

OBAYASHI CORPORATION

Summary of the Financial Results for FY2016 Ended March 2017

Disclaimer: This financial information, a digest of Obayashi Corporation's "Summary of the Financial Results for FY2016 ended March 2017" ("Kessan Tanshin") disclosed at the Tokyo Stock Exchange on May 10, 2017 was translated into English and presented solely for the convenience of non-Japanese speaking users. If there is any discrepancy between Japanese "Kessan Tanshin" and this document, Japanese "Kessan Tanshin" will prevail. This document includes forward-looking statements based on the information available at the time of the release of Japanese "Kessan Tanshin". Due to various factors, the actual results may vary from the forward-looking statements contained herein. Obayashi Corporation (non-consolidated) is called the "Company" hereinafter.

(Rounded down to the nearest million yen)

1. Summary of Full Year Results for FY2016 ended March 2017 (April 1, 2016 - March 31, 2017)

(1) Consolidated Business Results

(% shows the increase (decrease) from the results of the same period of the previous FY.)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%
FY2016 (full year)	1,872,721	5.3	133,742	25.7	140,106	26.0	94,501	49.0
FY2015 (full year)	1,777,834	0.2	106,380	119.8	111,208	85.6	63,437	121.1

(Note) Comprehensive income: [FY2016] 99,307 million yen, 366.0%; [FY2015] 21,310 million yen, (81.1) %

	Net Income per Share	Net Income per Share Adjusted for Latent Shares	Net Income-Shareholders' Equity Ratio	Ordinary Income-Total Assets Ratio	Operating Income-Net Sales Ratio
	(Unit: yen)	(Unit: yen)	%	%	%
FY2016 (full year)	131.66	—	17.0	7.1	7.1
FY2015 (full year)	88.36	—	12.4	5.6	6.0

(For reference) Equity in earnings of affiliates: [FY2016] 425 million yen, ; [FY2015] 326 million yen,

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	(Unit: million yen)	(Unit: million yen)	%	(Unit: yen)
At March 31, 2017	2,015,996	644,076	29.5	827.77
At March 31, 2016	1,951,907	561,658	26.4	719.01

(For reference) Equity (net assets less non-controlling interests): [At March 31, 2017] 594,160 million yen, [At March 31, 2016] 516,098 million yen

(3) Consolidated Cash Flows

	From operating activities	From investment activities	From financing activities	Cash and cash equivalents at FY end
	(Unit: million yen)	(Unit: million yen)	(Unit: million yen)	(Unit: million yen)
FY2016 (full year)	158,892	(37,884)	(89,165)	194,195
FY2015 (full year)	124,980	(48,029)	(68,967)	164,802

2. Dividends

	Dividend per share (Unit: yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total
FY2015 ended Mar. 2016	—	5.00	—	13.00	18.00
FY2016 ended Mar. 2017	—	9.00	—	19.00	28.00
FY2017 ending Mar. 2018 (Forecast)	—	14.00	—	14.00	28.00

	Total dividends paid (full year)	Dividend Payout Ratio (Consolidated)	Dividends-Net Assets Ratio (Consolidated)
	(Unit: million yen)	%	%
FY2015 ended Mar. 2016	12,925	20.4	2.5
FY2016 ended Mar. 2017	20,105	21.3	3.6
FY2017 ending Mar. 2018 (Forecast)	—	21.2	—

* The forecasts above were prepared on the basis of information available at the time of the release of Japanese "Kessan Tanshin".

Due to various factors, the actual result may vary from the forecasts.

3. Consolidated Forecast for FY2017 ending March 2018 (April 1, 2017 - March 31, 2018)

(% shows the changes from the previous FY results for "Full Year" and from the previous 2Q results (cumulative) for "Half Year" respectively.)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Profit attributable to owners of parent per Share
	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: yen)
Half Year	925,000	7.7	60,000	1.4	63,000	4.9	43,000	3.4	59.91
Full Year	1,915,000	2.3	134,500	0.6	140,000	(0.1)	95,000	0.5	132.35

* The forecasts above were prepared on the basis of information available at the time of the release of Japanese "Kessan Tanshin".

