

# 2nd Quarter Financial Results

(April 1 to September 30, 2018)

November 12, 2018



**OBUYASHI CORPORATION**

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Disclaimer: This "Financial Results" is the English version of the Japanese "Kessan Tanshin" and "Kessan Setsumei Shiryo" released on November 12, 2018. It was translated into English and presented solely for the convenience of users who are not familiar with Japanese. If there is any discrepancy between Japanese "Kessan Tanshin" and "Kessan Setsumei Shiryo" and this document, the Japanese "Kessan Tanshin" and "Kessan Setsumei Shiryo" will prevail. This document includes forward-looking statements based on the information available at the time the Japanese "Kessan Tanshin" and "Kessan Setsumei Shiryo" were released. Actual results may vary from the forward-looking statements contained herein due to various factors. Obayashi Corporation (non-consolidated) is called the "Company" in these materials. Since this second quarter, "Summary of the Financial Results" and "Appendix to the Financial Results" were combined to this "Financial Results".

# 1 Summary of Financial Results

(Rounded down the nearest million yen)

## (1) Consolidated Summary of Financial Results for the Six Months Ended September 30, 2018

### ① Consolidated Business Results

(Percentages indicate the percentage year on year change)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
Six Months Ended September 30, 2018	937,138	2.1	65,028	4.3	69,742	5.6	48,827	0.9
Six Months Ended September 30, 2017	917,463	6.8	62,366	5.4	66,046	10.0	48,386	16.4

(Note) Comprehensive income : [Six Months Ended September 30, 2018] 57,871 million yen, (17.7)% ; [Six Months Ended September 30, 2017] 70,295 million yen, 413.2%

	Profit attributable to owners of parent per Share (EPS)	
	Yen	
Six Months Ended September 30, 2018	68.02	
Six Months Ended September 30, 2017	67.41	

### ② Consolidated Financial Position

	Total Assets		Net Assets		Equity Ratio		Net Assets per Share (BPS)	
	Yen in millions		Yen in millions		%	Yen		
As of September 30, 2018	2,141,694		759,289		34.2	1,019.37		
As of March 31, 2018	2,129,027		711,525		32.2	954.05		

(For reference) Equity (net assets less non-controlling interests) : [As of September 30, 2018] 731,815 million yen ; [As of March 31, 2018] 684,836 million yen

\* Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (ASBJ Statement No. 28, February 16, 2018) has been applied from this first quarter.

These figures include the impact of retrospective application for the previous fiscal year.

## (2) Consolidated Forecast for Fiscal Year ending March 31, 2019 (April 1, 2018 - March 31, 2019)

(Percentages indicate the percentage year on year change)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Profit attributable to owners of parent per Share (EPS)	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen	
Full Year	1,970,000	3.6	139,000	0.9	144,500	0.4	98,000	5.8	136.51	

\* There have been no revisions to the consolidated forecasts for the full year.

## (3) Non-consolidated Summary of Financial Results for the Six Months Ended September 30, 2018

### ① Non-consolidated Business Results

(Percentages indicate the percentage year on year change)

	Net Sales		Operating Income		Ordinary Income		Profit		Profit per Share (EPS)	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen	
Six Months Ended September 30, 2018	625,562	(2.3)	50,065	(0.7)	59,325	6.3	43,453	5.8	60.53	
Six Months Ended September 30, 2017	640,287	4.0	50,412	7.4	55,807	12.5	41,086	7.0	57.24	

### ② Non-consolidated Financial Position

	Total Assets		Net Assets		Equity Ratio		Net Assets per Share (BPS)	
	Yen in millions		Yen in millions		%	Yen		
As of September 30, 2018	1,616,408		609,711		37.7	849.29		
As of March 31, 2018	1,582,902		568,221		35.9	791.59		

(Reference) Equity (net assets less non-controlling interests) : [As of September 30, 2018] 609,711 million yen ; [As of March 31, 2018] 568,221 million yen

\* Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (ASBJ Statement No. 28, February 16, 2018) has been applied from this first quarter.

These figures include the impact of retrospective application for the previous fiscal year.

## (4) Non-consolidated Forecast Fiscal Year ending March 31, 2019 (April 1, 2018 - March 31, 2019)

(Percentages indicate the percentage year on year change)

	Net Sales		Operating Income		Ordinary Income		Profit		Profit per Share (EPS)	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen	
Full Year	1,330,000	2.8	111,000	1.2	121,000	2.7	84,000	4.1	117.01	

\* There have been no revisions to the non-consolidated forecasts for the full year.

## (5) Dividends

	Dividend per Share					Total dividends paid (full year)	Dividend Payout Ratio (Consolidated)	Dividends-Net Assets Ratio (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total			
FY ended Mar. 31, 2018	—	Yen 14.00	—	Yen 14.00	Yen 28.00	20,105	21.7	3.1
FY ending Mar. 31, 2019 (including Forecast)	—	14.00	—	14.00	28.00			

\* There have been no revisions to the forecasts for the full year.

## 2 Qualitative information

A lawsuit alleging violation of the Antimonopoly Act in the bid for the Chuo Shinkansen maglev line construction project was filed against the Company by the Tokyo District Public Prosecutors Office in March of this year. The Tokyo District Court handed down a guilty verdict on October 22 and imposed a 200 million yen fine. We offer our deepest apologies for having caused our shareholders and all other stakeholders great concern.

The Obayashi Group recognizes the seriousness of this judgment. We intend to tenaciously pursue management that places highest priority on compliance in the operation of all of our businesses, and will work to earn back the trust of our stakeholders as quickly as possible.

We would appreciate your understanding and support in the future.

### (1) Overview of consolidated business results

During the first six months of the fiscal year under review (April 1–September 30, 2018), the Japanese economy continued to recovery gradually, aided by improvement in corporate profits and growth in private-sector capital investment, among other factors.

Orders in the domestic construction market remained firm and were generally strong for both public and private-sector construction.

Amid these conditions, our consolidated net sales for the first six months of the fiscal year under review were 937.1 billion yen, an increase of 19.6 billion yen (2.1%) year-on-year. This was primarily due to an increase in net sales from the construction business of subsidiaries, despite the decline in sales in the Company's domestic building construction business. On the earnings front, operating income rose to 65.0 billion yen, an increase of 2.6 billion yen (4.3%) over the same period last fiscal year. Ordinary income was 69.7 billion yen, an increase of 3.6 billion yen (5.6%) year-on-year, and profit attributable to owners of parent was 48.8 billion yen, an increase of 0.4 billion yen (0.9%) over the first six months of the previous fiscal year.

The Obayashi Group consolidated results by business segment for the first six months of FY2018 was as follows:

#### a. Construction business

Consolidated construction orders received decreased by 16.9 billion yen (2.0%) to 835.8 billion yen, despite an increase in the overseas construction orders for subsidiaries. This was caused by a decline in domestic civil engineering orders for the Company and our subsidiaries in Japan. More specifically, orders received from the domestic building construction were 456.4 billion yen; overseas building construction, 212.3 billion yen; domestic civil engineering, 129.6 billion yen; and overseas civil engineering businesses, 37.4 billion yen.

Consolidated net sales for the construction business increased by 9.6 billion yen (1.1%) to 893.0 billion yen, compared to first six months of the previous fiscal year. This was due an increase in net

sales from the overseas building construction business of subsidiaries, which more than covered for the sales decline in the Company's domestic building construction business. More specifically, net sales of the domestic building construction were 495.1 billion yen; overseas building construction, 207.8 billion yen; domestic civil engineering, 162.6 billion yen; and overseas civil engineering businesses, 27.4 billion yen.

Operating income increased by 1.6 billion yen (3.0%) to 58.5 billion yen from the first six months of the previous fiscal year mainly due to an increase in gross profit on completed construction contracts in the construction business as a result of higher sales.

#### b. Real estate business

Net sales for the real estate business increased by 0.4 billion yen (2.6%) to 18.6 billion yen over the same period last fiscal year. Operating income was 4.9 billion yen, an increase of 1.4 billion yen (42.6%) year-on-year.

#### c. Other businesses

Net sales of other businesses increased by 9.5 billion yen (60.4%) to 25.4 billion yen from the first six months of last fiscal year, due to growth in sales in the PFI business. Operating income fell to 1.4 billion yen, a decrease of 0.5 billion yen (26.0%) year-on-year.

### (2) Overview of consolidated financial position

Total assets at the end of the first six months of the fiscal year under review increased by 12.6 billion yen (0.6%) to 2,141.6 billion yen, compared to the end of the previous fiscal year. This growth resulted mainly from an increase in "Investment securities" due to a rise in the market prices of securities held, and increases in "Buildings and structures" and "Land" due to the purchase of real estate for business use. These increases more than compensated for the decrease in trade receivables related to construction contracts which is the sum of "Notes and accounts receivable from completed construction contracts and other" and "Electronically recorded monetary claims."

