

Consolidated Financial Statements
(For the Second Quarter of FY2018)

Consolidated Balance Sheets

(Millions of yen)

	FY2017	Current Second Quarter
	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets:		
Cash and deposits	43,621	44,717
Notes receivable, accounts receivable from completed construction contracts and other	97,275	101,988
Securities	14,000	5,000
Real estate for sale	322	265
Costs on uncompleted construction contracts	6,519	5,502
Costs on real estate business	3,391	3,590
Work in process	469	1,125
Raw materials and supplies	60	60
Other	12,967	13,231
Allowance for doubtful accounts	(949)	(979)
Total current assets	177,678	174,501
Non-current assets:		
Property, plant and equipment:		
Land	30,735	30,724
Other, net	11,915	13,746
Total property, plant and equipment	42,651	44,470
Intangible assets	262	275
Investments and other assets:		
Investment securities	66,192	72,839
Net defined benefit asset	2,114	2,081
Other	2,717	2,742
Allowance for doubtful accounts	(2,142)	(2,142)
Total investments and other assets	68,882	75,520
Total non-current assets	111,796	120,266
Total assets	289,474	294,768

(Millions of yen)

	FY2017	Current Second Quarter
	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities:		
Notes payable, accounts payable for construction contracts and other	58,230	52,391
Short-term loans payable	13,089	13,696
Income taxes payable	1,348	1,154
Advances received on uncompleted construction contracts	14,900	13,834
Provision	5,048	2,780
Provision for loss on construction contracts	3,367	2,095
Asset retirement obligations	77	79
Other	26,147	32,562
Total current liabilities	122,210	118,594
Non-current liabilities:		
Long-term loans payable	1,156	1,151
Asset retirement obligations	72	75
Other	13,077	14,991
Total non-current liabilities	14,305	16,218
Total liabilities	136,515	134,812
Net assets		
Shareholders' equity:		
Capital stock	19,838	19,838
Capital surplus	25,329	25,329
Retained earnings	89,675	92,056
Treasury shares	(12,654)	(12,672)
Total shareholders' equity	122,189	124,553
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	28,746	33,437
Remeasurements of defined benefit plans	2,022	1,964
Total accumulated other comprehensive income	30,768	35,402
Total net assets	152,958	159,955
Total liabilities and net assets	289,474	294,768

Consolidated Statements of Income

(Six-month Period Ended September 30)

(Millions of yen)

	2Q / FY2017 April 1, 2016 through September 30, 2016	2Q / FY2018 April 1, 2017 through September 30, 2017
Net sales:		
Net sales of completed construction contracts	90,108	103,525
Net sales of real estate business and other	4,300	4,422
Total net sales	94,409	107,947
Cost of sales:		
Cost of sales of completed construction contracts	78,646	88,783
Cost of sales on real estate business and other	2,324	2,467
Total cost of sales	80,971	91,251
Gross profit:		
Gross profit on completed construction contracts	11,461	14,741
Gross profit on real estate business and other	1,975	1,954
Total gross profit	13,437	16,696
Selling, general and administrative expenses	6,986	7,617
Operating profit	6,451	9,078
Non-operating income:		
Interest income	30	36
Dividend income	614	656
Reversal of allowance for doubtful accounts	312	—
Other	73	99
Total non-operating income	1,031	791
Non-operating expenses:		
Interest expenses	79	68
Foreign exchange losses	175	—
Other	9	18
Total non-operating expenses	263	87
Ordinary profit	7,218	9,783
Extraordinary income:		
Gain on sales of non-current assets	2	48
Gain on sales of investment securities	0	125
Total extraordinary income	2	173
Extraordinary losses:		
Loss on retirement of non-current assets	175	2
Other	0	0
Total extraordinary losses	175	2
Profit before income taxes	7,046	9,953
Income taxes - current	526	1,006
Income taxes - deferred	(8)	(7)
Total income taxes	517	998
Profit	6,528	8,954
Profit attributable to owners of parent	6,528	8,954

Consolidated Statements of Comprehensive Income

(Six-month Period Ended September 30)

(Millions of yen)

	2Q / FY2017 April 1, 2016 through September 30, 2016	2Q / FY2018 April 1, 2017 through September 30, 2017
Profit	6,528	8,954
Other comprehensive income:		
Valuation difference on available-for-sale securities	(4,324)	4,691
Remeasurements of defined benefit plans, net of tax	(73)	(57)
Total other comprehensive income	(4,398)	4,633
Comprehensive income	2,130	13,588
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	2,130	13,588
Comprehensive income attributable to non-controlling interests	-	-

Consolidated Statements of Cash Flows

(Six-month Period Ended September 30)

(Millions of yen)

	2Q / FY2017 April 1, 2016 through September 30, 2016	2Q / FY2018 April 1, 2017 through September 30, 2017
Cash flows from operating activities:		
Profit before income taxes	7,046	9,953
Depreciation	440	511
Loss on retirement of non-current assets	175	2
Increase (decrease) in allowance for doubtful accounts	(368)	29
Decrease (increase) in net defined benefit asset	(64)	(34)
Increase (decrease) in provision for loss on construction contracts	(1,037)	(1,272)
Interest and dividend income	(645)	(692)
Interest expenses	79	68
Loss (gain) on sales of non-current assets	(2)	(48)
Loss (gain) on sales of short-term and long-term investment securities	(0)	(125)
Decrease (increase) in notes and accounts receivable - trade	15,757	(4,713)
Decrease (increase) in costs on uncompleted construction contracts	(1,112)	1,017
Decrease (increase) in other inventories	(575)	(798)
Increase (decrease) in notes and accounts payable - trade	(8,612)	(4,439)
Increase (decrease) in advances received on uncompleted construction contracts	6,030	(1,065)
Other, net	8,220	2,178
Subtotal	25,329	572
Interest and dividend income received	644	692
Interest expenses paid	(79)	(68)
Income taxes (paid) refund	(518)	(1,120)
Net cash provided by (used in) operating activities	25,376	75