Due to various factors, the actual result may vary from the forecasts.

Reference: Summary of Non-consolidated Financial Results

1: Summary of Non-consolidated Full Year Results for FY2016 Ended March 2017 (April 1, 2016 - March 31, 2017)

(1) Non-consolidated Business Results

(% shows the increase (decrease) from the previous FY results)

	Net Sales		Operating Income		Ordinary Income		Profit	
	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%
FY2016 (full year)	1,304,065	5.6	108,221	41.7	116,530	40.7	84,145	65.9
FY2015 (full year)	1,235,098	(2.0)	76,351	302.7	82,816	165.9	50,729	292.5

	Profit per Share	Profit per Share Adjusted for Latent Shares
	(Unit: yen)	(Unit: yen)
FY2016 (full year)	117.23	_____
FY2015 (full year)	70.66	_____

(2) Non-consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	(Unit: million yen)	(Unit: million yen)	%	(Unit: yen)
At March 31, 2017	1,504,594	492,354	32.7	685.94
At March 31, 2016	1,441,241	424,138	29.4	590.89

(For reference) Equity (net assets less non-controlling interests): [At March 31, 2017] 492,354 million yen, [At March 31, 2016] 424,138 million yen

2: Non-consolidated Forecasts for FY2017 Ending March 2018 (April 1, 2017 - March 31, 2018)

(% shows the changes from the previous FY results for "Full Year" and from the previous 2Q results (cumulative) for "Half Year" respectively.)

	Net Sales		Operating Income		Ordinary Income		Profit		Profit per Share
	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	(Unit: yen)	
Half Year	641,000	4.1	48,000	2.2	52,000	4.9	37,000	(3.7)	51.55
Full Year	1,325,000	1.6	107,000	(1.1)	115,000	(1.3)	82,000	(2.5)	114.24

* The forecasts above were prepared on the basis of information available at the time of the release of Japanese "Kessan Tanshin".

Due to various factors, the actual results may vary from the forecasts.

Summary of business performance and financial position for the FY2016 ended March 2017

1. Overview of consolidated business performance

During the FY2016 ended March 2017, the Japanese economy was on a moderate recovery, with improvements of corporate profits and movements to pick up private capital expenditures.

Orders from both public sectors and private sectors were in a firm tone and domestic construction market continued to grow steadily.

Under these circumstances, the Company's consolidated net sales for the FY2016 amounted to 1,872.7 billion yen, increased by 94.8 billion yen (5.3%) from the previous fiscal year primarily due to an increase in net sales from the construction business of the Company and its subsidiaries.

On the earnings front, consequent to an increase in gross profit on completed construction contracts as a result of an improvement in gross profit margin on completed construction contracts of the Company's domestic construction business, operating income increased by 27.3 billion yen (25.7%) to 133.7 billion yen, ordinary income increased by 28.8 billion yen (26.0%) to 140.1 billion yen, and profit attributable to owners of parent increased by 31.0 billion yen (49.0%) to 94.5 billion yen from the previous fiscal year.

The Company's consolidated performance by business segment for the FY2016 was as follows:

a. Construction business

Consolidated construction orders received increased by 190.3 billion yen (10.2%) to 2,052.5 billion yen from the previous fiscal year primarily due to an increase in orders received from overseas building construction business of the subsidiaries. More specifically, orders received from domestic building construction, overseas building construction, domestic civil engineering and overseas civil engineering businesses were 1058.8 billion yen, 554.9 billion yen, 365.9 billion yen, and 72.7 billion yen, respectively.

Non-consolidated orders received decreased by 51.8 billion yen (3.7%) to 1,348.3 billion yen from the previous fiscal year. More specifically, orders received from building construction decreased by 17.0 billion yen (1.6%) to 1,052.6 billion yen and orders received from civil engineering decreased by 34.8 billion yen (10.6%) to 295.7 billion yen.