Total liabilities at the end of the first six months of the fiscal year under review decreased by 35.0 billion yen (2.5%) to 1,382.4 billion yen, compared to the end of the previous fiscal year. This was mainly due to the decreases in trade payables related to construction contracts, which is the sum of "Notes and accounts payable for construction contracts and other" and "Electronically recorded obligations," and decreases in "Short-term loans payable" and "Long-term loans payable," which exceeded the increase in "Commercial papers." Interest-bearing debt decreased by 4.8 billion yen (1.7%) to 271.9 billion yen, compared to the end of the previous fiscal year.

Total net assets at the end of the first six months of the fiscal year under review increased by 47.7 billion yen (6.7%) to 759.2 billion yen, compared to the end of the previous fiscal year. This was mainly due to the increase in the Retained earnings from the recognition of profit attributable to owners of

parent and the Valuation difference on available-for-sale securities.

This resulted in an equity ratio of 34.2% at the end of the first six months of the fiscal year under review, 2.0 point increase from the end of the previous fiscal year.

(3) Overview of consolidated cash flows

Net cash provided by operating activities was 22.9 billion yen, primarily due to a steady increase in cash flows in the domestic construction business (Net cash provided was 23.2 billion yen during the same period of the previous fiscal year). Net cash used in investing activities was 41.3 billion yen, mainly due to purchases of real estate properties for business use (Net cash used in investing activities was 29.1 billion yen during the same period in the previous fiscal year). Net cash used in financing activities was 14.5 billion yen, mainly due to the redemption of debt and payment of dividends (Net cash used in financing activities was 24.0 billion yen during the same period of the previous fiscal year).

As a result, cash and cash equivalents at the end of the first six months of the fiscal year under review decreased by 35.0 billion yen to 149.7 billion yen compared with the balance at the end of the previous fiscal year.

(4) Consolidated forecasts for fiscal year ending March 31, 2019

The consolidated forecasts for the full year (ending March 31, 2019) have not been changed from those announced when first quarter financial results were announced on August 7, 2018.

### 3 Financial Highlights

#### (1) Financial Results for the Six Months Ended September 30, 2018 (YoY Comparison)

(Yen in 100 millions)

	Consolidated						Non-consolidated					
	Result April 1, 2017 - September 30, 2017		Result April 1, 2018 - September 30, 2018		Change	% Change	Result April 1, 2017 - September 30, 2017		Result April 1, 2018 - September 30, 2018		Change	% Change
	%		%				%	%		%		
Net sales of completed construction contracts		8,834		8,930	96	1.1		6,334		6,168	(166)	(2.6)
┌ Building Construction		—		—	—	—		4,971		4,818	(152)	(3.1)
└ Civil Engineering		—		—	—	—		1,363		1,349	(14)	(1.1)
Gross profit on completed construction contracts	11.2	989	11.3	1,009	20	2.0	12.9	819	12.9	798	(21)	(2.6)
┌ Building Construction		—		—	—	—	11.9	591	11.6	556	(34)	(5.8)
└ Civil Engineering		—		—	—	—	16.8	228	17.9	241	12	5.5
Net sales of real estate business and other		340		440	100	29.6		67		87	19	28.9
Gross profit on real estate business and other	30.8	104	25.1	110	5	5.5	25.6	17	26.7	23	5	34.3
<b>Net sales</b>		9,174		9,371	196	2.1		6,402		6,255	(147)	(2.3)
Gross profit	11.9	1,094	11.9	1,119	25	2.4	13.1	837	13.1	821	(15)	(1.9)
Selling, general and administrative expenses	5.1	470	5.0	469	(0)	(0.2)	5.2	333	5.1	320	(12)	(3.7)
(Personnel expenses)		288		274	(14)			204		182	(21)	
(Others)		181		195	13			128		138	9	
<b>Operating Income</b>	6.8	623	6.9	650	26	4.3	7.9	504	8.0	500	(3)	(0.7)
Non-operating income		54		61	6	12.5		62		100	38	61.1
Non-operating expenses		17		14	(3)	(19.9)		8		8	(0)	(4.4)
(interests received/paid and dividend income - net)		36		39	3			52		85	33	
<b>Ordinary income</b>	7.2	660	7.4	697	36	5.6	8.7	558	9.5	593	35	6.3
Extraordinary income		25		15	(10)	(39.1)		20		15	(4)	(22.3)
Extraordinary loss		7		3	(4)	(53.8)		8		3	(4)	(57.0)
Income before income taxes	7.4	678	7.6	709	30	4.6	8.9	569	9.7	605	35	6.2
Total income taxes		186		209	22	12.1		158		170	11	7.5
Profit		491		500	8	1.7		—		—	—	—
Profit attributable to non-controlling interests (deduction)		8		11	3	48.2		—		—	—	—
<b>Profit attributable to owners of parent (Non-consolidated: Profit)</b>	5.3	483	5.2	488	4	0.9	6.4	410	6.9	434	23	5.8

#### Orders received

(Yen in 100 millions)

	Consolidated					Non-consolidated						
	Result April 1, 2017 - September 30, 2017		Result April 1, 2018 - September 30, 2018		Change	% Change	Result April 1, 2017 - September 30, 2017		Result April 1, 2018 - September 30, 2018		Change	% Change
Building Construction		6,277		6,687	410	6.5		4,306		4,293	(12)	(0.3)
(Domestic)		4,518		4,564	45	1.0		4,231		4,258	26	0.6
(Overseas)		1,759		2,123	364	20.7		74		35	(39)	(52.5)
Civil Engineering		2,250		1,670	(579)	(25.7)		1,707		1,011	(695)	(40.8)
(Domestic)		2,094		1,296	(798)	(38.1)		1,593		941	(651)	(40.9)
(Overseas)		155		374	218	140.7		114		70	(44)	(38.7)
Construction Total		8,527		8,358	(169)	(2.0)		6,013		5,305	(708)	(11.8)
(Domestic)		6,613		5,860	(752)	(11.4)		5,824		5,199	(624)	(10.7)
(Overseas)		1,914		2,497	582	30.4		188		105	(83)	(44.2)
Real Estate Business and Other		316		399	82	26.0		67		91	24	35.4
Total Orders received		8,844		8,757	(87)	(1.0)		6,081		5,397	(684)	(11.3)

#### Interest-bearing debt balances

(Yen in 100 millions)

	Consolidated				Non-consolidated			
	March 31, 2018	September 30, 2018	Change	% Change	March 31, 2018	September 30, 2018	Change	% Change
Interest-bearing debt (except nonrecourse loans)	1,847	1,837	(9)	(0.5)	1,378	1,435	57	4.2
Nonrecourse loans	920	881	(38)	(4.2)	—	—	—	—
Interest-bearing debt total	2,767	2,719	(48)	(1.7)	1,378	1,435	57	4.2

## (2) Financial Results for the Six Months Ended September 30, 2018 (Comparison with the latest forecast)

(Yen in 100 millions)

	Consolidated						Non-consolidated					
	Forecast announced on August 7, 2018		Result April 1, 2018 - September 30, 2018		Change	% Change	Forecast announced on August 7, 2018		Result April 1, 2018 - September 30, 2018		Change	% Change
Net sales of completed construction contracts	%	9,150	%	8,930	(219)	(2.4)	%	6,400	%	6,168	(231)	(3.6)
┌ Building Construction		—		—	—	—		4,880		4,818	(61)	(1.3)
└ Civil Engineering		—		—	—	—		1,520		1,349	(170)	(11.2)
Gross profit on completed construction contracts	11.1	1,020	11.3	1,009	(10)	(1.1)	13.1	840	12.9	798	(41)	(5.0)
┌ Building Construction		—		—	—	—	12.3	600	11.6	556	(43)	(7.2)
└ Civil Engineering		—		—	—	—	15.8	240	17.9	241	1	0.5
Net sales of real estate business and other		450		440	(9)	(2.0)		90		87	(2)	(2.7)
Gross profit on real estate business and other	22.2	100	25.1	110	10	10.6	22.2	20	26.7	23	3	16.7
<b>Net sales</b>		<b>9,600</b>		<b>9,371</b>	<b>(228)</b>	<b>(2.4)</b>		<b>6,490</b>		<b>6,255</b>	<b>(234)</b>	<b>(3.6)</b>
Gross profit	11.7	1,120	11.9	1,119	(0)	(0.0)	13.3	860	13.1	821	(38)	(4.5)
Selling, general and administrative expenses	4.9	470	5.0	469	(0)	(0.1)	5.1	330	5.1	320	(9)	(2.8)
(Personnel expenses)		270		274	4			190		182	(7)	
(Others)		200		195	(4)			140		138	(1)	
<b>Operating Income</b>	<b>6.8</b>	<b>650</b>	<b>6.9</b>	<b>650</b>	<b>0</b>	<b>0.0</b>	<b>8.2</b>	<b>530</b>	<b>8.0</b>	<b>500</b>	<b>(29)</b>	<b>(5.5)</b>
Non-operating income		45		61	16	36.4		70		100	30	44.1
Non-operating expenses		15		14	(0)	(5.0)		10		8	(1)	(17.1)
(interests received/paid and dividend income - net)		30		39	9			65		85	20	
<b>Ordinary income</b>	<b>7.1</b>	<b>680</b>	<b>7.4</b>	<b>697</b>	<b>17</b>	<b>2.6</b>	<b>9.1</b>	<b>590</b>	<b>9.5</b>	<b>593</b>	<b>3</b>	<b>0.6</b>
Extraordinary income		—		15	15	—		—		15	15	—
Extraordinary loss		—		3	3	—		—		3	3	—
Income before income taxes	7.1	680	7.6	709	29	4.4	9.1	590	9.7	605	15	2.6
Total income taxes		210		209	(0)	(0.2)		180		170	(9)	(5.2)
Profit		470		500	30	6.4		—		—	—	—
Profit attributable to non-controlling interests (deduction)		10		11	1	18.8		—		—	—	—
<b>Profit attributable to owners of parent (Non-consolidated: Profit)</b>	<b>4.8</b>	<b>460</b>	<b>5.2</b>	<b>488</b>	<b>28</b>	<b>6.1</b>	<b>6.3</b>	<b>410</b>	<b>6.9</b>	<b>434</b>	<b>24</b>	<b>6.0</b>

