



# **ODAYASHI CORPORATION**

CONSOLIDATED  
FINANCIAL STATEMENTS

Year Ended March 31, 2019

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## Independent Auditor's Report

The Board of Directors  
OBAYASHI CORPORATION

We have audited the accompanying consolidated financial statements of OBAYASHI CORPORATION and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2019, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of OBAYASHI CORPORATION and its consolidated subsidiaries as at March 31, 2019, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

### *Convenience Translation*

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

*Ernst & Young ShinNihon LLC*

June 26, 2019  
Tokyo, Japan

## Consolidated Balance Sheets

OBAYASHI CORPORATION  
At March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)	
	2019	2018	2019	2018
<b>Assets</b>				
<b>Current assets</b>				
Cash and deposits (Notes 6 and 12)	¥ 168,698	¥ 190,055	\$ 1,519,943	\$ 1,712,363
Notes and accounts receivable from completed construction contracts and other (Notes 6 and 12)	859,096	760,371	7,740,309	6,850,806
Electronically recorded monetary claims (Notes 6 and 12)	11,895	15,531	107,175	139,939
Short-term investment securities (Notes 6, 12 and 13)	6,980	4,615	62,889	41,583
Real estate for sale	12,209	11,682	110,004	105,255
Costs on uncompleted construction contracts (Note 6)	35,369	45,555	318,676	410,450
Costs on real estate business	22,163	25,416	199,690	229,002
Inventories for PFI and other projects (Note 6)	44,108	46,148	397,413	415,786
Other inventories (Note 6)	9,734	10,655	87,709	96,003
Accounts receivable-other (Note 12)	92,554	79,423	833,901	715,592
Other	20,204	18,695	182,036	168,446
Allowance for doubtful accounts	(150)	(160)	(1,356)	(1,446)
<b>Total current assets</b>	<b>1,282,866</b>	<b>1,207,991</b>	<b>11,558,395</b>	<b>10,883,785</b>
<b>Noncurrent assets</b>				
Property, plant and equipment, net				
Buildings and structures (Note 6)	125,103	103,153	1,127,163	929,393
Machinery, vehicles, tools, furniture and fixtures (Note 6)	55,746	45,707	502,267	411,819
Land (Note 6)	355,925	351,060	3,206,820	3,162,987
Leased assets	289	259	2,611	2,337
Construction in progress	7,493	26,090	67,515	235,066
<b>Total property, plant and equipment, net (Note 6)</b>	<b>544,558</b>	<b>526,270</b>	<b>4,906,377</b>	<b>4,741,605</b>
Intangible assets (Note 6)	4,997	5,038	45,022	45,395
Investments and other assets				
Investment securities (Notes 6, 12 and 13)	360,627	372,308	3,249,192	3,354,431
Long-term loans receivable	1,767	876	15,922	7,898
Assets for retirement benefits (Note 15)	13	24	119	222
Deferred tax assets (Note 16)	1,761	1,206	15,873	10,873
Other (Note 6)	18,130	15,542	163,354	140,030
Allowance for doubtful accounts	(210)	(231)	(1,898)	(2,083)
<b>Total investments and other assets</b>	<b>382,090</b>	<b>389,727</b>	<b>3,442,563</b>	<b>3,511,373</b>
<b>Total noncurrent assets</b>	<b>931,646</b>	<b>921,036</b>	<b>8,393,963</b>	<b>8,298,374</b>
<b>Total assets</b>	<b>¥ 2,214,512</b>	<b>¥ 2,129,027</b>	<b>\$ 19,952,358</b>	<b>\$ 19,182,160</b>

The accompanying notes to the consolidated financial statements are an integral part of this statement.

	Millions of yen		Thousands of U.S. dollars (Note 2)	
	2019	2018	2019	2018
<b>Liabilities</b>				
<b>Current liabilities</b>				
Notes and accounts payable for construction contracts and other (Notes 6 and 12)	¥ 551,181	¥ 524,712	\$ 4,966,044	\$ 4,727,563
Electronically recorded obligations (Notes 6 and 12)	119,956	133,770	1,080,782	1,205,243
Short-term loans payable (Notes 6, 12 and 23)	58,713	88,686	529,000	799,045
Current portion of nonrecourse loans (Notes 6, 12 and 23)	10,079	9,557	90,816	86,109
Current portion of bonds (Notes 12 and 23)	10,000	10,000	90,098	90,098
Lease obligations (Notes 12 and 23)	103	90	930	813
Income taxes payable	24,790	29,695	223,357	267,548
Advances received on uncompleted construction contracts	116,424	110,534	1,048,963	995,893
Deposits received (Note 12)	108,952	103,408	981,642	931,691
Provision for warranties for completed construction	4,365	4,114	39,329	37,070
Provision for loss on construction contracts (Note 6)	1,968	5,209	17,731	46,938
Provision for loss on Antimonopoly Act	10,324	10,529	93,025	94,864
Other	78,324	88,528	705,691	797,625
Total current liabilities	1,095,184	1,118,835	9,867,415	10,080,507
<b>Noncurrent liabilities</b>				
Bonds payable (Notes 12 and 22)	30,000	20,000	270,294	180,196
Long-term loans payable (Notes 6, 12 and 23)	84,347	66,038	759,959	594,992
Nonrecourse loans (Notes 6, 12 and 23)	79,076	82,446	712,469	742,830
Lease obligations (Notes 12 and 23)	200	169	1,810	1,528
Deferred tax liabilities (Note 16)	30,667	34,654	276,312	312,229
Deferred tax liabilities for land revaluation (Note 16)	18,953	19,604	170,770	176,634
Provision for stock payments for directors	381	259	3,433	2,337
Provision for loss on real estate business and other	993	993	8,946	8,946
Provision for environmental measures	274	313	2,477	2,828
Liability for retirement benefits (Note 15)	50,809	49,473	457,787	445,744
Other	25,472	24,713	229,499	222,665
Total noncurrent liabilities	321,178	298,667	2,893,761	2,690,936
Total liabilities	1,416,362	1,417,502	12,761,176	12,771,444
<b>Net assets</b>				
<b>Shareholders' equity</b>				
Capital stock	57,752	57,752	520,341	520,341
Capital surplus	42,540	43,135	383,278	388,640
Retained earnings	498,195	404,840	4,488,647	3,647,540
Treasury stock	(2,132)	(1,929)	(19,209)	(17,385)
Total shareholders' equity	596,355	503,798	5,373,057	4,539,136
<b>Accumulated other comprehensive income</b>				
Valuation difference on available-for-sale securities	150,115	159,159	1,352,514	1,434,000
Deferred gains (losses) on hedges	1,113	(1,643)	10,035	(14,808)
Revaluation reserve for land (Note 6)	19,214	19,518	173,116	175,860
Foreign currency translation adjustments	(33)	758	(300)	6,829
Retirement benefit asset and liability adjustments	2,178	3,244	19,627	29,234
Total accumulated other comprehensive income	172,588	181,037	1,554,993	1,631,116
<b>Non-controlling interests</b>	<b>29,204</b>	<b>26,688</b>	<b>263,131</b>	<b>240,462</b>
Total net assets	798,149	711,525	7,191,182	6,410,715
<b>Total liabilities and net assets</b>	<b>¥ 2,214,512</b>	<b>¥ 2,129,027</b>	<b>\$ 19,952,358</b>	<b>\$ 19,182,160</b>

The accompanying notes to the consolidated financial statements are an integral part of this statement.

## Consolidated Statements of Income

OBAYASHI CORPORATION

For the years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)	
	2019	2018	2019	2018
<b>Net sales</b>				
Construction contracts (Note 7)	¥ 1,945,514	¥ 1,820,947	\$ 17,528,739	\$ 16,406,408
Real estate business and other	94,170	79,708	848,456	718,156
<b>Total net sales</b>	<b>2,039,685</b>	<b>1,900,655</b>	<b>18,377,196</b>	<b>17,124,565</b>
<b>Cost of sales</b>				
Construction contracts (Note 7)	1,714,360	1,608,353	15,446,080	14,490,975
Real estate business and other	71,301	57,998	642,410	522,557
<b>Total cost of sales</b>	<b>1,785,661</b>	<b>1,666,351</b>	<b>16,088,491</b>	<b>15,013,532</b>
<b>Gross profit</b>				
Construction contracts	231,154	212,593	2,082,659	1,915,433
Real estate business and other	22,869	21,709	206,046	195,599
<b>Total gross profit</b>	<b>254,023</b>	<b>234,303</b>	<b>2,288,705</b>	<b>2,111,033</b>
<b>Selling, general and administrative expenses (Note 7)</b>	<b>98,542</b>	<b>96,502</b>	<b>887,852</b>	<b>869,473</b>
Operating income	155,480	137,800	1,400,852	1,241,559
<b>Other income (expenses)</b>				
Interest and dividend income	9,420	9,073	84,872	81,748
Foreign exchange gains (losses), net	356	(671)	3,210	(6,054)
Interest expense	(1,836)	(2,097)	(16,542)	(18,898)
Subsidiary stock acquisition-related cost	-	(472)	-	(4,256)
Gain on sales of investment securities	2,539	6,120	22,883	55,145
Gain on sales of noncurrent assets (Note 7)	188	594	1,701	5,356
Loss on sales of investment securities	(660)	(13)	(5,955)	(119)
Loss on liquidation of investment securities	(167)	-	(1,505)	-
Loss on sales and disposal of noncurrent assets (Note 7)	(348)	(526)	(3,136)	(4,739)
Other, net	(337)	(12,598)	(3,040)	(113,506)
<b>Total other income (expenses)</b>	<b>9,155</b>	<b>(590)</b>	<b>82,486</b>	<b>(5,322)</b>
<b>Profit before income taxes</b>	<b>164,635</b>	<b>137,209</b>	<b>1,483,338</b>	<b>1,236,236</b>
<b>Income taxes (Note 16)</b>				
Income taxes—current	48,968	47,290	441,201	426,082
Income taxes—deferred	(703)	(4,966)	(6,340)	(44,751)
<b>Total income taxes</b>	<b>48,265</b>	<b>42,323</b>	<b>434,860</b>	<b>381,330</b>
<b>Profit</b>	<b>116,370</b>	<b>94,886</b>	<b>1,048,477</b>	<b>854,906</b>
<b>Profit attributable to non-controlling interests</b>	<b>3,214</b>	<b>2,223</b>	<b>28,965</b>	<b>20,029</b>
<b>Profit attributable to owners of parent</b>	<b>¥ 113,155</b>	<b>¥ 92,662</b>	<b>\$ 1,019,512</b>	<b>\$ 834,876</b>

The accompanying notes to the consolidated financial statements are an integral part of this statement.