Consolidated net sales of construction business increased by 106.7 billion yen (6.3%) to 1,802.5 billion yen from the previous fiscal year primarily due to an increase in net sales from domestic building construction business of the Company and overseas building construction business of the subsidiaries. More specifically, net sales of domestic building construction, overseas building construction, domestic civil engineering and overseas civil engineering businesses were 1,020.3 billion yen, 367.9 billion yen, 332.3 billion yen, and 81.7 billion yen, respectively. Operating income increased by 30.5 billion yen (32.5%) to 124.3 billion yen from the previous fiscal year mainly due to an increase in gross profit on completed construction contracts as a result of an improvement in gross profit margin on completed construction contracts of the Company's domestic construction business.

Non-consolidated net sales of construction business increased by 79.5 billion yen (6.6%) to 1,285.8 billion yen from the previous fiscal year. More specifically, net sales of building construction increased by 83.0 billion yen (9.1%) to 991.5 billion yen and net sales of civil engineering decreased by 3.5 billion yen (1.2%) to 294.3 billion yen.

b. Real estate business

Consolidated net sales of real estate business decreased by 8.2 billion yen (17.5%) to 38.7 billion yen and operating income decreased by 3.2 billion yen (31.3%) to 7.1 billion yen from the previous fiscal year primarily due to a reaction of sales of large-scale properties recorded by the subsidiary in the previous fiscal year.

c. Other businesses

Consolidated net sales of other businesses decreased by 3.6 (10.4%) to 31.4 billion yen and operating income increased by 0.1 billion yen (5.5%) to 2.1 billion yen from the previous fiscal year.

Consolidated net sales and operating income (loss) by reporting segments

(Unit: million yen)

	Construction business					Real estate business	Other businesses	Total
	Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Construction Total			
Net sales	1,020,378	367,980	332,374	81,792	1,802,525	38,795	31,400	1,872,721
Operating income (loss)	82,633	4,880	40,033	(3,182)	124,365	7,180	2,196	133,742

2. Outlook for consolidated and non-consolidated performance for the FY2017 ending March 2018

Consolidated performance for the FY2017 is expected to be as follows:

- Orders received, 1,860.0 billion yen (of which real estate business and other contribute 80.0 billion yen)
- Net sales, 1,915.0 billion yen (of which real estate business and other contribute 83.0 billion yen)
- Operating income, 134.5 billion yen
- Ordinary income, 140.0 billion yen
- Profit attributable to owners of parent, 95.0 billion yen

Non-consolidated performance for the FY2017 is expected to be as follows:

- Orders received, 1,300.0 billion yen (of which real estate business and other contribute 20.0 billion yen)
- Net sales, 1,325.0 billion yen (of which real estate business and other contribute 20.0 billion yen)
- Operating income, 107.0 billion yen
- Ordinary income, 115.0 billion yen
- Profit, 82.0 billion yen

Note: The above forecasts were prepared for reference purpose only and were prepared on the basis of information available at the time of the release of the Japanese “Kessan Tanshin”. Due to various factors, the actual results may vary from the forecasts.

3. Overview of consolidated financial position

Total assets at the end of the FY2016 increased by 64.0 billion yen (3.3%) to 2,015.9 billion yen compared with the balance at the end of the previous fiscal year mainly due to an increase in “Cash and deposits” and an increase in trade receivables related to construction contracts which is the sum of “Notes and accounts receivables from completed construction contracts and other” and “Electronically recorded monetary claims”.

Total liabilities at the end of the FY2016 decreased by 18.3 billion yen (1.3%) to 1,371.9 billion yen compared with the balance at the end of the previous fiscal year mainly due to a decrease in interest-bearing debt, such as “Short-term loans payable” and “Bonds payable” while an increase in trade payables related to construction contracts which is the sum of “Notes and accounts payable for construction contracts” and “Electronically recorded obligations”, Consequently, consolidated balance of interest-bearing debt at the end of the FY2016 decreased by 72.9 billion yen (21.1%) to 273.3 billion yen compared with the balance at the end of the previous fiscal year.

Total net assets at the end of the FY2016 increased by 82.4 billion yen (14.7%) to 644.0 billion yen compared with the balance at the end of the previous fiscal year mainly due to an increase in “Retained earnings” since profit attributable to owners of parent was recognized.