## Orders received

(Yen in 100 millions)

	Consolidated				Non-consolidated							
	Forecast announced on August 7, 2018		Result April 1, 2018 - September 30, 2018		Change	% Change	Forecast announced on August 7, 2018		Result April 1, 2018 - September 30, 2018		Change	% Change
Building Construction		6,700		6,687	(12)	(0.2)		4,300		4,293	(6)	(0.1)
(Domestic)		4,600		4,564	(35)	(0.8)		4,300		4,258	(41)	(1.0)
(Overseas)		2,100		2,123	23	1.1		—		35	35	—
Civil Engineering		2,300		1,670	(629)	(27.4)		1,600		1,011	(588)	(36.8)
(Domestic)		1,800		1,296	(503)	(28.0)		1,400		941	(458)	(32.7)
(Overseas)		500		374	(125)	(25.2)		200		70	(129)	(65.0)
Construction Total		9,000		8,358	(641)	(7.1)		5,900		5,305	(594)	(10.1)
(Domestic)		6,400		5,860	(539)	(8.4)		5,700		5,199	(500)	(8.8)
(Overseas)		2,600		2,497	(102)	(3.9)		200		105	(94)	(47.3)
Real Estate Business and Other		400		399	(0)	(0.2)		100		91	(8)	(8.0)
Total Orders received		9,400		8,757	(642)	(6.8)		6,000		5,397	(602)	(10.0)



### (3) Forecasts for Fiscal Year ending March 31, 2019 (YoY Comparison)

(Yen in 100 millions)

	Consolidated					Non-consolidated						
	Result April 1, 2017 - March 31, 2018		Forecast April 1, 2018 - March 31, 2019		Change	% Change	Result April 1, 2017 - March 31, 2018		Forecast April 1, 2018 - March 31, 2019		Change	% Change
%		%		%				%		%		
Net sales of completed construction contracts		18,209		18,730	520	2.9		12,764		13,100	335	2.6
Building Construction		—		—	—	—		9,889		10,200	310	3.1
Civil Engineering		—		—	—	—		2,874		2,900	25	0.9
Gross profit on completed construction contracts	11.7	2,125	11.4	2,135	9	0.4	13.6	1,739	13.3	1,740	0	0.0
Building Construction		—		—	—	—	12.6	1,244	12.5	1,270	25	2.0
Civil Engineering		—		—	—	—	17.2	494	16.2	470	(24)	(5.0)
Net sales of real estate business and other		797		970	172	21.7		176		200	23	13.3
Gross profit on real estate business and other	27.2	217	23.2	225	7	3.6	17.1	30	25.0	50	19	65.9
<b>Net sales</b>		<b>19,006</b>		<b>19,700</b>	<b>693</b>	<b>3.6</b>		<b>12,940</b>		<b>13,300</b>	<b>359</b>	<b>2.8</b>
Gross profit	12.3	2,343	12.0	2,360	16	0.7	13.7	1,769	13.5	1,790	20	1.1
Selling, general and administrative expenses	5.0	965	4.9	970	4	0.5	5.2	672	5.2	680	7	1.1
(Personnel expenses)		570		560	(10)			388		380	(8)	
(Others)		394		410	15			284		300	15	
<b>Operating Income</b>	<b>7.3</b>	<b>1,378</b>	<b>7.1</b>	<b>1,390</b>	<b>11</b>	<b>0.9</b>	<b>8.5</b>	<b>1,097</b>	<b>8.3</b>	<b>1,110</b>	<b>12</b>	<b>1.2</b>
Non-operating income		100		90	(10)	(10.6)		107		120	12	11.4
Non-operating expenses		39		35	(4)	(10.7)		26		20	(6)	(24.4)
(interests received/paid and dividend income - net)		69		60	(9)			94		110	15	
<b>Ordinary income</b>	<b>7.6</b>	<b>1,439</b>	<b>7.3</b>	<b>1,445</b>	<b>5</b>	<b>0.4</b>	<b>9.1</b>	<b>1,178</b>	<b>9.1</b>	<b>1,210</b>	<b>31</b>	<b>2.7</b>
Extraordinary income		67		※ 20	(47)	(70.4)		63		※ 20	(43)	(68.6)
Extraordinary loss		135		※ 20	(115)	(85.2)		89		※ 20	(69)	(77.7)
Income before income taxes	7.2	1,372	7.3	1,445	72	5.3	8.9	1,152	9.1	1,210	57	5.0
Total income taxes		423		445	21	5.1		345		370	24	7.1
Profit		948		1,000	51	5.4		—		—	—	—
Profit attributable to non-controlling interests (deduction)		22		20	(2)	(10.0)		—		—	—	—
<b>Profit attributable to owners of parent (Non-consolidated: Profit)</b>	<b>4.9</b>	<b>926</b>	<b>5.0</b>	<b>980</b>	<b>53</b>	<b>5.8</b>	<b>6.2</b>	<b>806</b>	<b>6.3</b>	<b>840</b>	<b>33</b>	<b>4.1</b>

※ There have been no revisions to the forecasts from the consolidated forecasts previously announced on August 7, 2018 except for "Extraordinary income" and "Extraordinary loss," which were both "— hundred million yen" in the previous forecasts.

### Orders received

(Yen in 100 millions)

	Consolidated					Non-consolidated						
	Result April 1, 2017 - March 31, 2018		Forecast April 1, 2018 - March 31, 2019		Change	% Change	Result April 1, 2017 - March 31, 2018		Forecast April 1, 2018 - March 31, 2019		Change	% Change
Building Construction		13,312		13,900			587	4.4		9,954		
(Domestic)		10,167		10,400	232	2.3		9,823		9,800	(23)	(0.2)
(Overseas)		3,144		3,500	355	11.3		130		—	(130)	(100.0)
Civil Engineering		4,434		4,550	115	2.6		3,076		3,100	23	0.7
(Domestic)		3,876		3,600	(276)	(7.1)		2,939		2,700	(239)	(8.2)
(Overseas)		558		950	391	70.2		137		400	262	191.4
Construction Total		17,747		18,450	702	4.0		13,031		12,900	(131)	(1.0)
(Domestic)		14,044		14,000	(44)	(0.3)		12,763		12,500	(263)	(2.1)
(Overseas)		3,702		4,450	747	20.2		267		400	132	49.4
Real Estate Business and Other		1,054		850	(204)	(19.4)		176		200	23	13.3
<b>Total Orders received</b>		<b>18,801</b>		<b>19,300</b>	<b>498</b>	<b>2.7</b>		<b>13,207</b>		<b>13,100</b>	<b>(107)</b>	<b>(0.8)</b>

Note: There have been no revisions to the consolidated forecasts for the full year.

### Interest-bearing debt balances

(Yen in 100 millions)

	Consolidated				Non-consolidated			
	March 31, 2018	Forecast March 31, 2019	Change	% Change	March 31, 2018	Forecast March 31, 2019	Change	% Change
Interest-bearing debt (except nonrecourse loans)	1,847	1,700	(147)	(8.0)	1,378	1,400	21	1.6
Nonrecourse loans	920	1,000	79	8.7	—	—	—	—
<b>Interest-bearing debt total</b>	<b>2,767</b>	<b>2,700</b>	<b>(67)</b>	<b>(2.4)</b>	<b>1,378</b>	<b>1,400</b>	<b>21</b>	<b>1.6</b>

Note: There have been no revisions to the consolidated forecasts for the full year.

