

OBAYASHI CORPORATION

Summary of the Second Quarter (cumulative) Financial Results for FY2014 Ending March 2015

Disclaimer: This financial information, a digest of Obayashi Corporation's "Summary of the Second Quarter (cumulative) Financial Results for FY2014 ending March 2015" ("Kessan Tanshin") disclosed at the Tokyo Stock Exchange on November 11, 2014 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 the Second Quarter (cumulative) Results for FY2014 ending March 2015 (April 1, 2014 - September 30, 2014)

(1) Consolidated Business Results (cumulative)

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%
2nd Quarter of FY2014	810,786	12.0	16,831	100.1	22,257	85.4	14,179	124.7
2nd Quarter of FY2013	723,602	10.8	8,411	(29.8)	12,007	(1.9)	6,310	11.0

(Note) Comprehensive income: [2Q/FY2014] 34,051 million yen (10.3%); [2Q/FY2013] 30,873 million yen (-%)

	Net Income per Share	Net Income per Share Adjusted for Latent Shares
	(Unit: yen)	(Unit: yen)
2nd Quarter of FY2014	19.74	—
2nd Quarter of FY2013	8.79	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	(Unit: million yen)	(Unit: million yen)	%
At September 30, 2014	1,855,909	473,497	23.6
At March 31, 2014	1,818,886	448,108	22.7

(For reference) Equity (net income less minority interests): [At September 30, 2014] 437,534 million yen, [March 31, 2014] 412,456 million yen

2. Dividends

	Dividend per share (Unit: yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)
FY2013 ended Mar. 2014	—	4.00	—	4.00	8.00
FY2014 ending Mar. 2015	—	4.00	—	—	—
FY2014 ending Mar. 2015 (Forecast)	—	—	—	4.00	8.00

* The consolidated forecasts for the full year were not revised in this second quarter.

* 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 FY2014 ending March 2015 (April 1, 2014 - March 31, 2015)

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

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: yen)
Full Year	1,700,000	5.4	35,000	9.4	39,000	(2.8)	23,000	6.3	32.03

* The consolidated forecasts were not revised in this second quarter.

* 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 : Non-consolidated Forecasts for FY2014 Ending March 2015 (April 1, 2014 - March 31, 2015)

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

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: yen)
Full Year	1,210,000	0.1	10,000	258.5	16,000	41.2	10,500	37.2	14.62

* The consolidated forecasts were not revised in this second quarter.

* 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.

Qualitative information on business performance and financial position for the first half of FY2014 ending March 2015

1. Overview of consolidated business performance

During the first half of FY2014 ending March 2015 (from April 1, 2014 to September 30, 2014), the Japanese economy was on a moderate recovery, supported primarily by the effect of government economic policies, while weakness can be seen in some areas with a reaction after a last-minute rise in demand before a consumption tax increase.

In the domestic construction market, although orders from both public and private sectors were in a firm tone, business environment remained uncertain due to severe shortage of construction workers and an increase in construction costs.

Under these circumstances, the Company's consolidated net sales for the first half of this year amounted to 810.7 billion yen, increased by 12.0% from the first half of the previous fiscal year primarily due to an increase in net sales of the Company and its subsidiaries from construction business.

On the earnings front, operating income increased by 100.1% to 16.8 billion yen and ordinary income increased by 85.4% to 22.2 billion yen from the same period of the previous fiscal year, consequent to an increase in gross profit on completed construction contracts as a result of an increase in net sales of completed construction contracts as well as an improvement in gross profit margin on completed construction contracts. Net income increased by 124.7% to 14.1 billion yen from the same period of the previous fiscal year, mainly due to recognition of gain on transition of retirement benefit plan in extraordinary income.

The Company's consolidated performance by business segment for the first half of FY2014 was as follows:

a. Construction business

Although orders received from civil engineering business increased, consolidated construction orders received decreased by 9.3% to 807.4 billion yen from the same period of the previous fiscal year with a reaction of an acceptance of large-scale orders in the overseas building construction business.

More specifically, orders received for domestic building construction, overseas building construction, domestic civil engineering and overseas civil engineering businesses were 439.3 billion yen, 125.0 billion yen, 220.9 billion yen, and 22.0 billion yen, respectively.

Consolidated net sales of construction business increased by 15.8% to 778.9 billion yen from the same period of the previous fiscal year due to an increase in net sales from building construction business of the Company and its subsidiaries. More specifically, net sales of domestic building construction, overseas building construction, domestic civil engineering and overseas civil engineering businesses were 461.5 billion yen, 142.0 billion yen, 145.3 billion yen, and 30.0 billion yen, respectively.

Operating income increased by 11.6 billion yen to 12.0 billion yen from the same period of the previous fiscal year mainly due to an increase in net sales of completed construction contracts as well as an improvement in gross profit margin on completed construction contracts.

b. Real estate business

Consolidated net sales of real estate business decreased by 44.4% to 15.8 billion yen from the same period of the previous fiscal year due to a decrease in net sales of real estate business of the Company and its subsidiaries. Operating income decreased by 49.6% to 3.6 billion yen from the same period of the previous fiscal year.

c. Other businesses

Consolidated net sales of other businesses decreased by 27.8% to 15.9 billion yen and operating income increased by 60.6% to 1.1 billion yen from the same period of the previous fiscal year.

Consolidated net sales and operating income 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	461,519	142,034	145,350	30,066	778,969	15,867	15,949	810,786
Operating income	2,656	2,478	6,703	223	12,061	3,664	1,105	16,831

2. Overview of consolidated financial position

Total assets at the end of the first half of this fiscal year increased by 37.0 billion yen (2.0%) to 1,855.9 billion yen compared with the balance at the end of the previous fiscal year mainly due to an increase in “Cash and deposits” as well as an increase in “Investment securities” following mark-to-market valuation of investment securities, despite a decrease of “Notes and accounts receivable from completed construction contracts and other.”

Total liabilities at the end of the first half of this fiscal year increased by 11.6 billion yen (0.8%) to 1,382.4 billion yen compared with the balance at the end of the previous fiscal year primarily due to an increase in “Commercial papers” and “Bonds payable”, despite a decrease in “Notes and accounts payable for construction contracts and other” and “Short-term loans payable.” And consolidated balance of interest-bearing debt at the end of the first half of this fiscal year increased by 21.7 billion yen (5.1%) to 450.2 billion yen compared with the balance at the end of the previous fiscal year.

Total net assets at the end of the first half of this fiscal year increased by 25.3 billion yen (5.7%) to 473.4 billion yen compared with the balance at the end of the previous fiscal year mainly owing to an increase in “Valuation difference on available-for-sale securities” following mark-to-market valuation of investment securities.

As a result, equity ratio at the end of the first half of this fiscal year was 23.6%, up a 0.9 of a percentage point from the end of the previous fiscal year.

3. Overview of consolidated cash flows

During the first half of this fiscal year, net cash provided by operating activities amounted to 16.7 billion yen of cash inflows primarily due to an improvement in cash flows in construction business (Net cash used in operating activities amounted to 25.9 billion yen of cash outflows in the same period of the previous fiscal year.).

Net cash used in investing activities amounted to 11.3 billion yen of cash outflows mainly due to purchase of real estate properties for business use (Net cash used in investing activities amounted to 33.3 billion yen of cash outflows in the same period of previous fiscal year.).

Net cash provided by financing activities amounted to 15.2 billion yen of cash inflows primarily due to an issuance of commercial papers and bonds (Net cash provided by financing activities amounted to 53.7 billion yen of cash inflows in the same period of the previous fiscal year.).

Consequently, cash and cash equivalents at the end of the first half of this fiscal year increased by 20.3 billion yen to 141.5 billion yen compared with the balance at the end of the previous fiscal year.

4. Consolidated forecasts

Based on the review at the time of the release of this document, the consolidated and non-consolidated forecasts for full year (FY2014) were not changed from the ones announced on August 5, 2014 when the first quarter financial results for FY2014 were presented.

(Important Note) Changes in Accounting Policies

The Company adopted the main clause in Section 35 of “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No. 26 of May 17, 2012) and the main clause in Section 67 of “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 of May 17, 2012) as of the first quarter of this fiscal year, and revised the method of calculating retirement benefits obligations and service costs as stated below.

The method of attributing the projected benefits obligations to accounting periods was changed from the straight-line basis to the benefit formula basis.