## Consolidated Statements of Comprehensive Income

OBAYASHI CORPORATION

For the years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)	
	2019	2018	2019	2018
<b>Profit</b>	¥ 116,370	¥ 94,886	\$ 1,048,477	\$ 854,906
<b>Other comprehensive income</b>				
Valuation difference on available-for-sale securities	(9,046)	18,858	(81,510)	169,914
Deferred gains (losses) on hedges	2,757	(1,356)	24,845	(12,226)
Foreign currency translation adjustments	(1,312)	2,241	(11,827)	20,194
Retirement benefit asset and liability adjustments	(1,066)	1,611	(9,610)	14,520
Share of other comprehensive income of affiliates accounted for by the equity method	(10)	33	(90)	297
Total other comprehensive income (Note 8)	(8,678)	21,387	(78,193)	192,701
<b>Comprehensive income</b>	¥ 107,691	¥ 116,274	\$ 970,284	\$ 1,047,608
Comprehensive income attributable to:				
Owners of parent	¥ 104,856	¥ 112,954	\$ 944,741	\$ 1,017,697
Non-controlling interests	2,835	3,319	25,543	29,910

The accompanying notes to the consolidated financial statements are an integral part of this statement.

## Consolidated Statements of Changes in Net Assets

OBAYASHI CORPORATION

For the year ended March 31, 2019

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	¥ 57,752	¥ 43,135	¥ 404,840	¥ (1,929)	¥ 503,798
Changes of items during period					
Dividends from surplus			(20,105)		(20,105)
Profit attributable to owners of parent			113,155		113,155
Reversal of revaluation reserve for land			304		304
Purchase of treasury stock				(298)	(298)
Disposal of treasury stock				96	96
Share changes in parent's ownership interests associated with transaction with non-controlling interests		(595)			(595)
Net changes in items other than those in shareholders' equity					
Total changes of items during period	-	(595)	93,354	(202)	92,556
Balance at the end of current period	¥ 57,752	¥ 42,540	¥ 498,195	¥ (2,132)	¥ 596,355

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Retirement benefit asset and liability adjustments	Total accumulated other comprehensive income		
Balance at the beginning of current period	¥ 159,159	¥ (1,643)	¥ 19,518	¥ 758	¥ 3,244	¥ 181,037	¥ 26,688	¥ 711,525
Changes of items during period								
Dividends from surplus								(20,105)
Profit attributable to owners of parent								113,155
Reversal of revaluation reserve for land								304
Purchase of treasury stock								(298)
Disposal of treasury stock								96
Share changes in parent's ownership interests associated with transaction with non-controlling interests								(595)
Net changes in items other than those in shareholders' equity	(9,044)	2,757	(304)	(791)	(1,066)	(8,448)	2,515	(5,932)
Total changes of items during period	(9,044)	2,757	(304)	(791)	(1,066)	(8,448)	2,515	86,623
Balance at the end of current period	¥ 150,115	¥ 1,113	¥ 19,214	¥ (33)	¥ 2,178	¥ 172,588	¥ 29,204	¥ 798,149

For the year ended March 31, 2019

Thousands of U.S. dollars (Note 2)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	\$ 520,341	\$ 388,640	\$ 3,647,540	\$ (17,385)	\$ 4,539,136
Changes of items during period					
Dividends from surplus			(181,148)		(181,148)
Profit attributable to owners of parent			1,019,512		1,019,512
Reversal of revaluation reserve for land			2,743		2,743
Purchase of treasury stock				(2,689)	(2,689)
Disposal of treasury stock				865	865
Share changes in parent's ownership interests associated with transaction with non-controlling interests		(5,362)			(5,362)
Net changes in items other than those in shareholders' equity					
Total changes of items during period	-	(5,362)	841,107	(1,823)	833,920
Balance at the end of current period	\$ 520,341	\$ 383,278	\$ 4,488,647	\$ (19,209)	\$ 5,373,057

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Retirement benefit asset and liability adjustments	Total accumulated other comprehensive income		
Balance at the beginning of current period	\$ 1,434,000	\$ (14,808)	\$ 175,860	\$ 6,829	\$ 29,234	\$ 1,631,116	\$ 240,462	\$ 6,410,715
Changes of items during period								
Dividends from surplus								(181,148)
Profit attributable to owners of parent								1,019,512
Reversal of revaluation reserve for land								2,743
Purchase of treasury stock								(2,689)
Disposal of treasury stock								865
Share changes in parent's ownership interests associated with transaction with non-controlling interests								(5,362)
Net changes in items other than those in shareholders' equity	(81,486)	24,843	(2,743)	(7,130)	(9,607)	(76,123)	22,668	(53,454)
Total changes of items during period	(81,486)	24,843	(2,743)	(7,130)	(9,607)	(76,123)	22,668	780,466
Balance at the end of current period	\$ 1,352,514	\$ 10,035	\$ 173,116	\$ (300)	\$ 19,627	\$ 1,554,993	\$ 263,131	\$ 7,191,182

The accompanying notes to the consolidated financial statements are an integral part of this statement.



For the year ended March 31, 2018

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	¥ 57,752	¥ 41,752	¥ 334,957	¥ (1,964)	¥ 432,497
Changes of items during period					
Dividends from surplus			(23,696)		(23,696)
Profit attributable to owners of parent			92,662		92,662
Reversal of revaluation reserve for land			916		916
Purchase of treasury stock				(8)	(8)
Disposal of treasury stock				43	43
Share changes in parent's ownership interests associated with transaction with non-controlling interests		1,382			1,382
Net changes in items other than those in shareholders' equity					
Total changes of items during period	-	1,382	69,883	35	71,300
Balance at the end of current period	¥ 57,752	¥ 43,135	¥ 404,840	¥ (1,929)	¥ 503,798

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Retirement benefit asset and liability adjustments	Total accumulated other comprehensive income		
Balance at the beginning of current period	¥ 140,246	¥ (283)	¥ 20,435	¥ (365)	¥ 1,629	¥ 161,662	¥ 49,916	¥ 644,076
Changes of items during period								
Dividends from surplus								(23,696)
Profit attributable to owners of parent								92,662
Reversal of revaluation reserve for land								916
Purchase of treasury stock								(8)
Disposal of treasury stock								43
Share changes in parent's ownership interests associated with transaction with non-controlling interests								1,382
Net changes in items other than those in shareholders' equity	18,913	(1,360)	(916)	1,123	1,615	19,375	(23,227)	(3,852)
Total changes of items during period	18,913	(1,360)	(916)	1,123	1,615	19,375	(23,227)	67,448
Balance at the end of current period	¥ 159,159	¥ (1,643)	¥ 19,518	¥ 758	¥ 3,244	¥ 181,037	¥ 26,688	¥ 711,525

For the year ended March 31, 2018

Thousands of U.S. dollars (Note 2)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	\$ 520,341	\$ 376,181	\$ 3,017,906	\$ (17,701)	\$ 3,896,727
Changes of items during period					
Dividends from surplus			(213,497)		(213,497)
Profit attributable to owners of parent			834,876		834,876
Reversal of revaluation reserve for land			8,255		8,255
Purchase of treasury stock				(75)	(75)
Disposal of treasury stock				391	391
Share changes in parent's ownership interests associated with transaction with non-controlling interests		12,458			12,458
Net changes in items other than those in shareholders' equity					
Total changes of items during period	-	12,458	629,634	315	642,409
Balance at the end of current period	\$ 520,341	\$ 388,640	\$ 3,647,540	\$ (17,385)	\$ 4,539,136

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Retirement benefit asset and liability adjustments	Total accumulated other comprehensive income		
Balance at the beginning of current period	\$ 1,263,595	\$ (2,551)	\$ 184,116	\$ (3,292)	\$ 14,683	\$ 1,456,551	\$ 449,737	\$ 5,803,016
Changes of items during period								
Dividends from surplus								(213,497)
Profit attributable to owners of parent								834,876
Reversal of revaluation reserve for land								8,255
Purchase of treasury stock								(75)
Disposal of treasury stock								391
Share changes in parent's ownership interests associated with transaction with non-controlling interests								12,458
Net changes in items other than those in shareholders' equity	170,404	(12,257)	(8,255)	10,122	14,551	174,565	(209,275)	(34,709)
Total changes of items during period	170,404	(12,257)	(8,255)	10,122	14,551	174,565	(209,275)	607,699
Balance at the end of current period	\$ 1,434,000	\$ (14,808)	\$ 175,860	\$ 6,829	\$ 29,234	\$ 1,631,116	\$ 240,462	\$ 6,410,715

The accompanying notes to the consolidated financial statements are an integral part of this statement.