As a result, equity ratio at the end of the FY2016 was 29.5%, up 3.1 percentage points from the ratio at the end of the previous fiscal year.

4. Overview of consolidated cash flows

During the FY2016 ended March 2017, net cash provided by operating activities amounted to 158.8 billion yen of cash inflows primarily due to a steady increase in cash flows in domestic construction business (Net cash provided by operating activities amounted to 124.9 billion yen of cash inflows in the previous fiscal year.).

Net cash used in investing activities amounted to 37.8 billion yen of cash outflows mainly due to purchases of real estate properties for business use (Net cash used in investing activities amounted to 48.0 billion yen of cash outflows in the previous fiscal year.).

Net cash used in financing activities amounted to 89.1 billion yen of cash outflows primarily due to repayments of loans payable and redemptions of bonds payable (Net cash used in financing activities amounted to 68.9 billion yen of cash outflows in the previous fiscal year.).

Consequently, cash and cash equivalents at the end of the FY2016 increased by 29.3 billion yen to 194.1 billion yen compared with the balance at the end of the previous fiscal year.

5. Basic policy regarding the allocation of profits and dividend payout plan for the FY2016 ended March 2017 and the FY2017 ending March 2018

The Company's profit allocation policy is to sustain stably dividend payouts to our shareholders over the long term for a target payout ratio of 20% to 30%, and provide shareholders with returns, including purchase of treasury stock, commensurate with the Group's performance, taking into account the need to enhance internal reserves so as to further strengthen its financial base, develop technologies and make capital investments for the future.

In line with its commitment to stable dividend payouts to shareholders, the Company pursues to return its profit through dividend payouts.

For the FY2016 ended March 2017, considering profit attributable to owners of parent per share (131.66 yen) and medium-term business performance, the Company expects to provide annual dividend of 28 yen per share (the total annual dividend: an increase by 10 yen per share compared with the previous fiscal year, a dividend payout ratio: 21.3%). Accordingly, deducted a midterm dividend of 9 yen, a year-end dividend is expected to be 19 yen per share.

For the FY2017 ending March 2018, the Company expects to provide 14 yen per share both for a midterm and a year-end dividend, making the total annual dividend 28 yen per share (a dividend payout ratio: 21.2%).

Note: The above forecasts were prepared for reference purpose only and were prepared on the basis of information available at the time of the release of the Japanese “Kessan Tanshin”. Due to various factors, the actual results may vary from the forecasts.

Consolidated balance sheets

(Unit : million yen)

	March 31, 2016	March 31, 2017
Assets		
Current assets		
Cash and deposits	164,829	194,585
Notes and accounts receivable from completed construction contracts and other	715,023	720,361
Electronically recorded monetary claims	8,866	21,075
Short-term investment securities	2,606	2,519
Real estate for sale	17,151	16,739
Costs on uncompleted construction contracts	37,758	39,881
Costs on real estate business	24,448	24,200
Inventories for PFI and other projects	45,514	42,406
Other inventories	6,266	7,872
Deferred tax assets	17,599	17,443
Accounts receivable-other	71,059	78,009
Other	17,800	16,694
Allowance for doubtful accounts	(157)	(142)
Total current assets	1,128,768	1,181,645
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	92,265	92,587
Machinery, vehicles, tools, furniture and fixtures, net	30,985	29,554
Land	305,588	308,241
Lease assets, net	225	228
Construction in progress	12,539	28,986
Total property, plant and equipment	441,604	459,597
Intangible assets	6,404	6,558
Investments and other assets		
Investment securities	342,021	346,245
Long-term loans receivable	2,170	2,024
Assets for retirement benefits	68	68
Deferred tax assets	2,029	1,987
Other	29,107	18,118
Allowance for doubtful accounts	(266)	(249)
Total investments and other assets	375,130	368,194
Total noncurrent assets	823,139	834,350
Deferred assets	0	—
Total assets	1,951,907	2,015,996

(Unit : million yen)