The method of determination of the discount rate was changed from the one applying the discount rate based on the years approximate to the average remaining period of service of the employees to the one applying the single weighted average discount rate reflecting the estimated timing and periodic amount of benefit payment.

In accordance with transitional accounting as stipulated in article 37 of “Accounting Standard for Retirement Benefits”, the effect of changes in the method of calculating retirement benefits obligations and service costs was recognized as an adjustment to “Retained earnings” as of the beginning of the first half of this fiscal year.

As a result, as of the beginning of the first half of this fiscal year, “Liabilities for retirement benefits” increased by 7,128 million yen and “Retained earnings” decreased by 4,134 million yen. Operating income, ordinary income as well as income before income taxes and minority interests for the first half of this fiscal year increased by 595 million yen, respectively.

Totaling the effect of the changes in accounting policies mentioned above as well as the amount of change for the first half of this fiscal year (“Liabilities for retirement benefits” decreased by 8,497 million yen and

“Retained earnings” increased by 12,225 million yen) with the balances at the end of the previous fiscal year, the balances of “Liabilities for retirement benefits” and “Retained earnings” at the end of the first half of this fiscal year were 56,416 million yen and 186,756 million yen, respectively.

**(Supplementary information) Changes in Representation
(Consolidated quarterly balance sheets)**

Effective from the second quarter of this fiscal year, the account names titled as “Current portion of PFI and other project finance loans” and “PFI and other project finance loans” in the previous fiscal year were changed into “Current portion of nonrecourse loans” and “Nonrecourse loans” from the following reasons.

The amount of loans relating to the business other than PFI business (renewable energy business) expanded.

The changed accounting names indicate more clearly that the loan is a type of nonrecourse loan in which repayment source is limited to specific business asset and other company assets shall not be affected.

In order to reflect this change in representation, “Current portion of PFI and other project finance loans” and “PFI and other project finance loans” presented in the consolidated balance sheets in the previous fiscal year were reclassified as “Current portion of nonrecourse loans” and “Nonrecourse loans”, respectively.

(Consolidated quarterly statements of cash flows)

In accordance with the changes in account names in the consolidated quarterly balance sheets, effective from the second quarter of this fiscal year, account names titled as “Proceeds from PFI and other project finance loans payable” and “Payment of PFI and other project finance loans payable” in the previous fiscal year were changed into “Proceeds from nonrecourse loans payable” and “Payment of nonrecourse loans payable.”

In order to reflect this change in representation, “Proceeds from PFI and other project finance loans payable” and “Payment of PFI and other project finance loans payable” presented in the consolidated quarterly statements of cash flows in the first half of the previous fiscal year were reclassified as “Proceeds from nonrecourse loans payable” and “Payment of nonrecourse loans payable”, respectively.

Consolidated quarterly balance sheets

(Unit : million yen)

	March 31, 2014	September 30, 2014
Assets		
Current assets		
Cash and deposits	121,373	141,574
Notes and accounts receivable from completed construction contracts and other	654,778	617,774
Short-term investment securities	3,460	2,992
Real estate for sale	18,049	21,537
Costs on uncompleted construction contracts	44,903	51,289
Costs on real estate business	12,689	15,993
Inventories for PFI and other projects	56,741	54,078
Other inventories	4,774	5,923
Deferred tax assets	17,315	15,008
Accounts receivable-other	71,510	73,004
Other	16,348	35,331
Allowance for doubtful accounts	(273)	(256)
Total current assets	1,021,672	1,034,253
Noncurrent assets		
Property, plant and equipment, net		
Buildings and structures, net	94,097	93,071
Machinery, vehicles, tools, furniture and fixtures, net	19,043	26,424
Land	289,743	291,489
Lease assets, net	304	250
Construction in progress	11,900	6,250
Total property, plant and equipment, net	415,089	417,486
Intangible assets	5,397	5,609
Investments and other assets		
Investment securities	323,858	352,085
Long-term loans receivable	2,284	2,226
Assets for retirement benefits	156	127
Deferred tax assets	1,829	2,293
Other	51,205	42,133
Allowance for doubtful accounts	(2,627)	(311)
Total investments and other assets	376,707	398,554
Total noncurrent assets	797,194	821,650
Deferred assets	20	6
Total assets	1,818,886	1,855,909

(Unit : million yen)

	March 31, 2014	September 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable for construction contracts and other	578,750	557,318
Short-term loans payable	159,856	119,692
Current portion of nonrecourse loans	7,331	9,473
Commercial papers	22,000	58,000
Current portion of bonds	—	15,000
Lease obligations	88	77
Income taxes payable	3,950	2,320
Deferred tax liabilities	391	405
Advances received on uncompleted construction contracts	103,370	90,876
Deposits received	66,803	79,427
Provision for warranties for completed construction	2,499	2,711
Provision for loss on construction contracts	7,627	7,390
Other	60,355	59,601
Total current liabilities	1,013,025	1,002,295
Noncurrent liabilities		
Bonds payable	80,000	75,000
Long-term loans payable	89,735	96,386
Nonrecourse loans	69,519	76,654
Lease obligations	152	123
Deferred tax liabilities	10,551	22,886
Deferred tax liabilities for land revaluation	27,354	26,848
Provision for loss on real estate business and other	999	993
Provision for environmental measures	1,032	1,030
Liability for retirement benefits	57,785	56,416
Other	20,621	23,776
Total noncurrent liabilities	357,752	380,116
Total liabilities	1,370,778	1,382,411
Net assets		
Shareholders' equity		
Capital stock	57,752	57,752
Capital surplus	41,750	41,750
Retained earnings	178,665	186,756
Treasury stock	(1,577)	(1,593)
Total shareholders' equity	276,591	284,666
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	115,744	134,106
Deferred gains (losses) on hedges	(213)	(134)
Revaluation reserve for land	20,264	19,334
Foreign currency translation adjustments	(595)	(1,110)
Retirement benefit asset and liability adjustments	665	671
Total accumulated other comprehensive income	135,865	152,868
Minority interests	35,651	35,963
Total net assets	448,108	473,497
Total liabilities and net assets	1,818,886	1,855,909

Consolidated quarterly statements of income

(Unit : million yen)

	2Q / FY2013 From April 1, 2013 to September 30, 2013	2Q / FY2014 From April 1, 2014 to September 30, 2014
Net sales		
Net sales of completed construction contracts	672,968	778,969
Net sales of real estate business and other	50,633	31,816
Total net sales	723,602	810,786
Cost of sales		
Cost of sales on completed construction contracts	637,574	732,561
Cost of sales on real estate business and other	38,217	22,468
Total cost of sales	675,791	755,029
Gross profit		
Gross profit on completed construction contracts	35,394	46,408
Gross profit on real estate business and other	12,416	9,347
Total gross profit	47,811	55,756
Selling, general and administrative expenses	39,400	38,925
Operating income	8,411	16,831
Non-operating income		
Interest income	1,272	1,299
Dividends income	3,749	3,390
Foreign exchange gains	1,357	1,842
Other	305	798
Total non-operating income	6,684	7,331
Non-operating expenses		
Interest expenses	1,607	1,548
Other	1,480	356
Total non-operating expenses	3,088	1,904
Ordinary income	12,007	22,257
Extraordinary income		
Gain on transition of retirement benefit plan	—	2,450
Gain on sales of noncurrent assets	53	784
Gain on sales of investment securities	1,560	610
Other	118	1,211
Total extraordinary income	1,731	5,056
Extraordinary loss		
Impairment loss	1,241	965
Other	486	464
Total extraordinary losses	1,728	1,429
Income before income taxes and minority interests	12,010	25,884
Income taxes-current	2,750	3,408
Income taxes-deferred	1,125	6,069
Total income taxes	3,875	9,477
Income before minority interests	8,134	16,406
Minority interests in income	1,824	2,226
Net income	6,310	14,179

Consolidated quarterly statements of comprehensive income

(Unit : million yen)

	2Q / FY2013 From April 1, 2013 to September 30, 2013	2Q / FY2014 From April 1, 2014 to September 30, 2014
Income before minority interests	8,134	16,406
Other comprehensive income		
Valuation difference on available-for-sale securities	20,005	18,375
Deferred gains (losses) on hedges	(466)	69
Foreign currency translation adjustment	3,113	(833)
Retirement benefit adjustment	—	20
Share of other comprehensive income of associates accounted for using equity method	87	13
Total other comprehensive income	22,739	17,644
Comprehensive income	30,873	34,051
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	27,693	32,113
Comprehensive income attributable to minority interests	3,180	1,938