## Consolidated Statements of Cash Flows

OBAYASHI CORPORATION

For the years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)	
	2019	2018	2019	2018
<b>Net cash provided by (used in) operating activities</b>				
Profit before income taxes	¥ 164,635	¥ 137,209	\$ 1,483,338	\$ 1,236,236
Depreciation and amortization	17,672	14,659	159,223	132,078
Increase (decrease) in allowance for doubtful accounts	(30)	0	(270)	2
Increase (decrease) in provision for loss on construction contracts	(3,218)	(2,510)	(28,997)	(22,620)
Increase (decrease) in provision for loss on Antimonopoly Act	(204)	10,092	(1,838)	90,935
Increase (decrease) in liability for retirement benefits	(186)	734	(1,676)	6,613
Interest and dividend income	(9,420)	(9,073)	(84,872)	(81,748)
Interest expense	1,836	2,097	16,542	18,898
Loss (gain) on sales of short-term and long-term investment securities	(1,873)	(6,107)	(16,880)	(55,026)
Decrease (increase) in notes and accounts receivable—trade	(97,996)	(36,264)	(882,930)	(326,741)
Decrease (increase) in costs on uncompleted construction contracts	9,977	(5,620)	89,895	(50,635)
Decrease (increase) in inventories	3,622	874	32,641	7,879
Decrease (increase) in inventories for PFI and other projects	2,039	(3,727)	18,372	(33,587)
Decrease (increase) in other assets	(16,408)	413	(147,834)	3,725
Increase (decrease) in notes and accounts payable—trade	15,550	24,054	140,103	216,724
Increase (decrease) in advances received on uncompleted construction contracts	6,653	4,077	59,945	36,736
Increase (decrease) in other liabilities	(2,918)	20,657	(26,298)	186,121
Other, net	602	2,448	5,431	22,059
Subtotal	90,334	154,015	813,894	1,387,651
Interest and dividend received	9,609	9,225	86,581	83,124
Interest paid	(1,841)	(2,163)	(16,589)	(19,495)
Income taxes (paid) refunded	(53,898)	(47,042)	(485,616)	(423,847)
Net cash provided by (used in) operating activities	44,203	114,034	398,269	1,027,433
<b>Net cash provided by (used in) investing activities</b>				
Payments into time deposits	(29,417)	(3,313)	(265,044)	(29,850)
Proceeds from withdrawal of time deposits	22,972	-	206,974	-
Purchase of property, plant and equipment and intangible assets	(36,552)	(71,965)	(329,332)	(648,395)
Proceeds from sales of property, plant and equipment and intangible assets	423	4,629	3,815	41,707
Purchase of short-term and long-term investment securities	(10,782)	(7,411)	(97,149)	(66,780)
Proceeds from sales and redemption of short-term and long-term investment securities	7,913	10,108	71,303	91,079
Payments of loans receivable	(129)	(145)	(1,170)	(1,307)
Collection of loans receivable	270	291	2,441	2,622
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(3,483)	-	(31,388)
Other, net	-	1	-	10
Net cash provided by (used in) investing activities	(45,302)	(71,289)	(408,163)	(642,302)
<b>Net cash provided by (used in) financing activities</b>				
Net increase (decrease) in short-term loans payable	(26,640)	(5,963)	(240,025)	(53,732)
Repayments of lease obligations	(107)	(99)	(969)	(892)
Proceeds from long-term loans payable	36,354	31,000	327,543	279,304
Repayment of long-term loans payable	(20,630)	(17,177)	(185,877)	(154,768)
Proceeds from nonrecourse loans payable	6,924	19,066	62,383	171,781
Payment of nonrecourse loans payable	(9,771)	(7,016)	(88,039)	(63,216)
Proceeds from issuance of bonds	20,000	-	180,196	-
Redemption of bonds	(10,000)	(25,000)	(90,098)	(225,245)
Cash dividends paid	(20,105)	(23,696)	(181,148)	(213,497)
Cash dividends paid to non-controlling interests	(814)	(1,100)	(7,341)	(9,916)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(24,552)	-	(221,216)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	267	-	2,410	-
Other, net	(298)	(8)	(2,689)	(75)
Net cash provided by (used in) financing activities	(24,823)	(54,548)	(223,655)	(491,476)
Effect of exchange rate changes on cash and cash equivalents	(1,162)	2,391	(10,473)	21,544
Net increase (decrease) in cash and cash equivalents	(27,083)	(9,412)	(244,021)	(84,801)
Cash and cash equivalents at beginning of period	184,783	194,195	1,664,866	1,749,668
Cash and cash equivalents at end of period (Note 10)	¥ 157,699	¥ 184,783	\$ 1,420,845	\$ 1,664,866

The accompanying notes to the consolidated financial statements are an integral part of this statement.

## Notes to Consolidated Financial Statements

OBAYASHI CORPORATION for the years ended March 31, 2019 and 2018

### 1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements were prepared based on the accounts maintained by OBAYASHI CORPORATION (the "Company") and its subsidiaries (collectively, the "Companies") in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain amounts in the prior year's financial statements were reclassified to conform to the changes made for the latest fiscal year.

### 2. U.S. Dollar Amounts

The accounts of the consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million. The U.S. dollar amounts shown in the accompanying consolidated financial statements and notes thereto were translated from the original Japanese yen into U.S. dollars on the basis of ¥110.99 to US\$1, the rate of exchange prevailing at March 31, 2019, and were then rounded down to the nearest thousand. These U.S. dollar amounts are not intended to imply that the Japanese yen amounts have been or could be converted, realized or settled in U.S. dollars at this or any other rate.

### 3. Summary of Significant Accounting Policies

#### (1) Scope of consolidation and application of the equity method

The Company had 89 subsidiaries at March 31, 2019. The consolidated financial statements as of and for the years ended March 31, 2019 and 2018 included the accounts of the Company and all subsidiaries.

All significant intercompany accounts and transactions are eliminated. Investments in all affiliates (28 companies for 2019) are accounted for by the equity method.

#### (2) Business year for consolidated subsidiaries

Certain foreign consolidated subsidiaries (34 companies) have a fiscal year that ends on December 31 and a domestic consolidated subsidiary has a fiscal year that ends on January 31. The consolidated financial statements were prepared based on the financial statements as of the same date. Necessary adjustments for consolidation were made on significant transactions that took place during the period between the fiscal year-end of the subsidiaries and that of the Company. Consolidated subsidiaries other than those referred to above have the same business year as the Company, which ends on March 31.

#### (3) Goodwill

Goodwill is amortized by the straight-line method over a period of 5 years. However, goodwill that is not material is charged to income in the year of acquisition.

Differences between the cost and underlying net equity of investments in affiliates accounted for by the equity method are immaterial and charged or credited to income as they occur.

#### (4) Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the rate of exchange in effect at the balance sheet date.

The resulting exchange gains and losses from translation are recognized in the consolidated statements of income.

The balance sheet accounts of the foreign consolidated subsidiaries are translated into Japanese yen at the rates of exchange in effect at the balance sheet date, except for the components of net assets excluding non-controlling interests which are translated at their historical exchange rates. Revenue and expense accounts are translated at the rates of exchange in effect at the balance sheet date. Differences arising from the translation are presented as foreign currency translation adjustments and non-controlling interests in the consolidated financial statements.

#### (5) Cash equivalents

All highly liquid investments, generally with a maturity of three months or less when purchased, which are readily convertible into known amounts of cash and are so near maturity that they represent only an insignificant risk of any change in value are considered cash equivalents.

#### (6) Short-term investment securities and investment securities

Securities are classified into two categories: held-to-maturity and other securities. Held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

#### (7) Inventories

Real estate held for sale, costs on uncompleted construction contracts, costs on real estate business, inventories for PFI and other projects and costs on other business are all stated at cost determined by the specific identification method.

Raw materials and supplies are stated at cost determined by the first-in first-out method.

The net book value of inventories in the consolidated balance sheets is written down if the net realizable value declines.

#### (8) Property, plant and equipment

The Company and its domestic consolidated subsidiaries mainly calculate depreciation by the declining-balance method, while straight-line method is applied to the buildings excluding building fixtures, acquired on or after April 1, 1998 and facilities attached to buildings and other non-building structures acquired on or after April 1, 2016. Foreign consolidated subsidiaries mainly apply the straight-line method.

#### (9) Intangible assets

Intangible fixed assets are amortized by the straight-line method. Computer software for internal use is amortized by the straight-line method over the estimated useful life of 5 years.

(10) Leased assets

Depreciation of leased assets under finance leases that do not transfer ownership of the leased assets to the lessee is calculated by the straight-line method over the lease period with a residual value of zero.

(11) Allowance for doubtful accounts

The allowance for doubtful accounts is provided based on the historical experience with respect to write-offs for the Company and its domestic subsidiaries and based on an estimate of the amount for specific uncollectible accounts for the Companies.

(12) Provision for warranties for completed construction

The provision for warranties for completed construction is provided to cover expenses for defects claimed concerning completed work, based on the estimated amount of compensation to be paid in the future for the work completed during the fiscal year.

(13) Provision for loss on construction contracts

The provision for loss on construction contracts is provided at the estimated amount for the future losses on contract backlog at the balance sheet date which will probably be incurred and which can be reasonably estimated.

(14) Provision for loss on Antimonopoly Act

The provision for loss on Antimonopoly Act is provided for the estimated surcharges and other based on the Antimonopoly Act.

(15) Provision for stock payments for directors

The provision for stock payments for directors is provided for stock award debt based on predetermined regulations for awarding stock, which is prepared for future awards of the Company shares to its directors and executive officers.

(16) Provision for loss on real estate business and other

The provision for loss on real estate business and other is provided for the estimated losses to be incurred in liquidating real estate and restructuring the real estate related business.

(17) Provision for environmental measures

The provision for environmental measures is provided based on an estimate of costs for disposal of Polychlorinated Biphenyl (PCB) waste, which the Company and its domestic subsidiaries are obliged to dispose of by the Act on Special Measures Concerning Promotion of Proper Treatment of PCB Waste.