## 4 Operating Results and Forecasts for Reportable Segments

### (1) Operating Results for the Six Months Ended September 30, 2018 (YoY Comparison)

#### 【Consolidated】

(Yen in millions)

	Net Sales				Operating Income						
	Result	Result	Change	% Change	Result		Result		Change	% Change	
	April 1, 2017 - September 30, 2017	April 1, 2018 - September 30, 2018			April 1, 2017 - September 30, 2017	April 1, 2018 - September 30, 2018	% Profit	% Profit			
<b>Building Construction</b>											
Domestic	504,695	495,122	(9,573)	(1.9)	7.7	38,978	7.5	37,178	(1,800)	(4.6)	
Overseas	180,226	207,843	27,616	15.3	0.7	1,257	1.6	3,239	1,981	157.6	
Subtotal	684,921	702,965	18,043	2.6	5.9	40,236	5.7	40,417	180	0.4	
<b>Civil Engineering</b>											
Domestic	161,712	162,643	930	0.6	10.2	16,479	10.7	17,385	906	5.5	
Overseas	36,796	27,436	(9,360)	(25.4)	0.5	165	2.8	770	604	364.7	
Subtotal	198,509	190,080	(8,429)	(4.2)	8.4	16,644	9.6	18,156	1,511	9.1	
<b>Construction Total</b>											
Domestic	666,407	657,765	(8,642)	(1.3)	8.3	55,457	8.3	54,563	(894)	(1.6)	
Overseas	217,023	235,280	18,256	8.4	0.7	1,423	1.7	4,009	2,586	181.7	
Subtotal	883,430	893,045	9,614	1.1	6.4	56,881	6.6	58,573	1,692	3.0	
<b>Real Estate Business and Other</b>											
Real Estate Business	18,160	18,626	466	2.6	19.2	3,491	26.7	4,979	1,487	42.6	
Other	15,871	25,465	9,594	60.4	12.6	1,992	5.8	1,475	(517)	(26.0)	
Subtotal	34,032	44,092	10,060	29.6	16.1	5,484	14.6	6,454	970	17.7	
<b>Total</b>	<b>917,463</b>	<b>937,138</b>	<b>19,675</b>	<b>2.1</b>	<b>6.8</b>	<b>62,366</b>	<b>6.9</b>	<b>65,028</b>	<b>2,662</b>	<b>4.3</b>	

Note: The figures in the table above show segment results. Consolidated net sales and operating income show the sales and operating income for external customers.

#### 【Non-consolidated】

(Yen in millions)

	Net Sales				Gross Profit						
	Result	Result	Change	% Change	Result		Result		Change	% Change	
	April 1, 2017 - September 30, 2017	April 1, 2018 - September 30, 2018			April 1, 2017 - September 30, 2017	April 1, 2018 - September 30, 2018	% Gross Profit	% Gross Profit			
<b>Building Construction</b>											
Domestic	491,077	476,032	(15,045)	(3.1)	12.1	59,379	11.7	55,730	(3,649)	(6.1)	
Overseas	6,037	5,846	(191)	(3.2)	(4.2)	(253)	(0.6)	(36)	217	—	
Subtotal	497,115	481,878	(15,236)	(3.1)	11.9	59,125	11.6	55,694	(3,431)	(5.8)	
<b>Civil Engineering</b>											
Domestic	119,073	122,552	3,478	2.9	17.8	21,224	18.2	22,298	1,074	5.1	
Overseas	17,304	12,377	(4,926)	(28.5)	9.5	1,644	14.8	1,829	184	11.2	
Subtotal	136,378	134,929	(1,448)	(1.1)	16.8	22,868	17.9	24,128	1,259	5.5	
<b>Construction Total</b>											
Domestic	610,151	598,584	(11,566)	(1.9)	13.2	80,603	13.0	78,028	(2,574)	(3.2)	
Overseas	23,342	18,223	(5,118)	(21.9)	6.0	1,391	9.8	1,793	402	28.9	
Subtotal	633,493	616,808	(16,685)	(2.6)	12.9	81,994	12.9	79,822	(2,172)	(2.6)	
<b>Real Estate Business and Other</b>											
Real Estate Business	6,793	8,754	1,960	28.9	25.6	1,738	26.7	2,334	595	34.3	
Other											
<b>Total</b>	<b>640,287</b>	<b>625,562</b>	<b>(14,724)</b>	<b>(2.3)</b>	<b>13.1</b>	<b>83,733</b>	<b>13.1</b>	<b>82,156</b>	<b>(1,576)</b>	<b>(1.9)</b>	

(2) Results for the Six Months Ended September 30, 2018 (Comparison with the latest forecast)

**【Consolidated】**

(Yen in millions)

	Net Sales				Operating Income					
	Forecast announced on August 7, 2018	Result April 1, 2018 - September 30, 2018	Change	% Change	Forecast announced on August 7, 2018		Result April 1, 2018 - September 30, 2018		Change	% Change
					% Profit		% Profit			
<b>Building Construction</b>										
Domestic	505,000	495,122	(9,877)	(2.0)	7.6	38,500	7.5	37,178	(1,321)	(3.4)
Overseas	204,000	207,843	3,843	1.9	1.7	3,500	1.6	3,239	(260)	(7.5)
Subtotal	709,000	702,965	(6,034)	(0.9)	5.9	42,000	5.7	40,417	(1,582)	(3.8)
<b>Civil Engineering</b>										
Domestic	174,000	162,643	(11,356)	(6.5)	9.8	17,000	10.7	17,385	385	2.3
Overseas	32,000	27,436	(4,563)	(14.3)	—	—	2.8	770	770	—
Subtotal	206,000	190,080	(15,919)	(7.7)	8.3	17,000	9.6	18,156	1,156	6.8
<b>Construction Total</b>										
Domestic	679,000	657,765	(21,234)	(3.1)	8.2	55,500	8.3	54,563	(936)	(1.7)
Overseas	236,000	235,280	(719)	(0.3)	1.5	3,500	1.7	4,009	509	14.6
Subtotal	915,000	893,045	(21,954)	(2.4)	6.4	59,000	6.6	58,573	(426)	(0.7)
<b>Real Estate Business and Other</b>										
Real Estate Business	18,000	18,626	626	3.5	25.0	4,500	26.7	4,979	479	10.7
Other	27,000	25,465	(1,534)	(5.7)	5.6	1,500	5.8	1,475	(24)	(1.7)
Subtotal	45,000	44,092	(907)	(2.0)	13.3	6,000	14.6	6,454	454	7.6
<b>Total</b>	<b>960,000</b>	<b>937,138</b>	<b>(22,861)</b>	<b>(2.4)</b>	<b>6.8</b>	<b>65,000</b>	<b>6.9</b>	<b>65,028</b>	<b>28</b>	<b>0.0</b>

Note: The figures in the table above show segment results. Consolidated net sales and operating income show the sales and operating income for external customers.

**【Non-consolidated】**

(Yen in millions)

	Net Sales				Gross Profit					
	Forecast announced on August 7, 2018	Result April 1, 2018 - September 30, 2018	Change	% Change	Forecast announced on August 7, 2018		Result April 1, 2018 - September 30, 2018		Change	% Change
					% Gross Profit		% Gross Profit			
<b>Building Construction</b>										
Domestic	485,000	476,032	(8,967)	(1.8)	12.4	60,000	11.7	55,730	(4,269)	(7.1)
Overseas	3,000	5,846	2,846	94.9	—	—	(0.6)	(36)	(36)	—
Subtotal	488,000	481,878	(6,121)	(1.3)	12.3	60,000	11.6	55,694	(4,305)	(7.2)
<b>Civil Engineering</b>										
Domestic	135,000	122,552	(12,447)	(9.2)	16.7	22,500	18.2	22,298	(201)	(0.9)
Overseas	17,000	12,377	(4,622)	(27.2)	8.8	1,500	14.8	1,829	329	22.0
Subtotal	152,000	134,929	(17,070)	(11.2)	15.8	24,000	17.9	24,128	128	0.5
<b>Construction Total</b>										
Domestic	620,000	598,584	(21,415)	(3.5)	13.3	82,500	13.0	78,028	(4,471)	(5.4)
Overseas	20,000	18,223	(1,776)	(8.9)	7.5	1,500	9.8	1,793	293	19.6
Subtotal	640,000	616,808	(23,191)	(3.6)	13.1	84,000	12.9	79,822	(4,177)	(5.0)
<b>Real Estate Business and Other</b>										
Real Estate Business and Other	9,000	8,754	(245)	(2.7)	22.2	2,000	26.7	2,334	334	16.7
<b>Total</b>	<b>649,000</b>	<b>625,562</b>	<b>(23,437)</b>	<b>(3.6)</b>	<b>13.3</b>	<b>86,000</b>	<b>13.1</b>	<b>82,156</b>	<b>(3,843)</b>	<b>(4.5)</b>

### (3) Forecasts for Fiscal Year ending March 31, 2019 (YoY Comparison)

#### 【Consolidated】

(Yen in millions)