Consolidated quarterly statements of cash flows

(Unit : million yen)

	2Q / FY2013 From April 1, 2013 to September 30, 2013	2Q / FY2014 From April 1, 2014 to September 30, 2014
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	12,010	25,884
Depreciation and amortization	5,483	6,661
Impairment loss	1,241	965
Increase (decrease) in allowance for doubtful accounts	(78)	(2,332)
Increase (decrease) in provision for loss on construction contracts	(323)	(234)
Increase (decrease) in provision for retirement benefits	621	—
Increase (decrease) in liability for retirement benefits	—	(8,480)
Interest and dividends income	(5,021)	(4,689)
Interest expenses	1,607	1,548
Loss (gain) on sales of noncurrent assets	168	(733)
Loss (gain) on sales of short-term and long term investment securities	(1,544)	(610)
Decrease (increase) in notes and accounts receivable-trade	737	37,628
Decrease (increase) in costs on uncompleted construction contracts	(24,240)	(6,172)
Decrease (increase) in inventories	7,011	(5,988)
Decrease (increase) in inventories for PFI and other projects	8,273	2,663
Decrease (increase) in other assets	5,965	(12,684)
Increase (decrease) in notes and accounts payable-trade	(50,004)	(21,638)
Increase (decrease) in advances received on uncompleted construction contracts	13,964	(12,467)
Increase (decrease) in other liabilities	(4,849)	15,528
Other, net	3,133	3,945
Subtotal	(25,842)	18,790
Interest and dividends income received	5,444	4,678
Interest expenses paid	(1,603)	(1,574)
Income taxes (paid) refund	(3,899)	(5,113)
Net cash provided by (used in) operating activities	(25,900)	16,780
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment and intangible assets	(38,165)	(17,007)
Proceeds from sales of property, plant and equipment and intangible assets	185	3,094
Purchase of short-term and long term investment securities	(1,307)	(400)
Proceeds from sales and redemption of short-term and long term investment securities	5,435	2,647
Payments of loans receivable	(1,984)	(23)
Collection of loans receivable	1,417	86
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	782	45
Other, net	332	161
Net cash provided by (used in) investing activities	(33,304)	(11,396)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	562	(2,146)
Net increase (decrease) in commercial papers	56,000	36,000
Repayments of lease obligations	(81)	(114)
Proceeds from long-term loans payable	8,458	12,713
Repayment of long-term loans payable	(15,097)	(46,887)
Proceeds from nonrecourse loans payable	2,370	14,836
Repayment of nonrecourse loans payable	(4,777)	(5,559)
Proceeds from issuance of bonds	20,000	10,000
Redemption of bonds	(10,000)	—
Cash dividends paid	(2,872)	(2,872)
Cash dividends paid to minority shareholders	(788)	(332)
Other, net	(18)	(393)
Net cash provided by (used in) financing activities	53,753	15,242
Effect of exchange rate change on cash and cash equivalents	2,691	(257)
Net increase (decrease) in cash and cash equivalents	(2,760)	20,369
Cash and cash equivalents at beginning of period	99,690	121,177
Cash and cash equivalents at end of period	96,930	141,546

Segment Information

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

2Q (cumulative) / FY2013 Results (April 1, 2013 - September 30, 2013)

(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	391,915	107,568	146,355	27,128	28,534	701,502	22,099	723,602
Intersegment sales or transfers	25,978	13	9,975	—	918	36,884	3,663	40,548
Segment sales	417,894	107,581	156,330	27,128	29,452	738,387	25,763	764,151
Operating Income (loss)								
Operating Income (loss) from sales to third parties (Note 2)	(3,004)	2,520	1,318	(386)	7,275	7,723	688	8,411
Intersegment operating income or transfer	(408)	—	(30)	(1)	(0)	(440)	(99)	(539)
Segment income (loss)	(3,413)	2,520	1,288	(387)	7,274	7,282	588	7,871

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

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

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

2Q (cumulative) / FY2014 Results (April 1, 2014 - September 30, 2014)

(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	461,519	142,034	145,350	30,066	15,867	794,837	15,949	810,786
Intersegment sales or transfers	17,095	42	8,143	—	978	26,259	3,693	29,952
Segment sales	478,614	142,077	153,493	30,066	16,845	821,096	19,642	840,739
Operating Income								
Operating Income from sales to third parties (Note 2)	2,656	2,478	6,703	223	3,664	15,725	1,105	16,831
Intersegment operating income or transfer	(94)	(5)	(80)	(0)	(0)	(181)	(38)	(220)
Segment income	2,561	2,472	6,622	222	3,663	15,543	1,067	16,611

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

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

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

(For reference) Non-consolidated quarterly balance sheets

(Unit : million yen)

	March 31, 2014	September 30, 2014
Assets		
Current assets		
Cash and deposits	47,938	63,264
Notes receivable-trade	13,688	29,554
Accounts receivable from completed construction contracts	517,459	468,015
Accounts receivable-real estate business and other	3,207	1,551
Short-term investment securities	16	16
Real estate for sale	12,643	11,652
Costs on uncompleted construction contracts	39,985	43,197
Costs on real estate business and other	3,015	4,332
Raw materials and supplies	1,162	1,311
Deferred tax assets	15,166	13,185
Accounts receivable-other	69,422	67,201
Other	20,436	38,874
Allowance for doubtful accounts	(181)	(173)
Total current assets	<u>743,961</u>	<u>741,985</u>
Noncurrent assets		
Property, plant and equipment		
Land	169,561	166,708
Other, net	41,036	40,494
Total property, plant and equipment	<u>210,598</u>	<u>207,203</u>
Intangible assets	3,054	2,986
Investments and other assets		
Investment securities	312,432	340,425
Other	130,084	119,434
Allowance for doubtful accounts	(2,468)	(293)
Total investments and other assets	<u>440,049</u>	<u>459,567</u>
Total noncurrent assets	<u>653,701</u>	<u>669,756</u>
Total assets	<u>1,397,663</u>	<u>1,411,742</u>

(Unit : million yen)

	March 31, 2014	September 30, 2014
Liabilities		
Current liabilities		
Notes payable-trade	24,704	96,751
Accounts payable for construction contracts	450,315	357,753
Accounts payable-real estate and other	1,209	370
Short-term loans payable	109,242	77,223
Commercial papers	22,000	58,000
Current portion of bonds	—	15,000
Income taxes payable	100	110
Advances received on uncompleted construction contracts	92,255	76,550
Deposit received-real estate and other	1,721	1,942
Deposits received	62,122	73,576
Provision for warranties for completed construction	2,176	2,307
Provision for loss on construction contracts	6,768	5,379
Other	44,305	44,324
Total current liabilities	<u>816,920</u>	<u>809,289</u>
Noncurrent liabilities		
Bonds payable	80,000	75,000
Long-term loans payable	53,183	50,044
Deferred tax liabilities	11,208	23,475
Deferred tax liabilities for land revaluation	22,206	21,701
Provision for retirement benefits	52,001	49,355
Provision for loss on real estate business and other	5,567	1,197
Provision for environmental measures	958	957
Other	4,700	7,710
Total noncurrent liabilities	<u>229,826</u>	<u>229,442</u>
Total liabilities	<u>1,046,746</u>	<u>1,038,731</u>
Net assets		
Shareholders' equity		
Capital stock	57,752	57,752
Capital surplus		
Legal capital surplus	41,694	41,694
Total capital surpluses	<u>41,694</u>	<u>41,694</u>
Retained earnings		
Legal retained earnings	14,438	14,438
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets	3,384	3,332
General reserve	70,000	70,000
Retained earnings brought forward	34,304	39,074
Total retained earnings	<u>122,126</u>	<u>126,845</u>
Treasury stock	(1,577)	(1,593)
Total shareholders' equity	<u>219,996</u>	<u>224,699</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	115,659	134,016
Deferred gains or losses on hedges	89	41
Revaluation reserve for land	15,171	14,253
Total valuation and translation adjustments	<u>130,920</u>	<u>148,311</u>
Total net assets	<u>350,917</u>	<u>373,010</u>
Total liabilities and net assets	<u>1,397,663</u>	<u>1,411,742</u>

Note: These non-consolidated quarterly balance sheets were prepared in accordance with the Japanese accounting standard for quarterly financial statements, although they are not subject to the disclosure legally required by the related authorities.