(18) Retirement benefits

In calculating retirement benefits obligations, the benefit formula method is used to allocate expected retirement benefit payments in the period until the end of the current fiscal year.

Actuarial differences are amortized commencing in the following years after the differences are recognized primarily by the straight-line method over periods (5 years to 10 years) which are shorter than the average remaining years of service of the employees.

Prior service cost (PSC) is amortized by the straight-line method over a period of 10 years which is shorter than the average remaining years of service of the employees, while PSC of certain subsidiaries is expensed as incurred.

(19) Derivatives and hedge accounting

(a) Method of hedge accounting

Hedging instruments are valued at fair value and accounted for using the deferral method of accounting.

The monetary assets and liabilities denominated in foreign currencies, for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations, are translated at the contracted rate if the foreign exchange forward contracts qualify for hedge accounting.

The interest rate swaps, which qualify for hedge accounting and meet specific matching criteria, are not remeasured at market value, but the differential paid or received under the swap agreements is charged to income (short-cut method).

(b) Hedging instruments and hedged items

To hedge foreign exchange risks related to the monetary assets and liabilities denominated in foreign currencies and projected future foreign currency transactions, foreign exchange forward contracts and non-deliverable foreign exchange forward contracts are employed as hedging instruments. To hedge the interest-rate risks related to loans payable, interest rate swaps are employed as hedging instruments.

(c) Hedging policy

The Companies utilize derivative financial instruments only for the purpose of hedging future risks of fluctuation of foreign currency exchange rates or interest rates in accordance with internal rules.

(d) Assessment of hedge effectiveness

Hedge effectiveness is not assessed when substantial terms and conditions of the hedging instruments and the hedged transactions are the same.

Regarding interest rate swaps, the evaluation of hedge effectiveness is omitted when they meet certain criteria under the short-cut method, otherwise the hedge effectiveness is evaluated by comparing estimated cumulative cash flows of hedging instruments and those of hedged items.

(20) Recognizing revenues and costs of construction contracts

Revenues and costs of construction contracts of which the percentage of completion can be reliably estimated are recognized by the percentage-of-completion method. The percentage of completion is calculated at the cost incurred as a percentage of the estimated total cost. The completed-contract method continues to be applied for contracts for which the percentage of completion cannot be reliably estimated.

Revenues from construction contracts and the related costs of the overseas subsidiaries are mainly recorded on the percentage-of-completion method.

(21) Revenues and expenses associated with finance lease transactions

Sales and cost of sales are recognized upon receipt of lease payment.

(22) Consumption taxes

Consumption tax and local consumption tax are accounted for under the tax-exclusive method.

(23) Income taxes

The Companies apply deferred tax accounting for income taxes which requires recognition of income taxes by the asset/liability method.

Under the asset/liability method, deferred tax assets and liabilities are determined based on the difference between financial reporting basis and the tax basis of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(24) Consolidated taxation system

The Companies apply the consolidated taxation system.

#### 4. Standards Issued But Not Yet Effective

Accounting Standard and Implementation Guidance on Revenue Recognition

On March 30, 2018, the Accounting Standards Board of Japan (ASBJ) issued "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30).

(1) Overview

This is a comprehensive accounting standard for revenue recognition. Specifically, the accounting standard establishes the following five-step model that will apply to revenue from customers:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of the adoption of accounting standard and implementation guidance

The Company is currently evaluating the effect of the adoption of this accounting standard and implementation guidance on its consolidated financial statements.

#### 5. Additional Information

Performance-linked stock compensation plan for directors and executive officers

(1) Transaction summary

The Company has introduced a performance-linked stock compensation plan as an incentive plan for its directors and executive officers (the "Directors") since the fiscal year ended March 31, 2016. The plan is highly transparent and objective and closely linked with the Company's performance for the Directors, with the goal of increasing awareness of the importance of contributing to further enhancing the corporate value and performance over the medium to long term.

The Company's shares are acquired through the Board Incentive Plan Trust (the "BIP Trust") and awarded to the Directors in accordance with performance targets achieved.

(2) The Company's own stock in the BIP Trust

The Company's own stock in the BIP Trust is recorded in "Treasury stock" under net assets based on the book value in the BIP Trust (excluding ancillary expenses). The book value and the number of these treasury shares in the BIP Trust as of March 31, 2019 and 2018 were ¥450 million (US\$4,056 thousand) and 418,817 shares and ¥251 million (US\$2,265 thousand) and 239,603 shares, respectively. These increased due to the acquisition of additional shares in accordance with the resolution at the Board of Directors on May 14, 2018 to extend the trust period for 3 years and contribute to the BIP Trust additionally.

## 6. Notes to Consolidated Balance Sheets

### (1) Breakdown of "Inventories for PFI and other projects"

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Costs on PFI business	¥ 44,108	¥ 46,148	\$ 397,413	\$ 415,786

### (2) Breakdown of "Other inventories"

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Costs on other business	¥ 5,064	¥ 4,233	\$ 45,630	\$ 38,141
Raw materials and supplies	4,670	6,422	42,078	57,862
Total	¥ 9,734	¥ 10,655	\$ 87,709	\$ 96,003

### (3) Accumulated depreciation of property, plant and equipment

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
	¥ 173,689	¥ 169,013	\$ 1,564,914	\$ 1,522,783

### (4) Investments in affiliates

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
	¥ 6,037	¥ 5,572	\$ 54,394	\$ 50,206

### (5) Revaluation reserve for land

Pursuant to the "Law Concerning the Revaluation of Land," land used for business operations was revalued on March 31, 2000. The excess of the revalued carrying amount over the book value before revaluation is included in net assets as revaluation reserve for land, net of applicable income taxes.

The revaluation of the land was determined based on the official standard notice prices in accordance with Article 2, Paragraph 1 of the "Enforcement Ordinance Concerning Land Revaluation" and the appraisal value made by the certified real estate appraisers in accordance with Article 2, Paragraph 5 of the same ordinance with certain necessary adjustments.

### (6) Pledged assets

Assets pledged as collateral for long-term loans payable and others were as follows:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Assets pledged as collateral				
Cash and deposits	¥ 1,216	¥ 428	\$ 10,957	\$ 3,861
Buildings and structures	4,441	4,652	40,017	41,919
Machinery, vehicles, tools, furniture and fixtures	35	44	315	398
Land	10,981	10,981	98,942	98,942
Total	¥ 16,674	¥ 16,107	\$ 150,232	\$ 145,121
Liabilities secured thereby				
Short-term loans payable	¥ 300	¥ 300	\$ 2,702	\$ 2,702
Long-term loans payable	900	1,200	8,108	10,811
Total	¥ 1,200	¥ 1,500	\$ 10,811	\$ 13,514

### (7) Deposited assets

Assets deposited under the "Law for Execution of Warranty against Housing Defects" and the others were as follows:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Short-term investment securities	¥ 60	¥ -	\$ 540	\$ -
Investment securities	635	721	5,721	6,496
Investments and other assets—other	178	128	1,604	1,153
Total	¥ 873	¥ 849	\$ 7,867	\$ 7,650

(8) Contingent liabilities

The Companies were contingently liable for the following:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Guarantees of long-term debt of customers, affiliates and employees	¥ 72	¥ 97	\$ 652	\$ 880

(9) Estimated loss on uncompleted construction contracts

"Costs on uncompleted construction contracts" for which a construction loss is anticipated and "Provision for loss on construction contracts" are presented without being offset. The amounts of "Costs on uncompleted construction contracts," for which a construction loss is anticipated, matching with "Provision for loss on construction contracts" were as follows:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
	¥ 1	¥ -	\$ 13	\$ -

(10) Matured notes

As financial institutions were closed on March 31, 2019, notes included the matured notes.

The matured notes were as follows:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Notes receivable—trade	¥ 635	¥ 279	\$ 5,728	\$ 2,519
Electronically recorded monetary claims	163	160	1,471	1,450
Notes payable—trade	735	1,368	6,627	12,333
Electronically recorded obligations	6,078	10,312	54,766	92,911

(11) Directly deducted advanced depreciation

Advanced depreciation for tax purposes was charged directly to the following noncurrent assets:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Buildings and structures	¥ -	¥ 44	\$ -	\$ 401
Machinery, vehicles, tools, furniture and fixtures	560	10	5,046	94
Intangible assets	-	17	-	153
Total	¥ 560	¥ 72	\$ 5,046	\$ 649

(12) Nonrecourse loans

Nonrecourse loans are nonrecourse loans payable to financial institutions, which are issued to the Company's consolidated special purpose company and are backed by the related PFI business, the real estate business or the renewable energy business as collateral.

Assets as collateral for the nonrecourse loans were as follows:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Cash and deposits	¥ 16,912	¥ 15,725	\$ 152,382	\$ 141,679
Notes and accounts receivable from completed construction contracts and other	9,739	9,659	87,749	87,032
Inventories for PFI and other projects	39,921	40,896	359,686	368,466
Buildings and structures	5,492	5,838	49,487	52,603
Machinery, vehicles, tools, furniture and fixtures	26,225	25,243	236,291	227,441
Land	12,198	12,198	109,906	109,906
Total	¥ 110,491	¥ 109,561	\$ 995,504	\$ 987,129

(13) Commitment lines

The Company has a commitment line agreement with syndicated financial institutions to ensure timely access to funds in case of emergency. At March 31, 2019 and 2018, there were no outstanding balances under the agreement.

This commitment line agreement includes financial covenants on net assets, ordinary income (loss) and the credit rating of the Company.