	Net Sales				Operating Income					
	Result April 1, 2017 - March 31, 2018	Forecast April 1, 2018 - March 31, 2019	Change	% Change	Result April 1, 2017 - March 31, 2018		Forecast April 1, 2018 - March 31, 2019		Change	% Change
					% Profit		% Profit			
<b>Building Construction</b>										
Domestic	1,014,371	1,059,000	44,628	4.4	8.3	83,944	8.0	84,500	555	0.7
Overseas	383,995	394,000	10,004	2.6	0.8	2,964	1.4	5,500	2,535	85.5
Subtotal	1,398,366	1,453,000	54,633	3.9	6.2	86,909	6.2	90,000	3,090	3.6
<b>Civil Engineering</b>										
Domestic	346,119	350,000	3,880	1.1	11.1	38,283	10.1	35,500	(2,783)	(7.3)
Overseas	76,461	70,000	(6,461)	(8.5)	1.9	1,446	0.7	500	(946)	(65.4)
Subtotal	422,580	420,000	(2,580)	(0.6)	9.4	39,730	8.6	36,000	(3,730)	(9.4)
<b>Construction Total</b>										
Domestic	1,360,490	1,409,000	48,509	3.6	9.0	122,228	8.5	120,000	(2,228)	(1.8)
Overseas	460,456	464,000	3,543	0.8	1.0	4,411	1.3	6,000	1,588	36.0
Subtotal	1,820,947	1,873,000	52,052	2.9	7.0	126,639	6.7	126,000	(639)	(0.5)
<b>Real Estate Business and Other</b>										
Real Estate Business	44,566	51,500	6,933	15.6	19.3	8,600	19.4	10,000	1,399	16.3
Other	35,141	45,500	10,358	29.5	7.3	2,561	6.6	3,000	438	17.1
Subtotal	79,708	97,000	17,291	21.7	14.0	11,161	13.4	13,000	1,838	16.5
<b>Total</b>	<b>1,900,655</b>	<b>1,970,000</b>	<b>69,344</b>	<b>3.6</b>	<b>7.3</b>	<b>137,800</b>	<b>7.1</b>	<b>139,000</b>	<b>1,199</b>	<b>0.9</b>

Note: The figures in the table above show segment results. Consolidated net sales and operating income show the sales and operating income for external customers.  
Note: There have been no revisions to the consolidated forecasts for the full year.

#### 【Non-consolidated】

(Yen in millions)

	Net Sales				Gross Profit					
	Result April 1, 2017 - March 31, 2018	Forecast April 1, 2018 - March 31, 2019	Change	% Change	Result April 1, 2017 - March 31, 2018		Forecast April 1, 2018 - March 31, 2019		Change	% Change
					% Gross Profit		% Gross Profit			
<b>Building Construction</b>										
Domestic	977,666	1,015,000	37,333	3.8	12.8	124,652	12.5	127,000	2,347	1.9
Overseas	11,309	5,000	(6,309)	(55.8)	(1.5)	(167)	—	—	167	—
Subtotal	988,975	1,020,000	31,024	3.1	12.6	124,485	12.5	127,000	2,514	2.0
<b>Civil Engineering</b>										
Domestic	254,891	260,000	5,108	2.0	18.0	45,799	17.1	44,500	(1,299)	(2.8)
Overseas	32,538	30,000	(2,538)	(7.8)	11.3	3,690	8.3	2,500	(1,190)	(32.3)
Subtotal	287,429	290,000	2,570	0.9	17.2	49,490	16.2	47,000	(2,490)	(5.0)
<b>Construction Total</b>										
Domestic	1,232,558	1,275,000	42,441	3.4	13.8	170,452	13.5	171,500	1,047	0.6
Overseas	43,847	35,000	(8,847)	(20.2)	8.0	3,522	7.1	2,500	(1,022)	(29.0)
Subtotal	1,276,405	1,310,000	33,594	2.6	13.6	173,975	13.3	174,000	24	0.0
<b>Real Estate Business and Other</b>										
	17,657	20,000	2,342	13.3	17.1	3,013	25.0	5,000	1,986	65.9
<b>Total</b>	<b>1,294,062</b>	<b>1,330,000</b>	<b>35,937</b>	<b>2.8</b>	<b>13.7</b>	<b>176,988</b>	<b>13.5</b>	<b>179,000</b>	<b>2,011</b>	<b>1.1</b>

Note: There have been no revisions to the consolidated forecasts for the full year.

## 5 Non-consolidated Orders Received, Net Sales and Projects in Process

### (1) Breakdown of Non-consolidated Orders Received

(Yen in millions)

	April 1, 2017 - September 30, 2017		April 1, 2018 - September 30, 2018		Change		Previous FY Results April 1, 2017 - March 31, 2018	
		% of Total		% of Total		% Change		% of Total
<b>Building Construction</b>								
Domestic Public	47,833	7.9	12,173	2.3	(35,660)	(74.5)	52,877	4.0
Domestic Private	375,305	61.7	413,636	76.6	38,331	10.2	929,497	70.4
Domestic total	423,139	69.6	425,810	78.9	2,670	0.6	982,374	74.4
Overseas total	7,474	1.2	3,548	0.7	(3,926)	(52.5)	13,051	1.0
Subtotal	430,614	70.8	429,358	79.6	(1,255)	(0.3)	995,425	75.4
<b>Civil Engineering</b>								
Domestic Public	96,279	15.8	60,568	11.2	(35,710)	(37.1)	188,504	14.3
Domestic Private	63,038	10.4	33,589	6.2	(29,448)	(46.7)	105,461	8.0
Domestic total	159,317	26.2	94,158	17.4	(65,159)	(40.9)	293,966	22.3
Overseas total	11,416	1.9	7,000	1.3	(4,416)	(38.7)	13,726	1.0
Subtotal	170,734	28.1	101,158	18.7	(69,575)	(40.8)	307,692	23.3
<b>Construction Total</b>								
Domestic Public	144,113	23.7	72,742	13.5	(71,370)	(49.5)	241,382	18.3
Domestic Private	438,344	72.1	447,226	82.8	8,882	2.0	1,034,958	78.4
Domestic total	582,457	95.8	519,969	96.3	(62,488)	(10.7)	1,276,341	96.7
Overseas total	18,891	3.1	10,548	2.0	(8,343)	(44.2)	26,777	2.0
Subtotal	601,349	98.9	530,517	98.3	(70,831)	(11.8)	1,303,118	98.7
Real Estate Business and Other	6,793	1.1	9,196	1.7	2,403	35.4	17,657	1.3
Total	608,142	100	539,714	100	(68,428)	(11.3)	1,320,775	100

### (2) Breakdown of Non-consolidated Net Sales

(Yen in millions)

	April 1, 2017 - September 30, 2017		April 1, 2018 - September 30, 2018		Change		Previous FY Results April 1, 2017 - March 31, 2018	
		% of Total		% of Total		% Change		% of Total
<b>Building Construction</b>								
Domestic Public	50,146	7.8	33,372	5.3	(16,774)	(33.5)	100,721	7.8
Domestic Private	440,930	68.9	442,660	70.8	1,729	0.4	876,944	67.8
Domestic total	491,077	76.7	476,032	76.1	(15,045)	(3.1)	977,666	75.6
Overseas total	6,037	0.9	5,846	0.9	(191)	(3.2)	11,309	0.8
Subtotal	497,115	77.6	481,878	77.0	(15,236)	(3.1)	988,975	76.4
<b>Civil Engineering</b>								
Domestic Public	73,486	11.5	77,425	12.4	3,939	5.4	160,947	12.4
Domestic Private	45,587	7.1	45,126	7.2	(460)	(1.0)	93,944	7.3
Domestic total	119,073	18.6	122,552	19.6	3,478	2.9	254,891	19.7
Overseas total	17,304	2.7	12,377	2.0	(4,926)	(28.5)	32,538	2.5
Subtotal	136,378	21.3	134,929	21.6	(1,448)	(1.1)	287,429	22.2
<b>Construction Total</b>								
Domestic Public	123,632	19.3	110,797	17.7	(12,835)	(10.4)	261,669	20.2
Domestic Private	486,518	76.0	487,787	78.0	1,268	0.3	970,888	75.1
Domestic total	610,151	95.3	598,584	95.7	(11,566)	(1.9)	1,232,558	95.3
Overseas total	23,342	3.6	18,223	2.9	(5,118)	(21.9)	43,847	3.3
Subtotal	633,493	98.9	616,808	98.6	(16,685)	(2.6)	1,276,405	98.6
Real Estate Business and Other	6,793	1.1	8,754	1.4	1,960	28.9	17,657	1.4
Total	640,287	100	625,562	100	(14,724)	(2.3)	1,294,062	100

### (3) Breakdown of Non-consolidated Projects in Process

(Yen in millions)