(For reference) Non-consolidated quarterly statements of income

(Unit : million yen)

	2Q / FY2013 From April 1, 2013 to September 30, 2013	2Q / FY2014 From April 1, 2014 to September 30, 2014
Net sales		
Net sales of completed construction contracts	531,898	591,556
Net sales of real estate business and other	12,200	7,467
Total net sales	544,098	599,023
Cost of sales		
Cost of sales on completed construction contracts	511,400	560,001
Cost of sales on real estate business and other	8,935	5,004
Total cost of sales	520,336	565,006
Gross profit		
Gross profit on completed construction contracts	20,497	31,554
Gross profit on real estate business and other	3,264	2,463
Total gross profit	23,762	34,017
Selling, general and administrative expenses	28,823	27,602
Operating income (loss)	(5,061)	6,414
Non-operating income		
Interest income	1,273	1,156
Dividends income	4,348	4,174
Foreign exchange gains	1,113	1,937
Other	142	324
Total non-operating income	6,878	7,592
Non-operating expenses		
Interest expenses	1,096	980
Other	1,620	466
Total non-operating expenses	2,716	1,446
Ordinary income (loss)	(899)	12,560
Extraordinary income		
Gain on transition of retirement benefit plan	—	2,450
Gain on sales of noncurrent assets	0	780
Gain on sales of investment securities	1,541	601
Other	7	499
Total extraordinary income	1,550	4,331
Extraordinary loss		
Loss on sales of noncurrent assets	217	974
Impairment loss	1,241	—
Other	111	289
Total extraordinary losses	1,570	1,264
Income (loss) before income taxes	(920)	15,627
Income taxes-current	(893)	(504)
Income taxes-deferred	(65)	5,722
Total income taxes	(959)	5,217
Net income	39	10,410
 (For reference) Net income per share (yen)	 0.05	 14.50

Note: These non-consolidated quarterly statements of income were prepared in accordance with the Japanese accounting standard for quarterly financial statements, although the statements are not subject to the disclosure legally required by the related authorities.

Quick review of consolidated and non-consolidated results for 2Q (cumulative) of FY2014

(in comparison with 2Q results of FY2013)

(Unit: 100 million yen)

	Consolidated						Non-consolidated					
	Result-2Q/FY2013 April 1, 2013 - September 30, 2013		Result-2Q/FY2014 April 1, 2014 - September 30, 2014		Variance	Variance rate (%)	Result-2Q/FY2013 April 1, 2013 - September 30, 2013		Result-2Q/FY2014 April 1, 2014 - September 30, 2014		Variance	Variance rate (%)
%		%		%				%				
Net sales of completed construction contracts		6,729		7,789	1,060	15.8		5,318		5,915	596	11.2
Building Construction		—		—	—	—		4,055		4,694	639	15.8
Civil Engineering		—		—	—	—		1,263		1,221	-42	-3.4
Gross profit on completed construction contracts	5.3	353	6.0	464	110	31.1	3.9	204	5.3	315	110	53.9
Building Construction		—		—	—	—	3.4	139	4.2	196	57	41.2
Civil Engineering		—		—	—	—	5.2	65	9.8	119	53	80.7
Net sales of real estate business and other		506		318	-188	-37.2		122		74	-47	-38.8
Gross profit on real estate business and other	24.5	124	29.4	93	-30	-24.7	26.8	32	33.0	24	-8	-24.6
Net sales		7,236		8,107	871	12.0		5,440		5,990	549	10.1
Gross profit	6.6	478	6.9	557	79	16.6	4.4	237	5.7	340	102	43.2
Selling, general and administrative expenses	5.4	394	4.8	389	-4	-1.2	5.3	288	4.6	276	-12	-4.2
(Personnel expenses)		(224)		(224)	(-0)			(162)		(158)	(-4)	
(Others)		(169)		(165)	(-4)			(125)		(117)	(-7)	
Operating Income	1.2	84	2.1	168	84	100.1	-0.9	-50	1.1	64	114	—
Non-operating income		66		73	6	9.7		68		75	7	10.4
Non-operating expenses		30		19	-11	-38.3		27		14	-12	-46.8
(interests received/paid and dividend income - net)		(33)		(30)	(-2)			(44)		(43)	(-1)	
Ordinary income	1.7	120	2.7	222	102	85.4	-0.2	-8	2.1	125	134	—
Extraordinary income		17		50	33	192.0		15		43	27	179.4
Extraordinary loss		17		14	-2	-17.3		15		12	-3	-19.5
Income before income taxes and minority interests	1.7	120	3.2	258	138	115.5	-0.2	-9	2.6	156	165	—
Total income taxes		38		94	56	144.5		-9		52	61	—
Income before minority interests		81		164	82	101.7		—		—	—	—
Minority interests in income (deduction)		18		22	4	22.0		—		—	—	—
Net income	0.9	63	1.7	141	78	124.7	0.0	0	1.7	104	103	—

Orders received

(Unit: 100 million yen)

	Consolidated					Non-consolidated						
	Result-2Q/FY2013 April 1, 2013 - September 30, 2013		Result-2Q/FY2014 April 1, 2014 - September 30, 2014		Variance	Variance rate (%)	Result-2Q/FY2013 April 1, 2013 - September 30, 2013		Result-2Q/FY2014 April 1, 2014 - September 30, 2014		Variance	Variance rate (%)
Building Construction		7,120		5,644	-1,475	-20.7		5,163		4,238	-925	-17.9
(Domestic)		(4,664)		(4,393)	(-271)	(-5.8)		(4,455)		(4,206)	(-249)	(-5.6)
(Overseas)		(2,455)		(1,250)	(-1,204)	(-49.1)		(707)		(32)	(-675)	(-95.5)
Civil Engineering		1,783		2,430	646	36.2		1,251		1,766	514	41.2
(Domestic)		(1,615)		(2,209)	(594)	(36.8)		(1,147)		(1,719)	(572)	(49.9)
(Overseas)		(168)		(220)	(52)	(30.9)		(104)		(46)	(-57)	(-55.2)
Construction Total		8,904		8,074	-829	-9.3		6,414		6,004	-410	-6.4
(Domestic)		(6,280)		(6,603)	(323)	(5.1)		(5,602)		(5,925)	(322)	(5.8)
(Overseas)		(2,623)		(1,471)	(-1,152)	(-43.9)		(811)		(78)	(-733)	(-90.3)
Real Estate and other		412		304	-108	-26.3		83		74	-8	-10.1
Total orders received		9,316		8,378	-938	-10.1		6,498		6,079	-418	-6.4

Interest-bearing debt balances

(Unit: 100 million yen)

	Consolidated				Non-consolidated			
	March 31, 2014	September 30, 2014	Variance	Variance rate (%)	March 31, 2014	September 30, 2014	Variance	Variance rate (%)
Interest-bearing debt (except nonrecourse loans)	3,515	3,640	124	3.6	2,644	2,752	108	4.1
Nonrecourse loans	768	861	92	12.1	—	—	—	—
Interest-bearing debt total	4,284	4,502	217	5.1	2,644	2,752	108	4.1

Note: The non-consolidated quarterly financial statements were prepared in accordance with the Japanese accounting standard for quarterly financial statements, although they are not subject to the disclosure legally required by the related authorities.