The total commitment lines available were as follows:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Contract amount	¥ 50,000	¥ 50,000	\$ 450,491	\$ 450,491
Outstanding borrowings	-	-	-	-
Available amount	¥ 50,000	¥ 50,000	\$ 450,491	\$ 450,491



## 7. Notes to Consolidated Statements of Income

(1) Revenues from construction contracts recognized by the percentage-of-completion method

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
	<b>¥ 1,760,423</b>	¥ 1,649,064	<b>\$ 15,861,099</b>	\$ 14,857,779

(2) Provision for loss on construction contracts included in cost of sales of construction contracts

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
	<b>¥ 1,020</b>	¥ 2,010	<b>\$ 9,191</b>	\$ 18,110

(3) The major components of "Selling, general and administrative expenses"

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Employees' salaries and allowances	<b>¥ 39,603</b>	¥ 41,012	<b>\$ 356,817</b>	\$ 369,515
Retirement benefit expenses	<b>1,554</b>	1,620	<b>14,005</b>	14,604
Research and development expenses	<b>12,312</b>	10,602	<b>110,936</b>	95,523

(4) Research and development expenses included in "Selling, general and administrative expenses"

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
	<b>¥ 12,312</b>	¥ 10,602	<b>\$ 110,936</b>	\$ 95,523

(5) Breakdown of "Gain on sales of noncurrent assets"

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Machinery, vehicles, tools, furniture and fixtures	<b>¥ 186</b>	¥ 145	<b>\$ 1,680</b>	\$ 1,314
Others	<b>2</b>	448	<b>20</b>	4,042
<b>Total</b>	<b>¥ 188</b>	¥ 594	<b>\$ 1,701</b>	\$ 5,356

(6) Breakdown of "Loss on sales and disposal of noncurrent assets"

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Demolition and removal costs	<b>¥ 182</b>	¥ 351	<b>\$ 1,640</b>	\$ 3,170
Others	<b>166</b>	174	<b>1,496</b>	1,568
<b>Total</b>	<b>¥ 348</b>	¥ 526	<b>\$ 3,136</b>	\$ 4,739

## 8. Notes to Consolidated Statements of Comprehensive Income

The following table presents reclassification adjustments as amounts reclassified to profit for the years ended March 31, 2019 and 2018 which were recognized in other comprehensive income for the years ended on or before March 31, 2019 and 2018 and tax effect allocated to each component of other comprehensive income for the years ended March 31, 2019 and 2018.

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Valuation difference on available-for-sale securities				
Occurred during the year	¥ (11,054)	¥ 32,768	\$ (99,600)	\$ 295,242
Reclassification adjustments	(1,950)	(5,765)	(17,574)	(51,944)
Valuation difference on available-for-sale securities before tax effect	(13,005)	27,003	(117,174)	243,297
Tax effect	3,958	(8,144)	35,664	(73,382)
Valuation difference on available-for-sale securities	(9,046)	18,858	(81,510)	169,914
Deferred gains (losses) on hedges				
Occurred during the year	2,847	(888)	25,651	(8,003)
Reclassification adjustments	(135)	(427)	(1,224)	(3,847)
Deferred gains (losses) on hedges before tax effect	2,711	(1,315)	24,427	(11,851)
Tax effect	46	(41)	418	(374)
Deferred gains (losses) on hedges	2,757	(1,356)	24,845	(12,226)
Foreign currency translation adjustments				
Occurred during the year	(1,348)	2,223	(12,153)	20,034
Reclassification adjustments	36	17	325	160
Foreign currency translation adjustments	(1,312)	2,241	(11,827)	20,194
Retirement benefit asset and liability adjustments				
Occurred during the year	(1,224)	1,847	(11,029)	16,648
Reclassification adjustments	(309)	475	(2,788)	4,283
Retirement benefit asset and liability adjustments before tax effect	(1,533)	2,323	(13,817)	20,931
Tax effect	466	(711)	4,206	(6,410)
Retirement benefit asset and liability adjustments	(1,066)	1,611	(9,610)	14,520
Share of other comprehensive income of affiliates accounted for by the equity method				
Occurred during the year	(10)	(2)	(90)	(18)
Reclassification adjustments	-	35	-	315
Share of other comprehensive income of affiliates accounted for by the equity method	(10)	33	(90)	297
Total other comprehensive income	¥ (8,678)	¥ 21,387	\$ (78,193)	\$ 192,701

## 9. Notes to Consolidated Statements of Changes in Net Assets

### (1) Type and number of outstanding shares

For the year ended March 31, 2019

Type of shares	Number of shares			
	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Common stock	721,509,646	-	-	721,509,646
Treasury stock:				
Common stock	3,689,552	274,194	91,586	3,872,160

Notes: 1. Stocks owned by the BIP Trust are included in "Treasury stock" at beginning and end of year (included amount: 239,603 and 418,817 shares).  
2. Treasury stock increased by 274,194 shares due to the acquisition of shares by the BIP Trust (270,800 shares) and the repurchase of shares less than one unit (3,394 shares).  
3. Treasury stock decreased by 91,586 shares due to awarding stocks owned by the BIP Trust.

For the year ended March 31, 2018

Type of shares	Number of shares			
	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Common stock	721,509,646	-	-	721,509,646
Treasury stock:				
Common stock	3,724,509	6,440	41,397	3,689,552

Notes: 1. Stocks owned by the BIP Trust are included in "Treasury stock" at beginning and end of year (included amount: 281,000 and 239,603 shares).  
2. Treasury stock increased by 6,440 shares due to the repurchase of shares less than one unit.  
3. Treasury stock decreased by 41,397 shares due to awarding stocks owned by the BIP Trust.

### (2) Dividends

(a) Dividends paid to shareholders

For the year ended March 31, 2019

Resolution approved by	Type of shares	Amount		Amount per share		Shareholders' cut-off date	Effective date
		Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
<b>Annual General Meeting of Shareholders (June 26, 2018)</b>	<b>Common stock</b>	<b>¥10,052</b>	<b>\$90,574</b>	<b>¥14</b>	<b>\$0.12</b>	<b>March 31, 2018</b>	<b>June 27, 2018</b>
<b>Board of Directors (November 12, 2018)</b>	<b>Common stock</b>	<b>¥10,052</b>	<b>\$90,573</b>	<b>¥14</b>	<b>\$0.12</b>	<b>September 30, 2018</b>	<b>December 3, 2018</b>

Note: 1. Dividends for shares in the BIP Trust are included in dividends in accordance with the resolution at the Annual General Meeting of Shareholders on June 26, 2018 (included amount: ¥3 million (US\$30 thousand)).  
2. Dividends for shares in the BIP Trust are included in dividends in accordance with the resolution at the Board of Directors on November 12, 2018 (included amount: ¥2 million (US\$18 thousand)).

For the year ended March 31, 2018

Resolution approved by	Type of shares	Amount		Amount per share		Shareholders' cut-off date	Effective date
		Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Annual General Meeting of Shareholders (June 29, 2017)	Common stock	¥13,643	\$122,923	¥19	\$0.17	March 31, 2017	June 30, 2017
Board of Directors (November 8, 2017)	Common stock	¥10,052	\$90,574	¥14	\$0.12	September 30, 2017	December 4, 2017

Notes: 1. Dividends for shares in the BIP Trust are included in dividends in accordance with the resolution at the Annual General Meeting of Shareholders on June 29, 2017 (included amount: ¥5 million (US\$48 thousand)).  
2. Dividends for shares in the BIP Trust are included in dividends in accordance with the resolution at the Board of Directors on November 8, 2017 (included amount: ¥3 million (US\$31 thousand)).

(b) Dividends with a shareholders' cut-off date during the fiscal year but an effective date subsequent to the fiscal year

For the year ended March 31, 2019

Resolution approved by	Type of shares	Amount			Amount per share		Shareholders' cut-off date	Effective date
		Millions of yen	Thousands of U.S. dollars	Paid from	Yen	U.S. dollars		
<b>Annual General Meeting of Shareholders (June 25, 2019)</b>	<b>Common stock</b>	<b>¥12,925</b>	<b>\$116,452</b>	<b>Retained earnings</b>	<b>¥18</b>	<b>\$0.16</b>	<b>March 31, 2019</b>	<b>June 26, 2019</b>

Note: Dividends for shares in the BIP Trust are included in dividends in accordance with the resolution at the Annual General Meeting of Shareholders on June 25, 2019 (included amount: ¥7 million (US\$67 thousand)).

For the year ended March 31, 2018

Resolution approved by	Type of shares	Amount			Amount per share		Shareholders' cut-off date	Effective date
		Millions of yen	Thousands of U.S. dollars	Paid from	Yen	U.S. dollars		
Annual General Meeting of Shareholders (June 26, 2018)	Common stock	¥10,052	\$90,574	Retained earnings	¥14	\$0.12	March 31, 2018	June 27, 2018

Note: Dividends for shares in the BIP Trust are included in dividends in accordance with the resolution at the Annual General Meeting of Shareholders on June 26, 2018 (included amount: ¥3 million (US\$30 thousand)).