	September 30, 2017		September 30, 2018		Change		March 31, 2018	
		% of Total		% of Total		% Change		% of Total
<b>Building Construction</b>								
Domestic Public	190,375	11.3	123,645	7.5	(66,730)	(35.1)	144,843	8.3
Domestic Private	982,414	58.4	1,071,568	64.7	89,154	9.1	1,100,592	63.3
Domestic total	1,172,789	69.7	1,195,213	72.2	22,424	1.9	1,245,435	71.6
Overseas total	14,217	0.9	12,224	0.8	(1,992)	(14.0)	14,522	0.8
Subtotal	1,187,007	70.6	1,207,438	73.0	20,431	1.7	1,259,958	72.4
<b>Civil Engineering</b>								
Domestic Public	305,168	18.1	293,076	17.7	(12,092)	(4.0)	309,932	17.8
Domestic Private	142,400	8.5	124,929	7.6	(17,470)	(12.3)	136,466	7.8
Domestic total	447,568	26.6	418,005	25.3	(29,562)	(6.6)	446,399	25.6
Overseas total	47,352	2.8	29,050	1.7	(18,301)	(38.7)	34,427	2.0
Subtotal	494,920	29.4	447,056	27.0	(47,864)	(9.7)	480,827	27.6
<b>Construction Total</b>								
Domestic Public	495,543	29.4	416,721	25.2	(78,822)	(15.9)	454,776	26.1
Domestic Private	1,124,814	66.9	1,196,498	72.3	71,683	6.4	1,237,059	71.1
Domestic total	1,620,358	96.3	1,613,219	97.5	(7,138)	(0.4)	1,691,835	97.2
Overseas total	61,569	3.7	41,275	2.5	(20,294)	(33.0)	48,950	2.8
Subtotal	1,681,928	100	1,654,495	100.0	(27,433)	(1.6)	1,740,785	100
Real Estate Business and Other	—	—	442	0.0	442	—	—	—
<b>Total</b>	<b>1,681,928</b>	<b>100</b>	<b>1,654,937</b>	<b>100</b>	<b>(26,990)</b>	<b>(1.6)</b>	<b>1,740,785</b>	<b>100</b>

## 6 Main Projects

### (1) Orders received

Owner	Project Names
Mitsui Fudosan Co., Ltd.	(Tentative name) Mitsui Shopping Park LaLaport NUMAZU Construction Project
Ministry of the Environment	Interim Storage Facilities (Okuma Section 5) Soil Storage Facilities Construction Project FY2018
Shiseido Company, Limited	Shiseido NASU Factory Construction Project
SHIMANO INC.	(Tentative name) Shimano R&D Center Construction Project
MEGMILK SNOW BRAND Co., Ltd.	MEGMILK SNOW BRAND Isobunnai Butter Factory Construction Project
Mandai Park Development Pte Ltd	New Bird Park (Working Name) (Singapore) ※

※ Undertaken by Obayashi Singapore Private Limited.

### (2) Completed projects

Owner	Project Names
MUFG Bank, Ltd.	MUFG Bank, Ltd. Osaka Building Reconstruction Project
TOYOTA MOTOR CORPORATION	TOYOTA MOTOR CORPORATION, Head Factory Powertrain No.3 Construction Project
West Nippon Expressway Company Limited	Shin Meishin Express Way, Kobe East JCT Construction Project
FUJITA ACADEMY	FUJITA HEALTH UNIVERCITY HOSPITAL Ward B Construction Project
Mori Building Co., Ltd. Obayashi-Shinseiwa Real Estate Corporation	SHINTORA-DORI CORE Construction Project
ILDOT	IL DOT Mississippi River Crossing Savanna Bridge (U.S.A) ※

※ Undertaken by Kraemer North America, LLC (Subsidiary of Obayashi USA)

### (3) Projects in Process

Owner	Project Names
Toranomon 1-chome Area Urban Redevelopment Association	Toranomon 1-chome Area Class 1 Urban Redevelopment Project, Public Facilities Construction
Central Nippon Expressway Company Limited	Tokyo Outer Ring Road, Main Line Tunnel (Northbound) Tomei North Construction Project
Nam Ngiep 1 Power Co., Ltd.	Nam Ngiep 1 Hydropower Project (Laos)
Mizuho Financial Group, Inc. Japanese Bankers Association MITSUBISHI ESTATE CO., LTD.	(Tentative name) Marunouchi 1-3 Construction Project
SUMITOMO CORPORATION	(Tentative name) Kanda Nishikicho 2-chome Construction Project
Plenary Properties Merced	UC MERCED 2020 EXPANSION (U.S.A) ※

※ Undertaken by Webcor, LP. (Subsidiary of Obayashi USA)

## 7 Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Yen in millions)

	March 31, 2018	September 30, 2018	Change
<b>Assets</b>			
Current assets			
Cash and deposits	190,055	<b>167,065</b>	(22,989)
Notes and accounts receivable from completed construction contracts and other	760,371	<b>718,883</b>	(41,487)
Electronically recorded monetary claims	15,531	<b>22,386</b>	6,854
Short-term investment securities	4,615	<b>6,716</b>	2,100
Real estate for sale	11,682	<b>9,608</b>	(2,073)
Costs on uncompleted construction contracts	45,555	<b>53,528</b>	7,972
Costs on real estate business	25,416	<b>29,428</b>	4,011
Inventories for PFI and other projects	46,148	<b>46,224</b>	76
Other inventories	10,655	<b>10,798</b>	143
Accounts receivable	79,423	<b>86,049</b>	6,625
Other	18,695	<b>38,218</b>	19,522
Allowance for doubtful accounts	(160)	<b>(147)</b>	13
<b>Total current assets</b>	<b>1,207,991</b>	<b>1,188,761</b>	(19,229)
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	103,153	<b>115,974</b>	12,821
Machinery, vehicles, tools, furniture and fixtures	45,707	<b>48,357</b>	2,649
Land	351,060	<b>354,565</b>	3,505
Lease assets	259	<b>248</b>	(10)
Construction in progress	26,090	<b>23,301</b>	(2,788)
<b>Total property, plant and equipment</b>	<b>526,270</b>	<b>542,447</b>	16,176
Intangible assets	5,038	<b>5,056</b>	18
Investments and other assets			
Investment securities	372,308	<b>387,266</b>	14,957
Long-term loans receivable	876	<b>1,773</b>	897
Assets for retirement benefits	24	<b>24</b>	—
Deferred tax assets	1,206	<b>1,139</b>	(67)
Other	15,542	<b>15,452</b>	(89)
Allowance for doubtful accounts	(231)	<b>(228)</b>	2
<b>Total investments and other assets</b>	<b>389,727</b>	<b>405,428</b>	15,700
<b>Total noncurrent assets</b>	<b>921,036</b>	<b>952,932</b>	31,895
<b>Total assets</b>	<b>2,129,027</b>	<b>2,141,694</b>	12,666



**(1) Consolidated Balance Sheets**

(Yen in millions)

	March 31, 2018	September 30, 2018	Change
<b>Liabilities</b>			
Current liabilities			
Notes and accounts payable for construction contracts and other	524,712	<b>509,447</b>	(15,264)
Electronically recorded obligations	133,770	<b>135,747</b>	1,977
Short-term loans payable	88,686	<b>61,787</b>	(26,898)
Current portion of nonrecourse loans	9,557	<b>11,907</b>	2,349
Commercial papers	—	<b>30,000</b>	30,000
Current portion of bonds	10,000	<b>10,000</b>	—
Lease obligations	90	<b>86</b>	(3)
Income taxes payable	29,695	<b>21,023</b>	(8,671)
Advances received on uncompleted construction contracts	110,534	<b>118,897</b>	8,362
Deposits received	103,408	<b>100,426</b>	(2,982)
Provision for warranties for completed construction	4,114	<b>4,067</b>	(46)
Provision for loss on construction contracts	5,209	<b>2,655</b>	(2,553)
Provision for loss on Antimonopoly Act	10,529	<b>10,491</b>	(37)
Other	88,528	<b>75,221</b>	(13,306)
<b>Total current liabilities</b>	<b>1,118,835</b>	<b>1,091,760</b>	<b>(27,075)</b>
Noncurrent liabilities			
Bonds payable	20,000	<b>20,000</b>	—
Long-term loans payable	66,038	<b>61,968</b>	(4,069)
Nonrecourse loans	82,446	<b>76,241</b>	(6,205)
Lease obligations	169	<b>163</b>	(5)
Deferred tax liabilities	34,654	<b>37,520</b>	2,866
Deferred tax liabilities for land revaluation	19,604	<b>19,604</b>	—
Provision for stock payments for directors	259	<b>163</b>	(96)
Provision for loss on real estate business and other	993	<b>993</b>	—
Provision for environmental measures	313	<b>313</b>	(0)
Liability for retirement benefits	49,473	<b>50,045</b>	572
Other	24,713	<b>23,629</b>	(1,083)
<b>Total noncurrent liabilities</b>	<b>298,667</b>	<b>290,644</b>	<b>(8,022)</b>
<b>Total liabilities</b>	<b>1,417,502</b>	<b>1,382,405</b>	<b>(35,097)</b>
<b>Net assets</b>			
Shareholders' equity			
Capital stock	57,752	<b>57,752</b>	—
Capital surplus	43,135	<b>42,540</b>	(595)
Retained earnings	404,840	<b>443,615</b>	38,775
Treasury stock	(1,929)	<b>(1,835)</b>	93
<b>Total shareholders' equity</b>	<b>503,798</b>	<b>542,072</b>	<b>38,273</b>
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	159,159	<b>167,232</b>	8,072
Deferred gains (losses) on hedges	(1,643)	<b>361</b>	2,004
Revaluation reserve for land	19,518	<b>19,518</b>	—
Foreign currency translation adjustments	758	<b>(512)</b>	(1,270)
Retirement benefit asset and liability adjustments	3,244	<b>3,143</b>	(101)
<b>Total accumulated other comprehensive income</b>	<b>181,037</b>	<b>189,742</b>	<b>8,704</b>
Non-controlling interests	26,688	<b>27,474</b>	785
<b>Total net assets</b>	<b>711,525</b>	<b>759,289</b>	<b>47,763</b>
<b>Total liabilities and net assets</b>	<b>2,129,027</b>	<b>2,141,694</b>	<b>12,666</b>
<b>(Reference)</b>			
Interest-bearing debt balances	276,728	<b>271,905</b>	(4,823)

\* Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (ASBJ Statement No. 28, February 16, 2018) has been applied from first quarter. These figures include the impact of retrospective application for the previous fiscal year.