Quick review of consolidated and non-consolidated results for 2Q (cumulative) of FY2014

(in comparison with the latest forecast for the term)

(Unit: 100 million yen)

	Consolidated						Non-consolidated					
	Forecast announced on August 5		Result-2Q/FY2014 April 1, 2014 - September 30, 2014		Variance	Variance rate (%)	Forecast announced on August 5		Result-2Q/FY2014 April 1, 2014 - September 30, 2014		Variance	Variance rate (%)
Net sales of completed construction contracts	%	7,960	%	7,789	-170	-2.1	%	5,920	%	5,915	-4	-0.1
Building Construction		—		—	—	—		4,820		4,694	-125	-2.6
Civil Engineering		—		—	—	—		1,100		1,221	121	11.0
Gross profit on completed construction contracts	5.6	445	6.0	464	19	4.3	4.9	290	5.3	315	25	8.8
Building Construction		—		—	—	—	4.1	200	4.2	196	-3	-1.8
Civil Engineering		—		—	—	—	8.2	90	9.8	119	29	32.4
Net sales of real estate business and other		340		318	-21	-6.4		80		74	-5	-6.7
Gross profit on real estate business and other	25.0	85	29.4	93	8	10.0	31.3	25	33.0	24	-0	-1.5
Net sales		8,300		8,107	-192	-2.3		6,000		5,990	-9	-0.2
Gross profit	6.4	530	6.9	557	27	5.2	5.3	315	5.7	340	25	8.0
Selling, general and administrative expenses	5.0	410	4.8	389	-20	-5.1	4.9	290	4.6	276	-13	-4.8
(Personnel expenses)		(230)		(224)	(-5)			(160)		(158)	(-1)	
(Others)		(180)		(165)	(-14)			(130)		(117)	(-12)	
Operating Income	1.4	120	2.1	168	48	40.3	0.4	25	1.1	64	39	156.6
Non-operating income		45		73	28	62.9		50		75	25	51.8
Non-operating expenses		25		19	-5	-23.8		15		14	-0	-3.6
(interests received/paid and dividend income - net)		(20)		(30)	(-10)			(38)		(43)	(-5)	
Ordinary income	1.7	140	2.7	222	82	59.0	1.0	60	2.1	125	65	109.3
Extraordinary income		45		50	5	12.4		40		43	3	8.3
Extraordinary loss		20		14	-5	-28.5		20		12	-7	-36.8
Income before income taxes and minority interests	2.0	165	3.2	258	93	56.9	1.3	80	2.6	156	76	95.3
Total income taxes		60		94	34	58.0		30		52	22	73.9
Income before minority interests		105		164	59	56.3		—		—	—	—
Minority interests in income (deduction)		15		22	7	48.4		—		—	—	—
Net income	1.1	90	1.7	141	51	57.6	0.8	50	1.7	104	54	108.2

Orders received

(Unit: 100 million yen)

	Consolidated					Non-consolidated						
	Forecast announced on August 5		Result-2Q/FY2014 April 1, 2014 - September 30, 2014		Variance	Variance rate (%)	Forecast announced on August 5		Result-2Q/FY2014 April 1, 2014 - September 30, 2014		Variance	Variance rate (%)
Building Construction		6,300		5,644	-655	-10.4		5,000		4,238	-761	-15.2
(Domestic)		(5,200)		(4,393)	(-806)	(-15.5)		(5,000)		(4,206)	(-793)	(-15.9)
(Overseas)		(1,100)		(1,250)	(150)	(13.7)		(—)		(32)	(32)	(-)
Civil Engineering		2,000		2,430	430	21.5		1,600		1,766	166	10.4
(Domestic)		(1,900)		(2,209)	(309)	(16.3)		(1,550)		(1,719)	(169)	(10.9)
(Overseas)		(100)		(220)	(120)	(120.7)		(50)		(46)	(-3)	(-6.9)
Construction Total		8,300		8,074	-225	-2.7		6,600		6,004	-595	-9.0
(Domestic)		(7,100)		(6,603)	(-496)	(-7.0)		(6,550)		(5,925)	(-624)	(-9.5)
(Overseas)		(1,200)		(1,471)	(271)	(22.6)		(50)		(78)	(28)	(57.1)
Real Estate and other		300		304	4	1.3		100		74	-25	-25.3
Total orders received		8,600		8,378	-221	-2.6		6,700		6,079	-620	-9.3

Note: The non-consolidated quarterly financial statements were prepared in accordance with the Japanese accounting standard for quarterly financial statements, although they are not subject to the disclosure legally required by the related authorities.

Quick overview of consolidated and non-consolidated forecasts for FY2014 (Full year)

(in comparison with FY2013 results)

(Unit: 100 million yen)

	Consolidated					Non-consolidated						
	Result-FY2013 April 1, 2013 - March 31, 2014		Forecast-FY2014 April 1, 2014 - March 31, 2015		Variance	Variance rate (%)	Result-FY2013 April 1, 2013 - March 31, 2014		Forecast-FY2014 April 1, 2014 - March 31, 2015		Variance	Variance rate (%)
	%		%				%		%			
Net sales of completed construction contracts		15,210		16,150	939	6.2		11,860		11,900	39	0.3
Building Construction		—		—	—	—		9,157		9,300	142	1.6
Civil Engineering		—		—	—	—		2,703		2,600	-103	-3.8
Gross profit on completed construction contracts	5.9	902	5.9	960	57	6.3	4.7	560	5.4	640	79	14.1
Building Construction		—		—	—	—	4.3	393	4.5	420	26	6.8
Civil Engineering		—		—	—	—	6.2	167	8.5	220	52	31.3
Net sales of real estate business and other		916		850	-66	-7.3		225		200	-25	-11.5
Gross profit on real estate business and other	23.7	217	25.9	220	2	1.1	21.2	47	25.0	50	2	4.3
Net sales		16,127		17,000	872	5.4		12,086		12,100	13	0.1
Gross profit	6.9	1,120	6.9	1,180	59	5.3	5.0	608	5.7	690	81	13.3
Selling, general and administrative expenses	4.9	800	4.8	830	29	3.7	4.8	581	4.9	590	8	1.5
(Personnel expenses)		(452)		(465)	(12)			(324)		(325)	(0)	
(Others)		(348)		(365)	(16)			(256)		(265)	(8)	
Operating Income	2.0	319	2.1	350	30	9.4	0.2	27	0.8	100	72	258.5
Non-operating income		131		80	-51	-39.1		128		85	-43	-34.0
Non-operating expenses		49		40	-9	-19.8		43		25	-18	-42.5
(interests received/paid and dividend income - net)		(55)		(40)	(-15)			(74)		(63)	(-11)	
Ordinary income	2.5	401	2.3	390	-11	-2.8	0.9	113	1.3	160	46	41.2
Extraordinary income		77		※ 65	-12	-15.9		68		※ 60	-8	-12.9
Extraordinary loss		91		※ 65	-26	-28.9		81		※ 60	-21	-26.6
Income before income taxes and minority interests	2.4	387	2.3	390	2	0.7	0.8	100	1.3	160	59	59.4
Total income taxes		121		130	8	6.8		23		55	31	130.2
Income before minority interests		265		260	-5	-2.0		—		—	—	—
Minority interests in income (deduction)		49		30	-19	-39.0		—		—	—	—
Net income	1.3	216	1.4	230	13	6.3	0.6	76	0.9	105	28	37.2

Note: Full year forecasts for FY2014 (except numbers with "※") were not revised from the ones announced on August 5, 2014.

The forecasts attached with "※" announced on August 5, 2014 were as follows: (Consolidated) Extraordinary income: 4.5 billion yen, extraordinary loss: 4.5 billion yen (Non-Consolidated) Extraordinary income 4.0 billion yen, extraordinary loss: 4.0 billion yen.

This overview of forecasts was prepared for reference purpose only and was 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.

Orders received

(Unit: 100 million yen)

	Consolidated					Non-consolidated						
	Result-FY2013 April 1, 2013 - March 31, 2014		Forecast-FY2014 April 1, 2014 - March 31, 2015		Variance	Variance rate (%)	Result-FY2013 April 1, 2013 - March 31, 2014		Forecast-FY2014 April 1, 2014 - March 31, 2015		Variance	Variance rate (%)
Building Construction		12,140		11,600	-540	-4.5		9,350		8,450	-900	-9.6
(Domestic)		(8,830)		(8,800)	(-30)	(-0.3)		(8,499)		(8,400)	(-99)	(-1.2)
(Overseas)		(3,310)		(2,800)	(-510)	(-15.4)		(851)		(50)	(-801)	(-94.1)
Civil Engineering		3,668		3,800	131	3.6		2,744		2,650	-94	-3.4
(Domestic)		(3,375)		(3,300)	(-75)	(-2.2)		(2,530)		(2,500)	(-30)	(-1.2)
(Overseas)		(292)		(500)	(207)	(70.7)		(213)		(150)	(-63)	(-29.8)
Construction Total		15,809		15,400	-409	-2.6		12,094		11,100	-994	-8.2
(Domestic)		(12,205)		(12,100)	(-105)	(-0.9)		(11,029)		(10,900)	(-129)	(-1.2)
(Overseas)		(3,603)		(3,300)	(-303)	(-8.4)		(1,064)		(200)	(-864)	(-81.2)
Real Estate and other		721		800	78	10.9		179		200	20	11.6
Total orders received		16,530		16,200	-330	-2.0		12,273		11,300	-973	-7.9

Note: Full year forecasts for FY2014 were not revised from the ones announced on August 5, 2014.