### (3) Shareholders' equity

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than legal capital surplus) and retained earnings (other than legal reserve) be transferred to legal capital surplus or legal reserve, until the sum of legal capital surplus and legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

## 10. Notes to Consolidated Statements of Cash Flows

The reconciliation between cash and cash equivalents reported in the consolidated statements of cash flows and amounts reported in the consolidated balance sheets is as follows:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Cash and deposits	¥ 168,698	¥ 190,055	\$ 1,519,943	\$ 1,712,363
Time deposits with a maturity of more than three months	(10,074)	(3,720)	(90,767)	(33,519)
Bank overdraft	(924)	(1,551)	(8,331)	(13,978)
Cash and cash equivalents at end of period	¥ 157,699	¥ 184,783	\$ 1,420,845	\$ 1,664,866

## 11. Lease Transactions

Operating leases

(a) Lessee's accounting

Future minimum payments under non-cancelable lease contracts at March 31, 2019 and 2018 were as follows:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Within 1 year	¥ 3,381	¥ 3,506	\$ 30,463	\$ 31,597
Over 1 year	7,842	8,426	70,657	75,919
Total	¥ 11,223	¥ 11,933	\$ 101,120	\$ 107,516

(b) Lessor's accounting

Future minimum receivables under non-cancelable lease contracts at March 31, 2019 and 2018 were as follows:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Within 1 year	¥ 5,494	¥ 4,649	\$ 49,503	\$ 41,893
Over 1 year	47,813	46,237	430,792	416,595
Total	¥ 53,308	¥ 50,887	\$ 480,296	\$ 458,489

## 12. Financial Instruments

### (1) Overview

#### (a) Policy for financial instruments

The Companies raise funds by borrowing from banks and issuing commercial paper or corporate bonds. Also, the Companies restrict temporary excess fund management to highly secure assets, time deposits and other short-term investments. The Companies use derivatives in order to avoid the risks, fluctuations of particular assets and liabilities, and fluctuations of interest rates. The Companies do not use derivative transactions to gain short-term profits or for speculative purposes.

#### (b) Types of financial instruments related risks and risk management

"Notes and accounts receivable from completed construction contracts and other," "Electronically recorded monetary claims" and "Accounts receivable—other," which are operating receivables, are exposed to the credit risk of customers. In order to mitigate the risk when orders are received, the Companies conduct a strict screening and determine project plans so that potential risks are minimized. "Short-term investment securities" and "Investment securities" mainly consist of stocks. While "Short-term investment securities" and "Investment securities" are exposed to market risk, the Companies monitor market prices of these securities.

"Notes and accounts payable for construction contracts and other," "Electronically recorded obligations" and "Deposits received," which are operating liabilities, are due within one year.

"Short-term loans payable," "Long-term loans payable," "Commercial paper" and "Bonds payable" are used for operations or capital investment. "Nonrecourse loans" are used for enterprise funds related to particular PFI projects and other. The floating rate loans are exposed to fluctuation in interest rates. In order to hedge against the interest rate risks and fix the payment of interest, the Companies utilize derivative transactions (interest rate swaps) for each contract of certain long-term loans payable. Regarding the evaluation of hedge effectiveness, it is omitted by the judgement of the short-cut method because the interest rate swaps meet the certain criteria under the short-cut method.

The transactions of derivative financial instruments are carried out in accordance with the Companies' internal rules, and the status of the transactions is reported regularly to the Board of Directors. The Companies trade derivative transactions with major financial institutions and therefore consider there is no credit risk underlying those transactions.

While operating debt and borrowings are exposed to liquidity risk, the Companies manage the risk mainly by preparing quarterly and monthly cash management plans.

#### (c) Supplementary explanation of fair values of financial instruments

Notional amounts of derivative transactions, disclosed in "(2) Fair value of financial instruments," do not indicate market risk in derivative transactions.

### (2) Fair value of financial instruments

The following table shows the carrying values and fair values of financial instruments as of March 31, and any differences. Certain financial instruments for which it is extremely difficult to determine the fair value are not included (see Note 2 below).

At March 31, 2019	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
<b>Assets</b>						
Cash and deposits	¥ 168,698	¥ 168,698	—	\$ 1,519,943	\$ 1,519,943	—
Notes and accounts receivable from completed construction contracts and other	859,096	859,220	123	7,740,309	7,741,422	1,112
Electronically recorded monetary claims	11,895	11,895	—	107,175	107,175	—
Short-term investment securities and investment securities	345,553	345,569	15	3,113,375	3,113,518	143
Accounts receivable—other	92,554	92,554	—	833,901	833,901	—
<b>Total</b>	<b>¥ 1,477,799</b>	<b>¥ 1,477,938</b>	<b>¥ 139</b>	<b>\$ 13,314,705</b>	<b>\$ 13,315,961</b>	<b>\$ 1,255</b>
<b>Liabilities</b>						
Notes and accounts payable for construction contracts and other	¥ 551,181	¥ 551,181	—	\$ 4,966,044	\$ 4,966,044	—
Electronically recorded obligations	119,956	119,956	—	1,080,782	1,080,782	—
Short-term loans payable	58,713	58,713	—	529,000	529,000	—
Current portion of nonrecourse loans	10,079	10,079	—	90,816	90,816	—
Current portion of bonds	10,000	10,000	—	90,098	90,098	—
Deposits received	108,952	108,952	—	981,642	981,642	—
Bonds payable	30,000	30,603	603	270,294	275,729	5,434
Long-term loans payable	84,347	85,107	759	759,959	766,806	6,847
Nonrecourse loans	79,076	82,739	3,662	712,469	745,469	33,000
<b>Total</b>	<b>¥ 1,052,308</b>	<b>¥ 1,057,334</b>	<b>¥ 5,025</b>	<b>\$ 9,481,108</b>	<b>\$ 9,526,390</b>	<b>\$ 45,281</b>
Derivative transactions *	¥ 1,114	¥ 1,114	—	\$ 10,039	\$ 10,039	—

\* Assets and liabilities arising from derivative transactions are shown at net value, with the amount in parentheses representing net liability position.

At March 31, 2018	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
<b>Assets</b>						
Cash and deposits	¥ 190,055	¥ 190,055	¥ —	\$ 1,712,363	\$ 1,712,363	\$ —
Notes and accounts receivable from completed construction contracts and other	760,371	760,356	(14)	6,850,806	6,850,671	(134)
Electronically recorded monetary claims	15,531	15,531	—	139,939	139,939	—
Short-term investment securities and investment securities	355,629	355,650	20	3,204,158	3,204,344	185
Accounts receivable—other	79,423	79,423	—	715,592	715,592	—
<b>Total</b>	<b>¥ 1,401,011</b>	<b>¥ 1,401,017</b>	<b>¥ 5</b>	<b>\$ 12,622,861</b>	<b>\$ 12,622,912</b>	<b>\$ 50</b>
<b>Liabilities</b>						
Notes and accounts payable for construction contracts and other	¥ 524,712	¥ 524,712	¥ —	\$ 4,727,563	\$ 4,727,563	\$ —
Electronically recorded obligations	133,770	133,770	—	1,205,243	1,205,243	—
Short-term loans payable	88,686	88,686	—	799,045	799,045	—
Current portion of nonrecourse loans	9,557	9,557	—	86,109	86,109	—
Current portion of bonds	10,000	10,000	—	90,098	90,098	—
Deposits received	103,408	103,408	—	931,691	931,691	—
Bonds payable	20,000	20,495	495	180,196	184,659	4,462
Long-term loans payable	66,038	66,123	85	594,992	595,761	768
Nonrecourse loans	82,446	86,076	3,630	742,830	775,536	32,705
<b>Total</b>	<b>¥ 1,038,619</b>	<b>¥ 1,042,829</b>	<b>¥ 4,210</b>	<b>\$ 9,357,772</b>	<b>\$ 9,395,709</b>	<b>\$ 37,937</b>
Derivative transactions *	¥ (1,596)	¥ (1,596)	¥ —	\$ (14,387)	\$ (14,387)	\$ —

\* Assets and liabilities arising from derivative transactions are shown at net value, with the amount in parentheses representing net liability position.

Note 1. Method to determine the fair values of financial instruments, and other information related to marketable securities and derivatives

**Assets**

**Cash and deposits**

Since deposits are settled in a short period of time, the carrying value approximates fair value. The carrying value is the same as fair value.

**Notes and accounts receivable from completed construction contracts and other and Electronically recorded monetary claims**

The carrying value of the items that will be settled within a year approximates fair value. The carrying value is the same as fair value.

The items that will be settled later than a year are determined based on the present value of carrying value, grouped by term of settlement, discounted at an interest rate determined taking into account the remaining period of those and credit risk.

**Short-term investment securities and investment securities**

The fair value of stocks is determined based on quoted market price and the fair value of debt securities is determined based on either quoted market price or prices provided by financial institutions making markets in these securities.

Information on securities classified by holding purpose is disclosed in Note 13 "Securities."

**Accounts receivable—other**

Since accounts receivable—other is settled in a short period of time, the carrying value approximates fair value. The carrying value is the same as fair value.

**Liabilities**

**Notes and accounts payable for construction contracts and other, Electronically recorded obligations, Short-term loans payable, Current portion of nonrecourse loans, Current portion of bonds and Deposits received**

Since these accounts are settled in a short period of time, the carrying value approximates fair value. The carrying value is the same as fair value.

**Bonds payable**

The fair value of bonds issued by the Company is based on the present value of the total principal and interest discounted by an interest rate determined taking into account the remaining period of bond and current credit risk.

**Long-term loans payable and Nonrecourse loans**

For fixed rate loans, the fair value is based on the present value of the total principal and interest discounted by an interest rate to be applied if similar new loans were entered into. For floating rate loans, since the market interest rate is reflected in the interest rate set within a short period of time, the carrying value is the same as the fair value.

The fair value of loans qualifying for special hedge accounting treatment of interest rate swaps is based on the present value of the total principal and interest hedged by interest rate swaps, which is discounted by an interest rate to be applied if similar new loans were entered into.

**Derivatives**

See Note 14 "Derivative Transactions."

Note 2. Financial instruments for which it is extremely difficult to determine the fair value

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Non-listed stocks and other	¥ 16,017	¥ 15,721	\$ 144,312	\$ 141,648
Stocks of affiliates	6,037	5,572	54,394	50,206
<b>Total</b>	<b>¥ 22,054</b>	<b>¥ 21,293</b>	<b>\$ 198,706</b>	<b>\$ 191,855</b>

It is extremely difficult to determine the fair values for these securities, since they have no quoted market prices available. Thus, they are not included in "Short-term investment securities and investment securities" above.

