant	Nikko Co., Ltd.
Other business	Pipe scaffoldings, steel gangplanks, pipe supports Temporary staircases Shovels, spades Small-sized concrete mixers, mortar mixers Sluices, crushers Real estate leasing, construction machinery product leasing Sales of housing renovation	Nikko Co., Ltd. Nikko Machinery Co., Ltd. Tombo Industry Co., Ltd. Nikko Sec Co., Ltd. Nikko Kosan Co., Ltd. Maekawa Kogyosho Co., Ltd. Maekawa (Shanghai) Machine Trading Co., Ltd. Nikko Baumaschinen GmbH

The group organizational chart is shown in the following page.



3. Basic Approach to the Selection of Accounting Standards

The Nikko Group plans to continue applying the Japanese accounting standards for the time being taking into consideration availability of periodical comparison of its consolidated financial statements and availability of comparison among other companies.

It plans to respond appropriately to the application of the International Financial Reporting Standards (IFRS) by taking into consideration the situation in Japan and overseas.

4. Consolidated Financial Statements and Notes to the Statements

(1) Consolidated Balance Sheets

(million yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Assets		
Current assets		
Cash and cash equivalents	12,157	10,347
Notes and accounts receivable-trade	10,911	10,731
Electronically recorded monetary claims	1,652	1,628
Short-term investment securities	199	-
Merchandise and finished goods	649	1,190
Work in process and partly-finished construction	3,335	3,903
Raw materials and supplies	1,142	933
Consumption taxes receivable	-	209
Other business	433	453
Allowance for doubtful accounts	(2)	(7)
Total current assets	30,479	29,390
Non-current assets		
Property and equipment		
Buildings and structures (net)	2,334	3,216
Machinery, equipment and vehicles (net)	478	609
Tools, furniture and fixtures (net)	255	361
Land	1,961	2,216
Construction in progress	252	102
Total property, plant and equipment	5,281	6,507
Intangible assets		
Other business	318	418
Total intangible assets	318	418
Investments and other assets		
Investment securities	7,067	5,976
Investments in capital	59	11
Long-term loans receivable	5	6
Deferred tax assets	584	576
Other business	1,229	1,234
Allowance for doubtful accounts	(149)	(152)
Total investments and other assets	8,797	7,652
Total noncurrent assets	14,396	14,578
Total assets	44,876	43,969

(million yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,058	2,270
Electronically recorded obligations	579	938
Short-term loans payable	1,583	1,532
Income taxes payable	276	421
Accounts payable-other	3,417	3,022
Provision for bonuses	497	412
Provision for directors' bonuses	49	52
Provision for loss on order received	26	35
Other business	1,967	2,095
Total current liabilities	11,455	10,781
Long-term liabilities		
Long-term loans payable	216	186
Deferred tax liabilities	394	98
Provision for directors' retirement benefits	120	135
Retirement benefit-related liabilities	2,032	2,010
Other business	371	342
Total noncurrent liabilities	3,134	2,773
Total liabilities	14,590	13,554
Net assets		
Shareholders' equity		
Capital stock	9,197	9,197
Capital surplus	7,802	7,808
Retained earnings	11,201	12,049
Treasury stock	(588)	(576)
Total shareholders' equity	27,612	28,478
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,648	2,010
Foreign currency translation adjustment	289	163
Accumulated retirement benefit-related adjustment	(264)	(238)
Total accumulated other comprehensive income	2,673	1,935
Total net assets	30,286	30,414
Total liabilities and net assets	44,876	43,969

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(million yen)

	Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Net sales	35,114	31,780
Cost of sales	26,301	23,485
Gross profit	8,812	8,295
Selling, general and administrative expenses	6,708	6,868
Operating income	2,103	1,427
Non-operating income		
Interest income	5	2
Dividends income	155	157
Other business	72	83
Total non-operating income	233	243
Non-operating expenses		
Interest expenses	42	40
Loss on disposal of noncurrent assets	0	2
Loss on sales of noncurrent assets	1	-
Foreign exchange losses	6	7
Compensation for damage	17	30
Soil investigation expenses	14	-
Other business	15	12
Total non-operating expenses	98	93
Ordinary income	2,239	1,576
Extraordinary income		
Gain on sales of investment securities	203	409
State subsidy	36	-
Reversal of allowance for environmental measures	39	-
Total extraordinary income	279	409
Extraordinary loss		
Loss on sales of investment securities	0	-
Loss on disaster	-	8
Loss on reduction of noncurrent assets	36	-
Loss on valuation of investments in capital	181	44
Total extraordinary loss	218	53
Income before income taxes	2,299	1,933
Income taxes-current	627	651
Income taxes-deferred	182	(63)
Total income taxes	809	587
Net income	1,490	1,345
Net income attributable to owners of parent	1,490	1,345

(Consolidated Statements of Comprehensive Income)

(million yen)

	Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Net income	1,490	1,345
Other comprehensive income		
Valuation difference on available-for-sale securities	255	(638)
Foreign currency translation adjustment	99	(125)
Retirement benefit-related adjustment	22	26
Total other comprehensive income	376	(737)
Comprehensive income	1,866	607
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,866	607

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	9,197	7,808	10,881	(1,095)	26,792
Changes during term					
Cash dividends			(424)		(424)
Net income attributable to owners of parent			1,490		1,490
Purchase of treasury stock				(246)	(246)
Disposal of treasury stock				0	0
Retirement of treasury stock		(6)	(746)	752	–
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	(6)	319	506	820
Balance at end of term	9,197	7,802	11,201	(588)	27,612

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Accumulated retirement benefit-related adjustment	Total accumulated other comprehensive income	
Balance at beginning of term	2,393	190	(286)	2,296	29,089
Changes during term					
Cash dividends					(424)
Net income attributable to owners of parent					1,490
Purchase of treasury stock					(246)
Disposal of treasury stock					0
Retirement of treasury stock					–
Net changes of items other than shareholders' equity	255	99	22	376	376
Total changes of items during the period	255	99	22	376	1,196
Balance at end of term	2,648	289	(264)	2,673	30,286

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	9,197	7,802	11,201	(588)	27,612
Changes during term					
Cash dividends			(497)		(497)
Net income attributable to owners of parent			1,345		1,345
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		6		13	19
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	6	847	12	865
Balance at end of term	9,197	7,808	12,049	(576)	28,478

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Accumulated retirement benefit-related adjustment	Total accumulated other comprehensive income	
Balance at beginning of term	2,648	289	(264)	2,673	30,286
Changes during term					
Cash dividends					(497)
Net income attributable to owners of parent					1,345
Purchase of treasury stock					(0)
Disposal of treasury stock					19
Net changes of items other than shareholders' equity	(638)	(125)	26	(737)	(737)
Total changes of items during the period	(638)	(125)	26	(737)	128
Balance at end of term	2,010	163	(238)	1,935	30,414

(4) Consolidated Statements of Cash Flows

(million yen)

	Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Cash flows from operating activities		
Income before income taxes	2,299	1,933
Depreciation and amortization	472	508
Increase (decrease) in allowance for doubtful accounts	(150)	7
Increase (decrease) in allowance for environmental measures	(171)	—
Increase (decrease) in retirement benefit-related adjustment	(91)	16
Increase (decrease) in provision for directors' retirement benefits	6	14
Interest and dividends income	(160)	(159)
Interest expenses	42	40
Foreign exchange losses (gains)	0	(1)
Loss (gain) on sales and valuation of investment securities	(203)	(405)
Loss on valuation of investments in capital	181	44
Loss (gain) on sales of property, plant and equipment	1	—
Decrease (increase) in notes and accounts receivable-trade	(918)	95
Decrease (increase) in inventories	291	(991)
Increase (decrease) in notes and accounts payable-trade	(144)	(1,008)
Other business	(299)	73
Subtotal	1,156	168
Interest and dividends income received	161	160
Interest expenses paid	(41)	(39)
Income taxes paid	(1,001)	(507)
Cash flows from operating activities	274	(218)
Cash flows from investing activities		
Payments into time deposits	(47)	(47)
Proceeds from withdrawal of time deposits	47	47
Purchase of investment securities	(242)	(11)
Proceeds from sales and redemption of investment securities	844	834
Purchase of property, plant and equipment and intangible assets	(558)	(1,849)
Proceeds from sales of property, plant and equipment	16	—
Payments of loans receivable	—	(1)
Collection of loans receivable	1	0
Other business	(19)	5
Cash flows from investing activities	41	(1,021)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(73)	83
Proceeds from long-term loans payable	30	—
Repayment of long-term loans payable	(170)	(112)
Purchase of treasury stock	(246)	(0)
Proceeds from disposal of treasury stock	0	—
Cash dividends paid	(423)	(496)
Cash flows from financing activities	(883)	(526)
Effect of exchange rate changes on cash and cash equivalents	55	(43)
Net increase (decrease) in cash and cash equivalents	(511)	(1,810)
Cash and cash equivalents at beginning of year	12,622	12,110
Cash and cash equivalents at end of year	12,110	10,300