	March 31, 2016	March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable for construction contracts and other	486,533	485,408
Electronically recorded obligations	122,697	150,289
Short-term loans payable	150,465	89,498
Current portion of nonrecourse loans	6,858	6,832
Current portion of bonds	10,000	25,000
Lease obligations	78	85
Income taxes payable	17,856	30,533
Deferred tax liabilities	514	402
Advances received on uncompleted construction contracts	122,802	106,541
Deposits received	76,454	102,707
Provision for warranties for completed construction	2,491	3,048
Provision for loss on construction contracts	12,808	7,751
Other	63,639	70,585
Total current liabilities	1,073,200	1,078,684
Noncurrent liabilities		
Bonds payable	55,000	30,000
Long-term loans payable	51,000	55,836
Nonrecourse loans	73,015	66,192
Lease obligations	131	126
Deferred tax liabilities	41,830	46,956
Deferred tax liabilities for land revaluation	21,313	21,091
Provision for stock payments for directors	209	301
Provision for loss on real estate business and other	993	993
Provision for environmental measures	882	616
Liability for retirement benefits	52,126	51,029
Other	20,546	20,091
Total noncurrent liabilities	317,049	293,235
Total liabilities	1,390,249	1,371,919
Net assets		
Shareholders' equity		
Capital stock	57,752	57,752
Capital surplus	41,752	41,752
Retained earnings	255,750	334,957
Treasury stock	(1,958)	(1,964)
Total shareholders' equity	353,297	432,497
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	140,328	140,246
Deferred gains (losses) on hedges	(47)	(283)
Revaluation reserve for land	20,937	20,435
Foreign currency translation adjustments	822	(365)
Retirement benefit asset and liability adjustments	760	1,629
Total accumulated other comprehensive income	162,801	161,662
Non-controlling interests	45,559	49,916
Total net assets	561,658	644,076
Total liabilities and net assets	1,951,907	2,015,996

Consolidated statements of income

(Unit : million yen)

	FY2015 From April 1, 2015 to March 31, 2016	FY2016 From April 1, 2016 to March 31, 2017
Net sales		
Net sales of completed construction contracts	1,695,752	1,802,525
Net sales of real estate business and other	82,081	70,195
Total net sales	1,777,834	1,872,721
Cost of sales		
Cost of sales on completed construction contracts	1,524,582	1,596,705
Cost of sales on real estate business and other	60,199	51,082
Total cost of sales	1,584,782	1,647,787
Gross profit		
Gross profit on completed construction contracts	171,170	205,820
Gross profit on real estate business and other	21,881	19,113
Total gross profit	193,052	224,933
Selling, general and administrative expenses	86,671	91,191
Operating income	106,380	133,742
Non-operating income		
Interest income	2,278	1,917
Dividends income	6,932	6,940
Other	874	835
Total non-operating income	10,086	9,693
Non-operating expenses		
Interest expenses	2,674	2,442
Foreign exchange losses	2,291	462
Other	293	424
Total non-operating expenses	5,258	3,329
Ordinary income	111,208	140,106
Extraordinary income		
Gain on sales of investing securities	2,961	3,081
Gain on sales of noncurrent assets	1,520	516
Other	100	362
Total extraordinary income	4,582	3,960
Extraordinary loss		
Impairment loss	2,826	562
Loss on retirement of noncurrent assets	525	267
Loss on sales of noncurrent assets	632	169
Compensation for damage	3,500	—
Other	1,051	77
Total extraordinary losses	8,535	1,076
Income before income taxes	107,255	142,990
Income taxes-current	20,875	37,692
Income taxes-deferred	16,622	4,782
Total income taxes	37,497	42,475
Profit	69,757	100,515
Profit attributable to non-controlling interests	6,320	6,013
Profit attributable to owners of parent	63,437	94,501

Consolidated statements of comprehensive income

(Unit : million yen)