## (2) Consolidated Statements of Income

(Yen in millions)

	April 1, 2017 - September 30, 2017	April 1, 2018 - September 30, 2018	Change
<b>Net sales</b>			
Net sales of completed construction contracts	883,430	<b>893,045</b>	9,614
Net sales of real estate business and other	34,032	<b>44,092</b>	10,060
<b>Total net sales</b>	<b>917,463</b>	<b>937,138</b>	19,675
<b>Cost of sales</b>			
Cost of sales on completed construction contracts	784,508	<b>792,119</b>	7,610
Cost of sales on real estate business and other	23,551	<b>33,036</b>	9,484
<b>Total cost of sales</b>	<b>808,060</b>	<b>825,155</b>	17,095
<b>Gross profit</b>			
Gross profit on completed construction contracts	98,922	<b>100,926</b>	2,003
Gross profit on real estate business and other	10,480	<b>11,056</b>	575
<b>Total gross profit</b>	<b>109,403</b>	<b>111,982</b>	2,579
Selling, general and administrative expenses	47,037	<b>46,953</b>	(83)
<b>Operating income</b>	<b>62,366</b>	<b>65,028</b>	2,662
<b>Non-operating income</b>			
Interest income	844	<b>588</b>	(256)
Dividends income	3,850	<b>4,329</b>	479
Other	764	<b>1,221</b>	456
<b>Total non-operating income</b>	<b>5,459</b>	<b>6,139</b>	679
<b>Non-operating expenses</b>			
Interest expenses	1,060	<b>941</b>	(118)
Subsidiary stock acquisition-related cost	471	—	(471)
Other	247	<b>483</b>	236
<b>Total non-operating expenses</b>	<b>1,779</b>	<b>1,425</b>	(353)
<b>Ordinary income</b>	<b>66,046</b>	<b>69,742</b>	3,696
<b>Extraordinary income</b>			
Gain on sales of investment securities	2,025	<b>1,482</b>	(542)
Other	564	<b>93</b>	(470)
<b>Total extraordinary income</b>	<b>2,589</b>	<b>1,576</b>	(1,013)
<b>Extraordinary loss</b>			
Loss on sales of investment securities	—	<b>188</b>	188
Other	764	<b>165</b>	(599)
<b>Total extraordinary losses</b>	<b>764</b>	<b>353</b>	(411)
<b>Profit before income taxes</b>	<b>67,871</b>	<b>70,965</b>	3,094
Income taxes—current	20,053	<b>21,443</b>	1,390
Income taxes—deferred	(1,369)	<b>(493)</b>	875
<b>Total income taxes</b>	<b>18,683</b>	<b>20,949</b>	2,266
<b>Profit</b>	<b>49,188</b>	<b>50,015</b>	827
Profit attributable to non-controlling interests	801	<b>1,188</b>	386
<b>Profit attributable to owners of parent</b>	<b>48,386</b>	<b>48,827</b>	441

### (3) Consolidated Statements of Comprehensive Income

(Yen in millions)

	April 1, 2017 - September 30, 2017	April 1, 2018 - September 30, 2018
Profit	49,188	50,015
Other comprehensive income		
Valuation difference on available-for-sale securities	20,425	8,073
Deferred gains (losses) on hedges	347	2,004
Foreign currency translation adjustment	137	(2,119)
Retirement benefit adjustment	167	(100)
Share of other comprehensive income of associates accounted for using equity method	29	(1)
Total other comprehensive income	21,107	7,855
Comprehensive income	70,295	57,871
Comprehensive income attributable to owners of parent	69,350	57,532
Comprehensive income attributable to non-controlling interests	944	338

#### (4) Consolidated Statements of Cash Flows

(Yen in millions)

	April 1, 2017 - September 30, 2017	April 1, 2018 - September 30, 2018	Change
<b>Net cash provided by (used in) operating activities</b>			
Income before income taxes	67,871	<b>70,965</b>	3,094
Depreciation and amortization	6,895	<b>7,937</b>	1,042
Increase (decrease) in allowance for doubtful accounts	(9)	<b>(15)</b>	(6)
Increase (decrease) in provision for loss on construction contracts	(1,549)	<b>(2,526)</b>	(977)
Increase (decrease) in provision for loss on Antimonopoly Act	—	<b>(37)</b>	(37)
Increase (decrease) in liability for retirement benefits	918	<b>450</b>	(468)
Interest and dividends income	(4,695)	<b>(4,918)</b>	(223)
Interest expenses	1,060	<b>941</b>	(118)
Loss (gain) on sales of noncurrent assets	(473)	<b>11</b>	484
Loss (gain) on sales of short-term and long term investment securities	(2,025)	<b>(1,289)</b>	736
Decrease (increase) in notes and accounts receivable—trade	18,748	<b>31,368</b>	12,619
Decrease (increase) in costs on uncompleted construction contracts	(3,896)	<b>(8,167)</b>	(4,271)
Decrease (increase) in inventories	(3,422)	<b>(2,124)</b>	1,298
Decrease (increase) in inventories for PFI and other projects	(1,721)	<b>(76)</b>	1,645
Decrease (increase) in other assets	928	<b>(26,574)</b>	(27,503)
Increase (decrease) in notes and accounts payable—trade	(33,484)	<b>(10,194)</b>	23,289
Increase (decrease) in advances received on uncompleted construction contracts	(15,475)	<b>9,415</b>	24,891
Increase (decrease) in other liabilities	17,420	<b>(15,659)</b>	(33,079)
Other, net	607	<b>(419)</b>	(1,026)
<b>Subtotal</b>	<b>47,698</b>	<b>49,088</b>	1,389
Interest and dividends income received	4,793	<b>4,813</b>	20
Interest expenses	(1,101)	<b>(814)</b>	287
Income taxes (paid) refund	(28,128)	<b>(30,116)</b>	(1,988)
<b>Net cash provided by (used in) operating activities</b>	<b>23,261</b>	<b>22,970</b>	(291)
<b>Net cash provided by (used in) investing activities</b>			
Payments into time deposits	(360)	<b>(12,431)</b>	(12,070)
Purchase of property, plant and equipment and intangible assets	(29,210)	<b>(24,838)</b>	4,372
Proceeds from sales of property, plant and equipment and intangible assets	4,475	<b>79</b>	(4,395)
Purchase of short-term and long term investment securities	(4,398)	<b>(7,930)</b>	(3,532)
Proceeds from sales and redemption of short-term and long term investment securities	3,755	<b>3,673</b>	(81)
Payments of loans receivable	(93)	<b>(74)</b>	18
Collection of loans receivable	125	<b>151</b>	25
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,483)	<b>—</b>	3,483
<b>Net cash provided by (used in) investing activities</b>	<b>(29,190)</b>	<b>(41,370)</b>	(12,179)
<b>Net cash provided by (used in) financing activities</b>			
Net increase (decrease) in short-term loans payable	(12,028)	<b>(27,369)</b>	(15,340)
Net increase (decrease) in commercial papers	35,000	<b>30,000</b>	(5,000)
Repayments of lease obligations	(48)	<b>(53)</b>	(4)
Proceeds from long-term loans payable	6,000	<b>5,200</b>	(800)
Repayment of long-term loans payable	(7,407)	<b>(8,216)</b>	(808)
Proceeds from nonrecourse loans payable	3,213	<b>—</b>	(3,213)
Payment of nonrecourse loans payable	(4,005)	<b>(4,051)</b>	(45)
Proceeds from issuance of bonds	—	<b>10,000</b>	10,000
Redemption of bonds	(10,000)	<b>(10,000)</b>	—
Cash dividends paid	(13,643)	<b>(10,052)</b>	3,590
Cash dividends paid to non-controlling interests	(692)	<b>(257)</b>	435
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(20,391)	<b>—</b>	20,391
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	<b>267</b>	267
Other, net	(4)	<b>(2)</b>	2
<b>Net cash provided by (used in) financing activities</b>	<b>(24,010)</b>	<b>(14,535)</b>	9,474
Effect of exchange rate change on cash and cash equivalents	132	<b>(2,097)</b>	(2,229)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(29,806)</b>	<b>(35,032)</b>	(5,226)
Cash and cash equivalents at beginning of period	194,195	<b>184,783</b>	(9,412)
Cash and cash equivalents at end of period	164,389	<b>149,751</b>	(14,638)