This overview of forecasts was prepared for reference purpose only and was 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.

Interest-bearing debt balances

(Unit: 100 million yen)

	Consolidated				Non-consolidated			
	March 31, 2014	Forecast-FY2014 March 31, 2015	Variance	Variance rate (%)	March 31, 2014	Forecast-FY2014 March 31, 2015	Variance	Variance rate (%)
Interest-bearing debt (except nonrecourse loans)	3,515	3,400	-115	- 3.3	2,644	2,400	-244	- 9.2
Nonrecourse loans	768	900	131	17.1	—	—	—	—
Interest-bearing debt total	4,284	4,300	15	0.4	2,644	2,400	-244	- 9.2

Note: Forecasts at the end of FY2014 were not revised from the ones announced on August 5, 2014.

This overview of forecasts was prepared for reference purpose only and was 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.

Results and forecasts for net sales, operating income and gross profit for FY2014

(For reference purpose only)

1. Consolidated results of net sales and operating income for 2Q (cumulative) of FY2014

(in comparison with 2Q results of FY2013)

(Unit: million yen)

	Consolidated Net Sales				Consolidated Operating Income							
	2Q / FY2013 Result April 1, 2013 - September 30, 2013		2Q / FY2014 Result April 1, 2014 - September 30, 2014		Variance (B) - (A)	Variance rate (%)	2Q / FY2013 Result April 1, 2013 - September 30, 2013		2Q / FY2014 Result April 1, 2014 - September 30, 2014		Variance (D) - (C)	Variance rate (%)
	(A)	(B)	(C)	(D)								
Building Construction												
Domestic	391,915	461,519	69,603	17.8	(0.8)	(3,004)	0.6	2,656	5,661	—	—	
Overseas	107,568	142,034	34,466	32.0	2.3	2,520	1.7	2,478	(42)	(1.7)		
Sub-total	499,483	603,553	104,069	20.8	(0.1)	(484)	0.9	5,134	5,619	—		
Civil Engineering												
Domestic	146,355	145,350	(1,005)	(0.7)	0.9	1,318	4.6	6,703	5,384	408.3		
Overseas	27,128	30,066	2,937	10.8	(1.4)	(386)	0.7	223	609	—		
Sub-total	173,484	175,416	1,931	1.1	0.5	932	3.9	6,926	5,994	643.1		
Construction Total												
Domestic	538,271	606,869	68,597	12.7	(0.3)	(1,686)	1.5	9,360	11,046	—		
Overseas	134,697	172,100	37,403	27.8	1.6	2,133	1.6	2,701	567	26.6		
Sub-total	672,968	778,969	106,001	15.8	0.1	447	1.5	12,061	11,613	—		
Real Estate Business and Other												
Real Estate Business	28,534	15,867	(12,666)	(44.4)	25.5	7,275	23.1	3,664	(3,611)	(49.6)		
Other	22,099	15,949	(6,150)	(27.8)	3.1	688	6.9	1,105	417	60.6		
Sub-total	50,633	31,816	(18,817)	(37.2)	15.7	7,963	15.0	4,769	(3,193)	(40.1)		
Total	723,602	810,786	87,183	12.0	1.2	8,411	2.1	16,831	8,419	100.1		

Note: Above were the results related to segment information. Consolidated net sales and consolidated operating income show the amount of net sales for external customers and operating income on net sales for external customers respectively.

2. Non-consolidated results of net sales and gross profit for 2Q (cumulative) of FY2014

(in comparison with 2Q results of FY2013)

(Unit: million yen)

	Net Sales				Gross profit							
	2Q / FY2013 Result April 1, 2013 - September 30, 2013		2Q / FY2014 Result April 1, 2014 - September 30, 2014		Variance (B) - (A)	Variance rate (%)	2Q / FY2013 Result April 1, 2013 - September 30, 2013		2Q / FY2014 Result April 1, 2014 - September 30, 2014		Variance (D) - (C)	Variance rate (%)
	(A)	(B)	(C)	(D)								
Building Construction												
Domestic	381,556	447,945	66,388	17.4	3.5	13,257	4.2	18,846	5,589	42.2		
Overseas	23,968	21,500	(2,468)	(10.3)	2.7	646	3.7	791	144	22.4		
Sub-total	405,525	469,446	63,920	15.8	3.4	13,903	4.2	19,637	5,734	41.2		
Civil Engineering												
Domestic	112,952	107,086	(5,865)	(5.2)	5.7	6,432	10.2	10,871	4,439	69.0		
Overseas	13,420	15,023	1,603	11.9	1.2	161	7.0	1,044	882	545.9		
Sub-total	126,372	122,109	(4,262)	(3.4)	5.2	6,594	9.8	11,916	5,322	80.7		
Construction Total												
Domestic	494,509	555,032	60,522	12.2	4.0	19,689	5.4	29,718	10,029	50.9		
Overseas	37,388	36,523	(864)	(2.3)	2.2	807	5.0	1,835	1,027	127.2		
Sub-total	531,898	591,556	59,657	11.2	3.9	20,497	5.3	31,554	11,056	53.9		
Real Estate Business and Other												
Real Estate Business	12,200	7,467	(4,732)	(38.8)	26.8	3,264	33.0	2,463	(801)	(24.6)		
Other												
Total	544,098	599,023	54,925	10.1	4.4	23,762	5.7	34,017	10,254	43.2		

Note: The non-consolidated quarterly financial statements were prepared in accordance with the Japanese accounting standard for quarterly financial statements, although they are not subject to the disclosure legally required by the related authorities.

3. Consolidated results of net sales and operating income for 2Q (cumulative) of FY2014

(in comparison with the latest forecast for the term)

(Unit: million yen)

	Consolidated Net Sales				Consolidated Operating Income									
	2Q / FY2014 Forecast announced on August 5	2Q / FY2014 Result April 1, 2014 - September 30, 2014	Variance	Variance rate (%)	2Q / FY2014 Forecast announced on August 5	2Q / FY2014 Result April 1, 2014 - September 30, 2014	Variance	Variance rate (%)	% Gross Margin	(C)	% Gross Margin	(D)	(D) - (C)	
	(A)	(B)	(B) - (A)		(C)	(D)	(D) - (C)							
Building Construction														
Domestic	478,000	461,519	(16,480)	(3.4)	0.6	2,800	0.6	2,656	(143)	(5.1)				
Overseas	156,000	142,034	(13,965)	(9.0)	1.5	2,300	1.7	2,478	178	7.8				
Sub-total	634,000	603,553	(30,446)	(4.8)	0.8	5,100	0.9	5,134	34	0.7				
Civil Engineering														
Domestic	133,000	145,350	12,350	9.3	2.4	3,200	4.6	6,703	3,503	109.5				
Overseas	29,000	30,066	1,066	3.7	(1.7)	(500)	0.7	223	723	—				
Sub-total	162,000	175,416	13,416	8.3	1.7	2,700	3.9	6,926	4,226	156.5				
Construction Total														
Domestic	611,000	606,869	(4,130)	(0.7)	1.0	6,000	1.5	9,360	3,360	56.0				
Overseas	185,000	172,100	(12,899)	(7.0)	1.0	1,800	1.6	2,701	901	50.1				
Sub-total	796,000	778,969	(17,030)	(2.1)	1.0	7,800	1.5	12,061	4,261	54.6				
Real Estate Business and Other														
Real Estate Business	—	15,867	—	—	—	—	23.1	3,664	—	—				
Other	—	15,949	—	—	—	—	6.9	1,105	—	—				
Sub-total	34,000	31,816	(2,183)	(6.4)	12.4	4,200	15.0	4,769	569	13.6				
Total	830,000	810,786	(19,213)	(2.3)	1.4	12,000	2.1	16,831	4,831	40.3				

Note: Above were the results related to segment information. Consolidated net sales and consolidated operating income show the amount of net sales for external customers and operating income on net sales for external customers respectively.