	FY2015 From April 1, 2015 to March 31, 2016	FY2016 From April 1, 2016 to March 31, 2017
Profit	69,757	100,515
Other comprehensive income		
Valuation difference on available-for-sale securities	(43,861)	(25)
Deferred gains (losses) on hedges	(247)	(235)
Revaluation reserve for land	1,131	—
Foreign currency translation adjustment	(3,472)	(1,783)
Retirement benefit adjustment	(2,004)	840
Share of other comprehensive income of associates accounted for using equity method	6	(4)
Total other comprehensive income	(48,446)	(1,208)
Comprehensive income	21,310	99,307
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,675	93,865
Comprehensive income attributable to non-controlling interests	4,635	5,441

Consolidated statements of cash flows

(Unit : million yen)

	FY2015 From April 1, 2015 to March 31, 2016	FY2016 From April 1, 2016 to March 31, 2017
Net cash provided by (used in) operating activities		
Income before income taxes	107,255	142,990
Depreciation and amortization	14,476	14,981
Impairment loss	2,826	562
Increase (decrease) in allowance for doubtful accounts	(25)	(30)
Increase (decrease) in provision for loss on construction contracts	87	(5,005)
Increase (decrease) in liability for retirement benefits	(2,020)	160
Interest and dividends income	(9,211)	(8,857)
Interest expenses	2,674	2,442
Loss (gain) on sales of noncurrent assets	(888)	(346)
Loss (gain) on sales of short-term and long term investment securities	(2,941)	(3,080)
Decrease (increase) in notes and accounts receivable—trade	(29,365)	(20,740)
Decrease (increase) in costs on uncompleted construction contracts	1,979	(1,539)
Decrease (increase) in inventories	(10,034)	(995)
Decrease (increase) in inventories for PFI and other projects	5,998	3,107
Decrease (increase) in other assets	35,091	4,432
Increase (decrease) in notes and accounts payable—trade	(15,900)	29,433
Increase (decrease) in advances received on uncompleted construction contracts	25,555	(14,029)
Increase (decrease) in other liabilities	516	34,696
Other, net	1,441	180
Subtotal	<u>127,514</u>	<u>178,360</u>
Interest and dividends income received	9,447	9,041
Interest expenses	(2,608)	(2,530)
Income taxes (paid) refund	(9,373)	(25,978)
Net cash provided by (used in) operating activities	<u>124,980</u>	<u>158,892</u>
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment and intangible assets	(59,148)	(39,755)
Proceeds from sales of property, plant and equipment and intangible assets	3,904	3,044
Purchase of short-term and long term investment securities	(6,568)	(6,253)
Proceeds from sales and redemption of short-term and long term investment securities	13,659	5,425
Payments of loans receivable	(227)	(362)
Collection of loans receivable	169	379
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(62)	—
Other, net	242	(362)
Net cash provided by (used in) investing activities	<u>(48,029)</u>	<u>(37,884)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	2,614	(23,512)
Net increase (decrease) in commercial papers	(18,000)	—
Repayments of lease obligations	(109)	(93)
Proceeds from long-term loans payable	9,747	21,700
Repayment of long-term loans payable	(25,843)	(53,417)
Proceeds from nonrecourse loans payable	5,366	9
Payment of nonrecourse loans payable	(8,509)	(6,858)
Redemption of bonds	(25,000)	(10,000)
Cash dividends paid	(7,899)	(15,797)
Cash dividends paid to non-controlling interests	(979)	(1,188)
Other, net	(353)	(6)
Net cash provided by (used in) financing activities	<u>(68,967)</u>	<u>(89,165)</u>
Effect of exchange rate change on cash and cash equivalents	(5,788)	(2,449)
Net increase (decrease) in cash and cash equivalents	<u>2,195</u>	<u>29,392</u>
Cash and cash equivalents at beginning of period	<u>162,607</u>	<u>164,802</u>
Cash and cash equivalents at end of period	<u>164,802</u>	<u>194,195</u>

Notes to real estate for rent and other

The Company and a part of its subsidiaries hold office buildings for lease (incl. land), lands for redevelopment projects and etc. mainly in Tokyo and Osaka.

Profit and impairment loss from the said real estate for FY2015 amounted to 9,566 million yen and 2,128 million yen respectively. Profit and impairment loss from the said real estate for FY2016 amounted to 10,008 million yen and 19 million yen respectively. (Sales and costs on real estate are booked in "Net sales of real estate business and other" and "Cost of sales on real estate business and other" respectively. Impairment loss is classified as "Extraordinary loss.")