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Changes in Accounting Policy)

Not applicable

(Change in the method of presentation)

(Changes due to the application of the Partial Amendments to Accounting Standard for the Tax Effect Accounting)

Starting from the beginning of the current accounting period, the Company has applied the Partial Amendments to Accounting Standard for the Tax Effect Accounting (Accounting Board of Japan [ASBJ] Statement No. 28, February 16, 2018), and deferred tax assets are presented in investments and other assets and deferred tax liabilities are presented in non-current liabilities.

As a result, 92 million yen of the 317 million yen in deferred tax assets under current assets in the previous fiscal year is included and presented in the 584 million yen in deferred tax assets under investments and other assets, and 225 million yen of the 317 million yen in deferred tax assets under current assets and 0 million yen in deferred tax liabilities under current liabilities are included and presented in the 394 million yen in deferred tax liabilities under noncurrent liabilities.

Deferred tax assets and deferred tax liabilities of the same taxable entity are offset and presented and total assets declined 225 million yen compared with the level before the change.

(Segment Information)

[Segment Information]

1. Overview of reportable segment

The Company's reportable segments are components of the Nikko Group about which separate financial information is available. These segments are subject to periodic examinations to enable the Company's Board of Directors to decide how to allocate resources and assess performance.

The Company formulates comprehensive strategy for products and services in Japan and overseas and implements business activities.

The Company, therefore, classifies its operations into three reportable segments of Asphalt Plant-Related Business, Concrete Plant-Related Business and Environment- and Conveyor-Related Business.

The Asphalt Plant-Related Business produces asphalt mixing plants, recycling plants, etc. The Concrete Plant-Related Business produces concrete batching plants, concrete pumps, etc. The Environment- and Conveyor-Related Business produces environmental and recycling plants, various types of conveyor systems, etc.

2. Calculation of net sales, income/loss, assets, liabilities, and other items by reportable segment

Accounting methods applied in the reportable business segments are roughly in accordance with the Significant Matters Serving as a Basis for the Presentation of Consolidated Financial Statements.

Reportable segment income is based on operating income.

Intersegment sales or transfers are based on market price.

3. Net sales, income/loss, assets, liabilities, and other items by reportable segment

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(million yen)

	Reportable segment				Other business (note)	Total
	Asphalt Plant-Related Business	Concrete Plant-Related Business	Environment- and Conveyor-Related Business	Total		
Net sales						
Sales to outside customers	17,179	9,521	3,931	30,633	4,480	35,114
Inter-segment sales and transfers	—	—	21	21	155	176
Total	17,179	9,521	3,953	30,654	4,636	35,290
Segment income	1,348	1,015	308	2,672	462	3,134
Segment assets	13,585	4,982	1,381	19,948	6,977	26,926
Other items						
Depreciation and amortization	106	72	8	187	135	322
Increase (decrease) in tangible and intangible assets	29	19	13	63	163	226

Note: Other is a business segment that is not included in reportable segments and includes temporary construction materials, hand tool business and floodgate business.