(Millions of yen)

	2Q / FY2017	2Q / FY2018
	April 1, 2016 through September 30, 2016	April 1, 2017 through September 30, 2017
Cash flows from investing activities:		
Net decrease (increase) in time deposits	(713)	(8,799)
Purchase of short-term and long-term investment securities	(207)	(3,155)
Proceeds from sales and redemption of short-term and long-term investment securities	1	262
Purchase of property, plant and equipment and intangible assets	(2,074)	(2,208)
Proceeds from sales of property, plant and equipment and intangible assets	8	64
Payments of loans receivable	(15)	(6)
Collection of loans receivable	11	8
Other, net	(155)	(1)
Net cash provided by (used in) investing activities	(3,143)	(13,835)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	(5,080)	2,607
Repayments of long-term loans payable	(1,107)	(2,005)
Purchase of treasury shares	(10)	(18)
Proceeds from sales of treasury shares	0	1
Cash dividends paid	(4,164)	(6,545)
Other, net	(12)	(7)
Net cash provided by (used in) financing activities	(10,373)	(5,968)
Effect of exchange rate change on cash and cash equivalents	(49)	2
Net increase (decrease) in cash and cash equivalents	11,809	(19,725)
Cash and cash equivalents at beginning of period	25,379	55,958
Cash and cash equivalents at end of period	37,188	36,233

Breakdown of Orders (Nonconsolidated)

(Millions of yen)

			2Q / FY2017 April 1, 2016 through September 30, 2016			2Q / FY2018 April 1, 2017 through September 30, 2017			Change Increase (Decrease)	% Change Increase (Decrease)	
				%	%		%	%	%		
Construction orders awarded	Civil engineering	Domestic public sector	48,623	86.3	50.5	19,415	65.3	43.9	(29,208)	(60.1)	
		Domestic private sector	7,685	13.6		10,331	34.7		2,646	34.4	
		Overseas	42	0.1		7	0.0		(35)	(82.5)	
		Subtotal	56,351	100		29,754	100		(26,596)	(47.2)	
	Architectural construction	Domestic public sector	7,707	13.9	49.5	9,992	26.2	56.1	2,285	29.7	
		Domestic private sector	47,591	86.1		28,084	73.8		(19,506)	(41.0)	
		Overseas	12	0.0		—	—		(12)	—	
		Subtotal	55,311	100		38,077	100		(17,234)	(31.2)	
	Total	Domestic public sector	56,330	50.4	100	29,408	43.4	100	(26,922)	(47.8)	
		Domestic private sector	55,276	49.5		38,416	56.6		(16,860)	(30.5)	
		Overseas	55	0.1		7	0.0		(47)	(86.5)	
		Total	111,662	100		67,831	100		(43,830)	(39.3)	
Net sales	Projects completed	Civil engineering	Domestic public sector	27,920	80.2	[38.6]	30,430	76.4	[38.5]	2,510	9.0
			Domestic private sector	6,855	19.7	37.6	8,947	22.5	37.6	2,092	30.5
			Overseas	50	0.1		451	1.1		400	788.2
			Subtotal	34,826	100		39,829	100		5,002	14.4
	Architectural construction	Domestic public sector	17,786	32.2	[61.4]		19,866	31.2		[61.5]	2,080
		Domestic private sector	37,398	67.6	59.6	43,829	68.8	60.1	6,430	17.2	
		Overseas	97	0.2		—	—		(97)	—	
		Subtotal	55,282	100		63,695	100		8,413	15.2	
	Subtotal	Domestic public sector	45,706	50.7		[100]	50,297		48.6	[100]	4,590
		Domestic private sector	44,253	49.1	97.2	52,776	51.0	97.7	8,523	19.3	
		Overseas	148	0.2		451	0.4		302	203.4	
		Subtotal	90,108	100		103,525	100		13,416	14.9	
	Real estate business and other			2,621		2.8	2,396		2.3	(224)	(8.6)
	Total			92,730	100	105,921	100	13,191	14.2		
Period-end backlog	Civil engineering	Domestic public sector	117,208	82.2	52.1	118,561	76.9	57.9	1,352	1.2	
		Domestic private sector	25,031	17.5		31,268	20.3		6,236	24.9	
		Overseas	396	0.3		4,276	2.8		3,879	978.1	
		Subtotal	142,636	100		154,105	100		11,468	8.0	
	Architectural construction	Domestic public sector	54,663	41.7	47.9	32,090	28.6	42.1	(22,572)	(41.3)	
		Domestic private sector	76,405	58.3		79,953	71.4		3,548	4.6	
		Overseas	12	0.0		—	—		(12)	—	
		Subtotal	131,081	100		112,044	100		(19,036)	(14.5)	
	Total	Domestic public sector	171,871	62.8	100	150,651	56.6	100	(21,220)	(12.3)	
		Domestic private sector	101,436	37.1		111,221	41.8		9,785	9.6	
		Overseas	409	0.1		4,276	1.6		3,866	944.8	
		Total	273,717	100		266,149	100		(7,568)	(2.8)	