4. Non-consolidated results of net sales and gross profit for 2Q (cumulative) of FY2014

(in comparison with the latest forecast for the term)

(Unit: million yen)

	Net Sales				Gross profit									
	2Q / FY2014 Forecast announced on August 5	2Q / FY2014 Result April 1, 2014 - September 30, 2014	Variance	Variance rate (%)	2Q / FY2014 Forecast announced on August 5	2Q / FY2014 Result April 1, 2014 - September 30, 2014	Variance	Variance rate (%)	% Gross Margin	(C)	% Gross Margin	(D)	(D) - (C)	
	(A)	(B)	(B) - (A)		(C)	(D)	(D) - (C)							
Building Construction														
Domestic	462,000	447,945	(14,054)	(3.0)	4.2	19,500	4.2	18,846	(653)	(3.3)				
Overseas	20,000	21,500	1,500	7.5	2.5	500	3.7	791	291	58.2				
Sub-total	482,000	469,446	(12,553)	(2.6)	4.1	20,000	4.2	19,637	(362)	(1.8)				
Civil Engineering														
Domestic	97,000	107,086	10,086	10.4	8.8	8,500	10.2	10,871	2,371	27.9				
Overseas	13,000	15,023	2,023	15.6	3.8	500	7.0	1,044	544	108.9				
Sub-total	110,000	122,109	12,109	11.0	8.2	9,000	9.8	11,916	2,916	32.4				
Construction Total														
Domestic	559,000	555,032	(3,967)	(0.7)	5.0	28,000	5.4	29,718	1,718	6.1				
Overseas	33,000	36,523	3,523	10.7	3.0	1,000	5.0	1,835	835	83.6				
Sub-total	592,000	591,556	(443)	(0.1)	4.9	29,000	5.3	31,554	2,554	8.8				
Real Estate Business and Other														
Real Estate Business	8,000	7,467	(532)	(6.7)	31.3	2,500	33.0	2,463	(36)	(1.5)				
Other	—	—	—	—	5.3	31,500	5.7	34,017	2,517	8.0				
Total	600,000	599,023	(976)	(0.2)										

Note: The non-consolidated quarterly financial statements were prepared in accordance with the Japanese accounting standard for quarterly financial statements, although they are not subject to the disclosure legally required by the related authorities.

5. Consolidated forecasts for net sales and operating income for FY2014

(in comparison with FY2013 results)

(Unit: million yen)

	Consolidated Net Sales				Consolidated Operating Income					
	FY2013 Full Year	FY2014 Full Year	Variance	Variance rate (%)	FY2013 Full Year	FY2014 Full Year	Variance	Variance rate (%)		
	Result April 1, 2013 March 31, 2014 (A)	Forecast April 1, 2014 March 31, 2015 (B)			Result April 1, 2013 March 31, 2014 (C)	Forecast April 1, 2014 March 31, 2015 (D)				
Building Construction					% Gross Margin		% Gross Margin			
Domestic	902,488	935,000	32,511	3.6	0.6	5,109	0.7	6,500	1,390	27.2
Overseas	243,393	310,000	66,606	27.4	2.6	6,273	1.8	5,500	(773)	(12.3)
Sub-total	1,145,882	1,245,000	99,117	8.6	1.0	11,382	1.0	12,000	617	5.4
Civil Engineering										
Domestic	321,005	310,000	(11,005)	(3.4)	3.6	11,419	3.5	11,000	(419)	(3.7)
Overseas	54,186	60,000	5,813	10.7	(6.7)	(3,615)	(1.7)	(1,000)	2,615	—
Sub-total	375,191	370,000	(5,191)	(1.4)	2.1	7,803	2.7	10,000	2,196	28.1
Construction Total										
Domestic	1,223,494	1,245,000	21,505	1.8	1.4	16,529	1.4	17,500	970	5.9
Overseas	297,579	370,000	72,420	24.3	0.9	2,657	1.2	4,500	1,842	69.3
Sub-total	1,521,074	1,615,000	93,925	6.2	1.3	19,186	1.4	22,000	2,813	14.7
Real Estate Business and Other										
Real Estate Business	51,668	—	—	—	21.7	11,222	—	—	—	—
Other	40,014	—	—	—	4.0	1,582	—	—	—	—
Sub-total	91,682	85,000	(6,682)	(7.3)	14.0	12,804	15.3	13,000	195	1.5
Total	1,612,756	1,700,000	87,243	5.4	2.0	31,991	2.1	35,000	3,008	9.4

Note: Above were the forecasts related to segment information. Consolidated net sales and consolidated operating income show the amount of net sales for external customers and operating income on net sales for external customers respectively.

Full year forecasts for FY2014 were not revised from the ones announced on August 5, 2014.

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.

6. Non-consolidated forecasts for net sales and gross profit for FY2014

(in comparison with FY2013 results)

(Unit: million yen)

	Net Sales				Gross profit					
	FY2013 Full Year	FY2014 Full Year	Variance	Variance rate (%)	FY2013 Full Year	FY2014 Full Year	Variance	Variance rate (%)		
	Result April 1, 2013 March 31, 2014 (A)	Forecast April 1, 2014 March 31, 2015 (B)			Result April 1, 2013 March 31, 2014 (C)	Forecast April 1, 2014 March 31, 2015 (D)				
Building Construction					% Gross Margin		% Gross Margin			
Domestic	874,821	900,000	25,178	2.9	4.3	37,792	4.4	40,000	2,207	5.8
Overseas	40,886	30,000	(10,886)	(26.6)	3.8	1,543	6.7	2,000	456	29.6
Sub-total	915,707	930,000	14,292	1.6	4.3	39,335	4.5	42,000	2,664	6.8
Civil Engineering										
Domestic	245,938	230,000	(15,938)	(6.5)	7.8	19,163	9.1	21,000	1,836	9.6
Overseas	24,434	30,000	5,565	22.8	(9.8)	(2,401)	3.3	1,000	3,401	—
Sub-total	270,373	260,000	(10,373)	(3.8)	6.2	16,761	8.5	22,000	5,238	31.3
Construction Total										
Domestic	1,120,760	1,130,000	9,239	0.8	5.1	56,955	5.4	61,000	4,044	7.1
Overseas	65,321	60,000	(5,321)	(8.1)	(1.3)	(858)	5.0	3,000	3,858	—
Sub-total	1,186,081	1,190,000	3,918	0.3	4.7	56,097	5.4	64,000	7,902	14.1
Real Estate Business and Other										
Real Estate Business	22,595	20,000	(2,595)	(11.5)	21.2	4,794	25.0	5,000	205	4.3
Sub-total	22,595	20,000	(2,595)	(11.5)	21.2	4,794	25.0	5,000	205	4.3
Total	1,208,677	1,210,000	1,322	0.1	5.0	60,892	5.7	69,000	8,107	13.3

Note: Full year forecasts for FY2014 were not revised from the ones announced on August 5, 2014.

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.

Non-consolidated orders received, net sales and carried-forward

1. Breakdown of non-consolidated orders received

(Unit: million yen)

	2Q/FY2013 April 1, 2013 - September 30, 2013		2Q/FY2014 April 1, 2014 - September 30, 2014		Variance		Previous FY Results April 1, 2013 - March 31, 2014	
		%		%		% variance		%
Building Construction								
Domestic Public	43,526	6.7	25,877	4.3	(17,649)	(40.5)	72,920	5.9
Domestic Private	402,057	61.9	394,748	64.9	(7,308)	(1.8)	776,982	63.3
Domestic total	445,584	68.6	420,626	69.2	(24,957)	(5.6)	849,903	69.2
Overseas total	70,793	10.9	3,200	0.5	(67,592)	(95.5)	85,130	6.9
Sub-total	516,377	79.5	423,826	69.7	(92,550)	(17.9)	935,034	76.1
Civil Engineering								
Domestic Public	71,536	11.0	126,256	20.8	54,720	76.5	176,309	14.4
Domestic Private	43,177	6.6	45,697	7.5	2,520	5.8	76,745	6.3
Domestic total	114,713	17.6	171,954	28.3	57,241	49.9	253,055	20.7
Overseas total	10,400	1.6	4,655	0.8	(5,745)	(55.2)	21,365	1.7
Sub-total	125,113	19.2	176,609	29.1	51,496	41.2	274,420	22.4
Construction Total								
Domestic Public	115,062	17.7	152,134	25.1	37,071	32.2	249,230	20.3
Domestic Private	445,234	68.5	440,446	72.4	(4,788)	(1.1)	853,728	69.6
Domestic total	560,297	86.2	592,580	97.5	32,283	5.8	1,102,958	89.9
Overseas total	81,193	12.5	7,855	1.3	(73,337)	(90.3)	106,496	8.6
Sub-total	641,490	98.7	600,436	98.8	(41,054)	(6.4)	1,209,454	98.5
Real Estate Business and Other	8,309	1.3	7,467	1.2	(841)	(10.1)	17,927	1.5
Total	649,800	100	607,903	100	(41,896)	(6.4)	1,227,382	100