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(million yen)

	Reportable segment				Other business (note)	Total
	Asphalt Plant-Related Business	Concrete Plant-Related Business	Environment-and Conveyor-Related Business	Total		
Net sales						
Sales to outside customers	16,434	7,893	2,775	27,103	4,677	31,780
Inter-segment sales and transfers	-	-	41	41	191	233
Total	16,434	7,893	2,816	27,144	4,869	32,014
Segment income	963	666	417	2,047	502	2,550
Segment assets	13,858	5,440	1,446	20,745	7,593	28,339
Other items						
Depreciation and amortization	116	72	9	198	136	334
Increase (decrease) in tangible and intangible assets	219	155	1	376	466	843

Note: Other is a business segment that is not included in reportable segments and includes temporary construction materials, hand tool business and floodgate business.

4. Difference between reportable segment total and consolidated financial statement amounts and main factors in the difference (related to difference adjustment)

(million yen)

Net sales	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Reportable segment total	30,654	27,144
Net sales for Other	4,636	4,869
Elimination of intersegment transaction	(176)	(233)
Net sales in consolidated financial statements	35,114	31,780

(million yen)

Earnings	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Reportable segment total	2,672	2,047
Earnings for Other	462	502
Elimination of intersegment transaction	—	—
Corporate expenses (note)	(1,031)	(1,122)
Operating income in consolidated financial statements	2,103	1,427

Note: Corporate expenses are expenses of planning and administrative divisions of the Company that are not attributable to reportable segments.

(million yen)

Assets	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Reportable segment total	19,948	20,745
Assets in Other	6,977	7,593
Corporate assets (note)	18,174	15,630
Total assets in consolidated financial statements	45,101	43,969

Note: Assets in Other include surplus funds, funds for long-term investment and assets associated with administrative divisions and other assets of the Company that are not attributable to reportable segments.

(million yen)

Other items	Reportable segment total		Other business		Adjustment (note)		Amount in consolidated financial statements	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Depreciation and amortization	187	198	135	136	146	174	468	508
Increase (decrease) in tangible and intangible assets	63	376	163	466	129	1,148	355	1,991

Note: The adjustments for increase in tangible fixed assets and intangible fixed assets are capital investment related to the planning and administrative divisions of the Company.

(Per Share Information)

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)		Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	
Net assets per share	3,955.78 yen	Net assets per share	3,968.79 yen
Net income per share	193.77 yen	Net income per share	175.58 yen
Diluted net income per share is not described, as dilutive shares do not exist.		Diluted net income per share is not described, as dilutive shares do not exist.	

Note: The calculation base for profit for the period per share is as follows:

	Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Net income per share		
Net income attributable to owners of parent (million yen)	1,490	1,345
Amount not attributable to common stockholders (million yen)	—	—
Net income attributable to common stock of owners of parent (million yen)	1,490	1,345
Average number of shares outstanding during the term (shares)	7,692,394	7,661,642

(Significant Subsequent Events)
Not applicable

5. Other Information

(1) Changes in Officers

(i) Changes in Representative Directors

Not applicable

(ii) Changes in Other Officers

- Candidates for new directors

Director: Tomomi Nakayama

Manager of Business Planning Department - Business Division and Manager of Asphalt Plant Overall Sales Department

(Currently Executive Officer, Manager of Business Planning Department - Business Division and Manager of Asphalt Plant Overall Sales Department)

- Candidates for new auditors

Outside Auditor: Shigeru Sadakari

(Currently Representative Director and President, Kobe Maintenance of Building Co., Ltd.)

Outside Auditor: Naoki Ota (Currently Auditor [Full-time], Nittoseiko Co., Ltd.)

Outside Auditor: Tsuyoshi Fukui (Currently Senior Manager, RSM Seiwa)

- Retiring auditors

Outside Auditor: Morio Kusunoki

Outside Auditor: Yoshiki Sugiyama

Outside Auditor: Nobuzumi Ido

- Executive managing officers to be promoted

Senior Executive Officer: Minoru Tanaka

Service Planning Department Manager

(Currently Executive Officer and Service Planning Department Manager)

- New executive officers

Executive Officer: Takeshi Sone

Kanto Branch Manager and Mobile Plant Business Department Manager

(iii) Expected date of changes

June 21, 2019

(2) Other

Not applicable