Note 3. Redemption schedule for monetary claims and securities with maturities at March 31

	Millions of yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
<b>At March 31, 2019</b>				
Cash and deposits				
Deposits	¥ 168,363	¥ —	¥ —	¥ —
Notes and accounts receivable from completed construction contracts and other	804,428	51,328	1,846	1,492
Electronically recorded monetary claims	11,895	—	—	—
Short-term investment securities and investment securities				
Held-to-maturity securities				
Government bonds and municipal bonds	193	415	86	—
Corporate bonds	10	—	—	180
Accounts receivable—other	92,554	—	—	—
<b>Total</b>	<b>¥ 1,077,445</b>	<b>¥ 51,743</b>	<b>¥ 1,933</b>	<b>¥ 1,672</b>

	Thousands of U.S. dollars			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
<b>At March 31, 2019</b>				
Cash and deposits				
Deposits	\$ 1,516,920	\$ —	\$ —	\$ —
Notes and accounts receivable from completed construction contracts and other	7,247,760	462,458	16,641	13,449
Electronically recorded monetary claims	107,175	—	—	—
Short-term investment securities and investment securities				
Held-to-maturity securities				
Government bonds and municipal bonds	1,745	3,744	777	—
Corporate bonds	90	—	—	1,621
Accounts receivable—other	833,901	—	—	—
<b>Total</b>	<b>\$ 9,707,593</b>	<b>\$ 466,203</b>	<b>\$ 17,418</b>	<b>\$ 15,071</b>

	Millions of yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
<b>At March 31, 2018</b>				
Cash and deposits				
Deposits	¥ 189,906	¥ —	¥ —	¥ —
Notes and accounts receivable from completed construction contracts and other	716,142	40,534	1,846	1,846
Electronically recorded monetary claims	15,531	—	—	—
Short-term investment securities and investment securities				
Held-to-maturity securities				
Government bonds and municipal bonds	30	487	203	—
Corporate bonds	—	10	—	180
Accounts receivable—other	79,423	—	—	—
<b>Total</b>	<b>¥ 1,001,035</b>	<b>¥ 41,032</b>	<b>¥ 2,050</b>	<b>¥ 2,026</b>

	Thousands of U.S. dollars			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
<b>At March 31, 2018</b>				
Cash and deposits				
Deposits	\$ 1,711,027	\$ —	\$ —	\$ —
Notes and accounts receivable from completed construction contracts and other	6,452,315	365,208	16,641	16,641
Electronically recorded monetary claims	139,939	—	—	—
Short-term investment securities and investment securities				
Held-to-maturity securities				
Government bonds and municipal bonds	270	4,396	1,836	—
Corporate bonds	—	90	—	1,621
Accounts receivable—other	715,592	—	—	—
<b>Total</b>	<b>\$ 9,019,146</b>	<b>\$ 369,695</b>	<b>\$ 18,477</b>	<b>\$ 18,262</b>

Note 4. Redemption schedule for bonds, long-term loans payable, lease obligations and other interest bearing debts subsequent to March 31

	Millions of yen					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
At March 31, 2019						
Short-term loans payable	¥ 40,834	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds payable	10,000	—	—	—	20,000	10,000
Long-term loans payable	17,879	15,767	12,398	12,986	8,182	35,012
Nonrecourse loans	10,079	7,483	7,289	6,929	6,044	51,329
Lease obligations	103	80	53	33	21	11
<b>Total</b>	<b>¥ 78,896</b>	<b>¥ 23,331</b>	<b>¥ 19,742</b>	<b>¥ 19,949</b>	<b>¥ 34,248</b>	<b>¥ 96,353</b>

	Thousands of U.S. dollars					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
At March 31, 2019						
Short-term loans payable	\$ 367,912	\$ —	\$ —	\$ —	\$ —	\$ —
Bonds payable	90,098	—	—	—	180,196	90,098
Long-term loans payable	161,087	142,062	111,712	117,005	73,726	315,453
Nonrecourse loans	90,816	67,424	65,677	62,435	54,459	462,471
Lease obligations	930	728	485	301	191	103
<b>Total</b>	<b>\$ 710,846</b>	<b>\$ 210,215</b>	<b>\$ 177,875</b>	<b>\$ 179,742</b>	<b>\$ 308,573</b>	<b>\$ 868,126</b>

	Millions of yen					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
At March 31, 2018						
Short-term loans payable	¥ 68,055	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds payable	10,000	10,000	—	—	—	10,000
Long-term loans payable	20,630	16,421	13,442	10,074	9,461	16,639
Nonrecourse loans	9,557	9,333	7,102	6,912	6,550	52,547
Lease obligations	90	66	48	26	14	13
<b>Total</b>	<b>¥ 108,333</b>	<b>¥ 35,820</b>	<b>¥ 20,593</b>	<b>¥ 17,013</b>	<b>¥ 16,026</b>	<b>¥ 79,200</b>

	Thousands of U.S. dollars					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
At March 31, 2018						
Short-term loans payable	\$ 613,166	\$ —	\$ —	\$ —	\$ —	\$ —
Bonds payable	90,098	90,098	—	—	—	90,098
Long-term loans payable	185,878	147,950	121,114	90,764	85,245	149,916
Nonrecourse loans	86,109	84,095	63,994	62,282	59,016	473,442
Lease obligations	813	596	433	243	133	122
<b>Total</b>	<b>\$ 976,066</b>	<b>\$ 322,739</b>	<b>\$ 185,541</b>	<b>\$ 153,290</b>	<b>\$ 144,395</b>	<b>\$ 713,580</b>



### 13. Securities

#### (a) Held-to-maturity debt securities

	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Estimated fair value	Unrealized gain(loss)	Carrying value	Estimated fair value	Unrealized gain(loss)
At March 31, 2019						
Securities whose fair values exceed their carrying values						
Government bonds and municipal bonds	¥ 695	¥ 711	¥ 15	\$ 6,267	\$ 6,410	\$ 143
Securities whose fair values do not exceed their carrying values						
Corporate bonds	190	190	—	1,711	1,711	—
<b>Total</b>	<b>¥ 885</b>	<b>¥ 901</b>	<b>¥ 15</b>	<b>\$ 7,978</b>	<b>\$ 8,122</b>	<b>\$ 143</b>

	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Estimated fair value	Unrealized gain(loss)	Carrying value	Estimated fair value	Unrealized gain(loss)
At March 31, 2018						
Securities whose fair values exceed their carrying values						
Government bonds and municipal bonds	¥ 721	¥ 742	¥ 20	\$ 6,503	\$ 6,688	\$ 185
Securities whose fair values do not exceed their carrying values						
Corporate bonds	190	190	—	1,711	1,711	—
<b>Total</b>	<b>¥ 911</b>	<b>¥ 932</b>	<b>¥ 20</b>	<b>\$ 8,215</b>	<b>\$ 8,400</b>	<b>\$ 185</b>

#### (b) Other securities

	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Acquisition cost	Unrealized gain(loss)	Carrying value	Acquisition cost	Unrealized gain(loss)
At March 31, 2019						
Securities whose carrying values exceed their acquisition costs						
Stock	¥ 327,283	¥ 108,975	¥ 218,307	\$ 2,948,766	\$ 981,851	\$ 1,966,914
Other	220	220	0	1,986	1,983	3
Subtotal	327,504	109,195	218,308	2,950,752	983,834	1,966,917
Securities whose carrying values do not exceed their acquisition costs						
Stock	10,405	12,639	(2,234)	93,754	113,883	(20,129)
Other	6,758	6,780	(21)	60,889	61,086	(197)
Subtotal	17,163	19,419	(2,256)	154,644	174,970	(20,326)
<b>Total</b>	<b>¥ 344,667</b>	<b>¥ 128,615</b>	<b>¥ 216,052</b>	<b>\$ 3,105,396</b>	<b>\$ 1,158,805</b>	<b>\$ 1,946,591</b>

It is extremely difficult to determine the fair values for non-listed stocks and other (carrying value ¥16,017 million (US\$144,312 thousand)), since they have no quoted market prices available. Thus, they are not included in "Other" above.

	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Acquisition cost	Unrealized gain(loss)	Carrying value	Acquisition cost	Unrealized gain(loss)
At March 31, 2018						
Securities whose carrying values exceed their acquisition costs						
Stock	¥ 339,524	¥ 108,752	¥ 230,771	\$ 3,059,052	\$ 979,839	\$ 2,079,213
Other	—	—	—	—	—	—
Subtotal	339,524	108,752	230,771	3,059,052	979,839	2,079,213
Securities whose carrying values do not exceed their acquisition costs						
Stock	10,608	12,193	(1,585)	95,577	109,860	(14,282)
Other	4,585	4,585	—	41,312	41,312	—
Subtotal	15,193	16,778	(1,585)	136,890	151,173	(14,282)
<b>Total</b>	<b>¥ 354,717</b>	<b>¥ 125,531</b>	<b>¥ 229,186</b>	<b>\$ 3,195,943</b>	<b>\$ 1,131,012</b>	<b>\$ 2,064,930</b>

It is extremely difficult to determine the fair values for non-listed stocks and other (carrying value ¥15,721 million (US\$141,648 thousand)), since they have no quoted market prices available. Thus, they are not included in "Other" above.

## (c) Sales of securities classified as other securities

For the year ended March 31, 2019	Millions of yen			Thousands of U.S. dollars		
	Sales proceeds	Aggregate gain	Aggregate loss	Sales proceeds	Aggregate gain	Aggregate loss
Stock	¥ 5,454	¥ 2,539	¥ 586	\$ 49,142	\$ 22,883	\$ 5,287
Other	2,350	—	74	21,180	—	668
<b>Total</b>	<b>¥ 7,805</b>	<b>¥ 2,539</b>	<b>¥ 660</b>	<b>\$ 70,322</b>	<b>\$ 22,883</b>	<b>\$ 5,955</b>

Non-listed stocks, for which fair values were extremely difficult to determine, are included in "Stock" above. (Sales proceeds: ¥110 million (US\$991 thousand)).