Amounts on consolidated balance sheets, amounts increased (decreased) and market value of the said real estate are as follows:

(Unit : million yen)

	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
Amounts on the consolidated balance sheets		
At April 1	251,697	286,794
Increase (decrease) -net	35,096	2,591
At March 31	286,794	289,385
Market value at March 31	386,817	407,789

Note 1: The amounts on the consolidated balance sheets shown above were computed by subtracting the accumulated depreciation and impairment loss from the purchase price.

Note 2: "Increase (decrease) - net" of FY2015 mainly consists of:

Increase - Purchase of office buildings for lease (incl. land) and other (34,524 million yen)

Decrease - Deprecation cost (2,854 million yen) and Impairment loss (2,128 million yen)

"Increase (decrease) - net" of FY2016 mainly consists of:

Increase - Purchase of office buildings for lease (incl. land) and other (6,538 million yen)

Decrease - Deprecation cost (2,873million yen)

Note 3: Market value at March 31 was computed by the Company in accordance with the "Real estate evaluation standards." (Some of the numbers were adjusted using official indices.)

Segment Information

Reporting segment information (net sales and income (loss))

FY2015 (April 1, 2015 - March 31, 2016)

(Unit: million yen)

	Reporting Segment						Others (Note 1)	Total
	Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Real estate development	Subtotal		
Net sales								
Sales to third parties	932,997	337,956	353,909	70,889	47,020	1,742,773	35,061	1,777,834
Intersegment sales and transfers	31,970	57	23,345	—	1,152	56,525	7,442	63,967
Segment sales	964,968	338,013	377,254	70,889	48,172	1,799,298	42,503	1,841,801
Operating Income								
Operating Income from sales to third parties (Note 2)	51,697	2,624	36,860	2,664	10,452	104,299	2,081	106,380
Intersegment operating income or transfer	(30)	(23)	110	(2)	(0)	53	(100)	(47)
Segment income	51,666	2,600	36,971	2,662	10,451	104,352	1,980	106,333

Note 1: Businesses that cannot be classified into the company's reporting segments are shown as "Others."

This includes PFI (Private Finance Initiative), renewable energy business, finance, operation of golf courses, and other businesses.

Note 2: "Operating income from sales to third parties" was computed by subtracting "Intersegment operating income and transfers" from "Segment income."

The total "Operating income from sales to third parties" equals to "Operating income" as shown in the quarterly consolidated statements of income.

Note 3: The amounts of the assets are not shown the assets are not divided by segments.

FY2016 (April 1, 2016 - March 31, 2017)

(Unit: million yen)

	Reporting Segment						Others (Note 1)	Total
	Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Real estate development	Subtotal		
Net sales								
Sales to third parties	1,020,378	367,980	332,374	81,792	38,795	1,841,321	31,400	1,872,721
Intersegment sales and transfers	39,709	47	21,309	—	1,156	62,222	7,443	69,665
Segment sales	1,060,088	368,027	353,683	81,792	39,951	1,903,543	38,843	1,942,387
Operating Income (loss)								
Operating Income (loss) from sales to third parties (Note 2)	82,633	4,880	40,033	(3,182)	7,180	131,546	2,196	133,742
Intersegment operating income or transfer	792	(23)	859	(3)	(0)	1,623	(89)	1,533
Segment income (loss)	83,425	4,856	40,893	(3,185)	7,179	133,169	2,106	135,276

Note 1: Businesses that cannot be classified into the company's reporting segments are shown as "Others."

This includes PFI (Private Finance Initiative), renewable energy business, finance, operation of golf courses, and other businesses.

Note 2: "Operating income (loss) from sales to third parties" was computed by subtracting "Intersegment operating income and transfers" from "Segment income (loss)."

The total "Operating income (loss) from sales to third parties" equals to "Operating income" as shown in the quarterly consolidated statements of income.

Note 3: The amounts of the assets are not shown the assets are not divided by segments.