2. Breakdown of non-consolidated net sales

(Unit: million yen)

	2Q/FY2013 April 1, 2013 - September 30, 2013		2Q/FY2014 April 1, 2014 - September 30, 2014		Variance		Previous FY Results April 1, 2013 - March 31, 2014	
		%		%		% variance		%
Building Construction								
Domestic Public	30,092	5.5	41,717	7.0	11,624	38.6	65,118	5.4
Domestic Private	351,464	64.6	406,228	67.8	54,764	15.6	809,703	67.0
Domestic total	381,556	70.1	447,945	74.8	66,388	17.4	874,821	72.4
Overseas total	23,968	4.4	21,500	3.6	(2,468)	(10.3)	40,886	3.4
Sub-total	405,525	74.5	469,446	78.4	63,920	15.8	915,707	75.8
Civil Engineering								
Domestic Public	67,730	12.5	65,303	10.9	(2,426)	(3.6)	156,578	12.9
Domestic Private	45,221	8.3	41,782	7.0	(3,439)	(7.6)	89,360	7.4
Domestic total	112,952	20.8	107,086	17.9	(5,865)	(5.2)	245,938	20.3
Overseas total	13,420	2.5	15,023	2.5	1,603	11.9	24,434	2.0
Sub-total	126,372	23.3	122,109	20.4	(4,262)	(3.4)	270,373	22.3
Construction Total								
Domestic Public	97,822	18.0	107,021	17.9	9,198	9.4	221,696	18.3
Domestic Private	396,686	72.9	448,010	74.8	51,324	12.9	899,063	74.4
Domestic total	494,509	90.9	555,032	92.7	60,522	12.2	1,120,760	92.7
Overseas total	37,388	6.9	36,523	6.1	(864)	(2.3)	65,321	5.4
Sub-total	531,898	97.8	591,556	98.8	59,657	11.2	1,186,081	98.1
Real Estate Business and Other	12,200	2.2	7,467	1.2	(4,732)	(38.8)	22,595	1.9
Total	544,098	100	599,023	100	54,925	10.1	1,208,677	100

3. Breakdown of non-consolidated amounts carried-forward

(Unit: million yen)

	At September 30, 2013		At September 30, 2014		Variance		At the end of Previous FY (March 31, 2014)	
		%		%		% variance		%
Building Construction								
Domestic Public	123,405	8.0	101,933	7.2	(21,471)	(17.4)	117,773	8.0
Domestic Private	949,326	61.2	854,533	60.4	(94,792)	(10.0)	866,013	59.2
Domestic total	1,072,731	69.2	956,467	67.6	(116,264)	(10.8)	983,786	67.2
Overseas total	109,820	7.1	31,658	2.2	(78,161)	(71.2)	107,240	7.4
Sub-total	1,182,552	76.3	988,125	69.8	(194,426)	(16.4)	1,091,026	74.6
Civil Engineering								
Domestic Public	190,574	12.3	267,453	18.9	76,878	40.3	206,500	14.1
Domestic Private	98,438	6.3	91,783	6.5	(6,655)	(6.8)	87,868	6.0
Domestic total	289,013	18.6	359,236	25.4	70,223	24.3	294,368	20.1
Overseas total	77,918	5.0	67,500	4.8	(10,417)	(13.4)	77,868	5.3
Sub-total	366,931	23.6	426,737	30.2	59,805	16.3	372,237	25.4
Construction Total								
Domestic Public	313,980	20.3	369,386	26.1	55,406	17.6	324,273	22.1
Domestic Private	1,047,765	67.5	946,317	66.9	(101,448)	(9.7)	953,881	65.2
Domestic total	1,361,745	87.8	1,315,704	93.0	(46,041)	(3.4)	1,278,155	87.3
Overseas total	187,738	12.1	99,158	7.0	(88,579)	(47.2)	185,108	12.7
Sub-total	1,549,483	99.9	1,414,863	100	(134,620)	(8.7)	1,463,264	100
Real Estate Business and Other	777	0.1	—	—	(777)	(100.0)	—	—
Total	1,550,261	100	1,414,863	100	(135,398)	(8.7)	1,463,264	100

Note: In overseas building construction segment, the Company transferred a part of projects received in FY2013 to an overseas subsidiary in 1Q of FY2014 (Transferred amounts: 57,281 million yen). The carried-forward amounts at the end of 2Q of FY2014 shall be 88,939 million, after adding orders received in 2Q of FY2014 (3,200 million yen) into the carried-forward amounts at the end of FY2013 (107,240 million yen) and deducting net sales in 2Q of FY2014 (21,500 million yen). However the carried-forward amounts at the end of 2Q of FY2014 were 31,658 million yen, because the transfer was the intra-group transaction and 57,281 million yen was directly deducted from 88,939 million yen.

The non-consolidated quarterly financial statements were prepared in accordance with the Japanese accounting standard for quarterly financial statements, although they are not subject to the disclosure legally required by the related authorities.

Consolidated orders received, completed and carried-forward projects

(For reference purpose only)

Orders received

Owner	Name of project/ facility
Central Nippon Expressway Company Limited	Tokyo Outer Ring Road, Main Line Tunnel (Northbound) Tomei North Construction Project
Mitsui Fudosan Residential Co.,Ltd.	(Tentative name) Chuo-ku, Harumi 2-chome Construction Project
Mitsui Fudosan Residential Co.,Ltd. Mitsui & Co., Ltd.	(Tentative name) Koto-ku, Toyosu 5-chome Construction Project
Ministry of Land, Infrastructure, Transport and Tourism, Kanto Regional Development Bureau	National Route 357 Tokyo Bay Tunnel (No. 2) Construction Project
Kyusyu Railway Company Japan Post Co., Ltd.	(Tentative name) Hakata Station Building Construction Project
New York State University Construction Fund	Stony Brook Hospital Building Construction Project ※ (U.S.A)

※ Undertaken by Obayashi USA

Completed projects

Owner	Project Names
Mori Building Co., Ltd.	Toranomon Hills, Loop Road (kanjo) No.2, Shinbashi-Toranomon Ward Project Block III
Aeon Mall Co., Ltd.	Aeon Mall Nagoya Chaya Construction Project
Chatan Hotel and Resort Specific Purpose Company	Hilton Okinawa Chatan Resort Hotel Construction Project
Keigakukai Minami Osaka Hospital	Minami Osaka Hospital Reconstruction Project
Central Nippon Expressway Company Limited	Shin-Tomei Expressway, Karimine Tunnel Construction Project
City of Tronto	Ashbridges Bay Treatment Plant-D Building Upgrade ※ (Canada)

※ Undertaken by Obayashi Canada Holdings

Carried-forward projects

Owner	Project Names
Central Nippon Expressway Company Limited	Tokyo Outer Ring Road, Main Line Tunnel (Northbound) Tomei North Construction Project
Sumitomo Realty & Development Co., Ltd.	(Tentative name) Okubo 3-chome, West Area Office Tower Construction Project
Sumitomo Realty & Development Co., Ltd. (lead developer)	(Tentative name) Nihonbashi 2-chome, North Area Block 7 Construction Project
Nam Ngiep 1 Power Co., Ltd	Nam Ngiep 1 Hydropower Construction Project (Laos)
Metropolitan Expressway Co., Ltd.	Yokohama Circular Northern Route Shield Tunnel Construction Project
Transbay Joint Powers Authority	San Francisco Transbay Transit Center - Phase I ※ (U.S.A.)

※ Joint operation with Obayashi USA and Obayashi Corporation