## 8 Non-consolidated Financial Statements

### (1) Non-consolidated Balance Sheets

(Yen in millions)

	March 31, 2018	September 30, 2018	Change
<b>Assets</b>			
Current assets			
Cash and deposits	81,375	<b>58,774</b>	(22,601)
Notes receivable—trade	24,486	<b>10,721</b>	(13,765)
Electronically recorded monetary claims	11,962	<b>20,169</b>	8,207
Accounts receivable from completed construction contracts	540,130	<b>533,354</b>	(6,776)
Accounts receivable—real estate business and other	6,218	<b>4,944</b>	(1,274)
Short-term investment securities	30	<b>40</b>	9
Real estate for sale	3,667	<b>3,834</b>	167
Costs on uncompleted construction contracts	38,438	<b>46,585</b>	8,146
Costs on real estate business and other	4,084	<b>4,478</b>	393
Short-term loans receivable	21,430	<b>30,172</b>	8,742
Accounts receivable—other	78,132	<b>82,164</b>	4,031
Other	13,158	<b>32,938</b>	19,780
Allowance for doubtful accounts	(67)	<b>(67)</b>	—
<b>Total current assets</b>	<b>823,048</b>	<b>828,110</b>	<b>5,062</b>
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	50,868	<b>58,486</b>	7,618
Machinery, equipment and vehicles	5,044	<b>8,452</b>	3,408
Tools, furniture and fixtures	2,042	<b>2,221</b>	178
Land	186,665	<b>187,050</b>	385
Leased assets	23	<b>16</b>	(7)
Construction in progress	15,243	<b>10,757</b>	(4,485)
<b>Total property, plant and equipment</b>	<b>259,886</b>	<b>266,983</b>	<b>7,096</b>
Intangible assets	2,893	<b>3,093</b>	199
Investments and other assets			
Investment securities	360,677	<b>375,422</b>	14,744
Shares and investments in capital of subsidiaries and affiliates	56,775	<b>58,296</b>	1,520
Long-term loans receivable	67,835	<b>73,634</b>	5,799
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,870	<b>1,985</b>	115
Long-term accounts receivable	425	<b>113</b>	(311)
Other	10,040	<b>9,461</b>	(579)
Allowance for doubtful accounts	(552)	<b>(694)</b>	(141)
<b>Total investments and other assets</b>	<b>497,073</b>	<b>518,219</b>	<b>21,146</b>
<b>Total noncurrent assets</b>	<b>759,853</b>	<b>788,297</b>	<b>28,443</b>
<b>Total assets</b>	<b>1,582,902</b>	<b>1,616,408</b>	<b>33,505</b>

**(1) Non-consolidated Balance Sheets**

(Yen in millions)

	March 31, 2018	September 30, 2018	Change
<b>Liabilities</b>			
Current liabilities			
Notes payable—trade	17,506	18,686	1,179
Electronically recorded obligations	129,457	131,175	1,718
Accounts payable for construction contracts	351,144	353,691	2,546
Accounts payable—real estate and other	1,019	396	(622)
Short-term loans payable	60,395	35,862	(24,533)
Commercial papers	—	30,000	30,000
Current portion of bonds	10,000	10,000	—
Lease obligations	12	7	(5)
Accounts payable	17,238	3,798	(13,440)
Accrued expenses	18,158	18,684	525
Income taxes payable	27,244	19,460	(7,784)
Advances received on uncompleted construction contracts	70,321	73,675	3,353
Deposit received—real estate and other	1,851	2,394	543
Deposits received	95,252	92,058	(3,194)
Provision for warranties for completed construction	3,770	3,716	(54)
Provision for loss on construction contracts	3,744	1,511	(2,233)
Provision for loss on Antimonopoly Act	4,145	4,145	—
Deposits received from employees	24,601	25,176	575
Other	854	1,349	495
<b>Total current liabilities</b>	<b>836,716</b>	<b>825,787</b>	<b>(10,929)</b>
Noncurrent liabilities			
Bonds payable	20,000	20,000	—
Long-term loans payable	47,418	47,726	308
Lease obligations	14	10	(3)
Deferred tax liabilities	39,414	42,114	2,699
Deferred tax liabilities for land revaluation	16,266	16,266	—
Provision for retirement benefits	46,560	47,056	496
Provision for stock payments for directors	259	163	(96)
Provision for loss on real estate business and other	993	993	—
Provision for loss on business of subsidiaries and affiliates	2,842	1,946	(895)
Provision for environmental measures	248	247	(0)
Other	3,946	4,382	436
<b>Total noncurrent liabilities</b>	<b>177,964</b>	<b>180,908</b>	<b>2,944</b>
<b>Total liabilities</b>	<b>1,014,681</b>	<b>1,006,696</b>	<b>(7,984)</b>
<b>Net assets</b>			
Shareholders' equity			
Capital stock	57,752	57,752	—
Capital surplus			
Legal capital surplus	41,694	41,694	—
<b>Total capital surpluses</b>	<b>41,694</b>	<b>41,694</b>	<b>—</b>
Retained earnings			
Legal retained earnings	14,438	14,438	—
Other retained earnings			
Reserve for advanced depreciation of noncurrent assets	2,603	2,574	(29)
General reserve	180,000	240,000	60,000
Retained earnings brought forward	100,841	74,271	(26,570)
<b>Total retained earnings</b>	<b>297,882</b>	<b>331,283</b>	<b>33,400</b>
Treasury stock	(1,929)	(1,835)	93
<b>Total shareholders' equity</b>	<b>395,400</b>	<b>428,894</b>	<b>33,494</b>
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	158,860	166,922	8,061
Deferred gains (losses) on hedges	106	40	(66)
Revaluation reserve for land	13,854	13,854	—
<b>Total valuation and translation adjustments</b>	<b>172,821</b>	<b>180,816</b>	<b>7,995</b>
<b>Total net assets</b>	<b>568,221</b>	<b>609,711</b>	<b>41,490</b>
<b>Total liabilities and net assets</b>	<b>1,582,902</b>	<b>1,616,408</b>	<b>33,505</b>
<b>(Reference)</b>			
Interest-bearing debt balances	137,813	143,588	5,774

\* Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (ASBJ Statement No. 28, February 16, 2018) has been applied from first quarter. These figures include the impact of retrospective application for the previous fiscal year.

## (2) Non-consolidated Statements of Income

(Yen in millions)

	April 1, 2017 - September 30, 2017	April 1, 2018 - September 30, 2018	Change
<b>Net sales</b>			
Net sales of completed construction contracts	633,493	<b>616,808</b>	(16,685)
Net sales of real estate business and other	6,793	<b>8,754</b>	1,960
<b>Total net sales</b>	<b>640,287</b>	<b>625,562</b>	(14,724)
<b>Cost of sales</b>			
Cost of sales on completed construction contracts	551,498	<b>536,986</b>	(14,512)
Cost of sales on real estate business and other	5,055	<b>6,420</b>	1,364
<b>Total cost of sales</b>	<b>556,554</b>	<b>543,406</b>	(13,148)
<b>Gross profit</b>			
Gross profit on completed construction contracts	81,994	<b>79,822</b>	(2,172)
Gross profit on real estate business and other	1,738	<b>2,334</b>	595
<b>Total gross profit</b>	<b>83,733</b>	<b>82,156</b>	(1,576)
Selling, general and administrative expenses	33,321	<b>32,091</b>	(1,229)
<b>Operating income</b>	<b>50,412</b>	<b>50,065</b>	(346)
<b>Non-operating income</b>			
Interest and dividend income	5,787	<b>8,911</b>	3,124
Other	474	<b>1,176</b>	701
<b>Total non-operating income</b>	<b>6,262</b>	<b>10,088</b>	3,826
<b>Non-operating expenses</b>			
Interest expenses	559	<b>383</b>	(176)
Provision of allowance for doubtful accounts	21	<b>36</b>	15
Other	286	<b>408</b>	122
<b>Total non-operating expenses</b>	<b>866</b>	<b>829</b>	(37)
<b>Ordinary income</b>	<b>55,807</b>	<b>59,325</b>	3,517
<b>Extraordinary income</b>			
Gain on sales of investment securities	1,982	<b>1,482</b>	(499)
Other	19	<b>73</b>	53
<b>Total extraordinary income</b>	<b>2,002</b>	<b>1,556</b>	(446)
<b>Extraordinary loss</b>			
Loss on sales of investment securities	—	<b>177</b>	177
Other	848	<b>186</b>	(662)
<b>Total extraordinary losses</b>	<b>848</b>	<b>364</b>	(484)
<b>Profit before income taxes</b>	<b>56,961</b>	<b>60,516</b>	3,555
Income taxes—current	16,785	<b>17,872</b>	1,087
Income taxes—deferred	(909)	<b>(809)</b>	100
<b>Total income taxes</b>	<b>15,875</b>	<b>17,063</b>	1,187
<b>Profit</b>	<b>41,086</b>	<b>43,453</b>	2,367