For the year ended March 31, 2018	Millions of yen			Thousands of U.S. dollars		
	Sales proceeds	Aggregate gain	Aggregate loss	Sales proceeds	Aggregate gain	Aggregate loss
Stock	¥ 8,710	¥ 6,117	¥ —	\$ 78,476	\$ 55,113	\$ —
Other	1,408	3	13	12,691	32	119
<b>Total</b>	<b>¥ 10,118</b>	<b>¥ 6,120</b>	<b>¥ 13</b>	<b>\$ 91,168</b>	<b>\$ 55,145</b>	<b>\$ 119</b>

Non-listed stocks, for which fair values were extremely difficult to determine, are included in "Stock" above. (Sales proceeds: ¥856 million (US\$7,716 thousand), aggregate gain: ¥351 million (US\$3,168 thousand)).

## (d) Write down of securities

For the year ended March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
"Stock" of other securities	¥ 8	¥ 3	\$ 77	\$ 28
Non-listed stocks included in "Stock" of other securities" above	6	3	55	28

Fair values of non-listed stocks were extremely difficult to determine.

## 14. Derivative Transactions

(1) Derivative transactions to which the hedge accounting method is not applied

At March 31, 2019 and 2018

None.

(2) Derivative transactions to which the hedge accounting method is applied

Currency-related transactions

Hedged item		Millions of yen			Thousands of U.S. dollars		
		Contract amount	Contract amount of more than 1 year	Estimated fair value	Contract amount	Contract amount of more than 1 year	Estimated fair value
At March 31, 2019							
Deferral method							
Foreign exchange forward contract (Buy US\$)	Imports of materials (Forecasted transaction)	¥ 38,502	¥ 38,502	¥ 1,711	\$ 346,898	\$ 346,898	\$ 15,420
Foreign exchange forward contract (Buy EURO)	Imports of materials (Forecasted transaction)	3,923	711	(269)	35,354	6,408	(2,426)
Foreign exchange forward contract (Buy GBP)	Purchases of properties (Forecasted transaction)	70	—	0	636	—	7
Foreign exchange forward contract (Buy CA\$)	Imports of materials (Forecasted transaction)	6,687	6,687	208	60,249	60,249	1,882
<b>Total</b>		<b>¥ 49,184</b>	<b>¥ 45,900</b>	<b>¥ 1,651</b>	<b>\$ 443,139</b>	<b>\$ 413,557</b>	<b>\$ 14,883</b>

Hedged item		Millions of yen			Thousands of U.S. dollars		
		Contract amount	Contract amount of more than 1 year	Estimated fair value	Contract amount	Contract amount of more than 1 year	Estimated fair value
At March 31, 2018							
Deferral method							
Foreign exchange forward contract (Buy US\$)	Imports of materials (Forecasted transaction)	¥ 37,237	¥ 36,660	¥ (1,657)	\$ 335,501	\$ 330,301	\$ (14,937)
Foreign exchange forward contract (Buy EURO)	Imports of materials (Forecasted transaction)	159	10	(1)	1,433	94	(16)
Foreign exchange forward contract (Buy GBP)	Purchases of properties (Forecasted transaction)	1,548	—	149	13,950	—	1,347
<b>Total</b>		<b>¥ 38,944</b>	<b>¥ 36,670</b>	<b>¥ (1,510)</b>	<b>\$ 350,885</b>	<b>\$ 330,396</b>	<b>\$ (13,606)</b>

Note: Estimated fair value was provided by the correspondent financial institutions.

## Interest-related transactions

		Millions of yen			Thousands of U.S. dollars		
		Contract amount	Contract amount of more than 1 year	Estimated fair value	Contract amount	Contract amount of more than 1 year	Estimated fair value
At March 31, 2019							
Deferral method							
Interest rate swaps							
Payment fixed/	Nonrecourse loans						
Receipt floating	(Forecasted transaction)	¥ 23,357	¥ 22,789	¥ (537)	\$ 210,447	\$ 205,327	\$ (4,843)
Short-cut method							
Interest rate swaps							
Payment fixed/	Long-term loans payable	10,344	8,754	[*]	93,201	78,880	[*]
Receipt floating	Nonrecourse loans	32,366	29,625	[*]	291,616	266,919	[*]
<b>Total</b>		<b>¥ 66,068</b>	<b>¥ 61,169</b>	<b>¥ (537)</b>	<b>\$ 595,265</b>	<b>\$ 551,127</b>	<b>\$ (4,843)</b>

		Millions of yen			Thousands of U.S. dollars		
		Contract amount	Contract amount of more than 1 year	Estimated fair value	Contract amount	Contract amount of more than 1 year	Estimated fair value
At March 31, 2018							
Deferral method							
Interest rate swaps							
Payment fixed/	Nonrecourse loans						
Receipt floating	(Forecasted transaction)	¥ 6,300	¥ 6,300	¥ (86)	\$ 56,761	\$ 56,761	\$ (780)
Short-cut method							
Interest rate swaps							
Payment fixed/	Long-term loans payable	11,947	10,341	[*]	107,640	93,178	[*]
Receipt floating	Nonrecourse loans	35,274	32,571	[*]	317,821	293,462	[*]
<b>Total</b>		<b>¥ 53,521</b>	<b>¥ 49,213</b>	<b>¥ (86)</b>	<b>\$ 482,223</b>	<b>\$ 443,402</b>	<b>\$ (780)</b>

Note: Estimated fair value was provided by the correspondent financial institutions.

[\*] Since these interest rate swaps, which are not remeasured at market value but the differential paid or received under the swap agreements is charged to income, are treated with long-term loans payable or nonrecourse loans, the fair values of the contracts are included in the fair value of long-term loans payable or nonrecourse loans presented in Note 12 "Financial Instruments (2) Fair value of financial instruments."

## 15. Retirement Benefit Plans

The Company and its subsidiaries have defined benefit pension plans (cash balance plan in the Company and its certain subsidiaries), in addition to lump-sum payments covering the remainder. The Company and certain subsidiaries have defined contribution pension plans.

The following tables show the funded and the amounts recognized in the consolidated balance sheets at March 31, 2019 and 2018 of the Company and its subsidiaries.

(1) Defined benefit pension plans

The changes in the projected benefit obligation for the years ended March 31, 2019 and 2018 are as follows:

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
At the beginning of current period	¥ 102,972	¥ 105,058	\$ 927,767	\$ 946,556
Service cost	5,191	4,904	46,776	44,186
Interest cost	617	633	5,561	5,711
Actuarial gain	(275)	60	(2,482)	541
Retirement benefit paid	(7,720)	(7,724)	(69,559)	(69,593)
Other	(28)	40	(259)	363
At the end of current period	¥ 100,757	¥ 102,972	\$ 907,803	\$ 927,767

Certain consolidated subsidiaries adopted a simplified method to compute their projected benefit obligations.

The changes in plan assets for the years ended March 31, 2019 and 2018 are as follows:

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
At the beginning of current period	¥ 53,524	¥ 54,097	\$ 482,245	\$ 487,408
Expected return on plan assets	1,296	1,309	11,678	11,794
Actuarial gain	(1,517)	1,870	(13,676)	16,848
Contributions by the Companies	1,475	1,551	13,297	13,979
Retirement benefits paid	(4,817)	(5,303)	(43,408)	(47,785)
At the end of current period	¥ 49,960	¥ 53,524	\$ 450,135	\$ 482,245

Certain consolidated subsidiaries adopted a simplified method.

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2019 and 2018 for the Company's and the consolidated subsidiaries' defined benefit plans:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Retirement benefit obligation under the funded plans	¥ 49,659	¥ 52,519	\$ 447,422	\$ 473,188
Plan assets at fair value	(49,960)	(53,524)	(450,135)	(482,245)
	(301)	(1,005)	(2,712)	(9,056)
Retirement benefit obligation under the unfunded plans	51,097	50,453	460,381	454,578
Net liability for retirement benefits in the balance sheets	¥ 50,796	¥ 49,448	\$ 457,668	\$ 445,521
Liability for retirement benefits	¥ 50,809	¥ 49,473	\$ 457,787	\$ 445,744
Asset for retirement benefits	(13)	(24)	(119)	(222)
Net liability for retirement benefits in the balance sheets	¥ 50,796	¥ 49,448	\$ 457,668	\$ 445,521

The components of retirement benefit expense for the years ended March 31, 2019 and 2018 are as follows:

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Service cost	¥ 5,191	¥ 4,904	\$ 46,776	\$ 44,186
Interest cost	617	633	5,561	5,711
Expected return on plan assets	(1,296)	(1,309)	(11,678)	(11,794)
Amortization of actuarial loss	(295)	511	(2,662)	4,610
Amortization of prior service cost	(13)	5	(126)	49
Retirement benefit expense	¥ 4,203	¥ 4,746	\$ 37,871	\$ 42,763

Certain consolidated subsidiaries adopted a simplified method.

Prior service cost and actuarial loss included in other comprehensive income (before tax effect) for the years ended March 31, 2019 and 2018 are as follows:

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Prior service cost	¥ (1)	¥ (0)	\$ (15)	\$ (7)
Actuarial gain (loss)	1,535	(2,322)	13,833	(20,923)
<b>Total</b>	<b>¥ 1,533</b>	<b>¥ (2,323)</b>	<b>\$ 13,817</b>	<b>\$ (20,931)</b>

Unrecognized prior service cost and unrecognized actuarial loss included in accumulated other comprehensive income (before tax effect) as of March 31, 2019 and 2018 are as follows:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Unrecognized prior service cost	¥ 18	¥ 20	\$ 169	\$ 185
Unrecognized actuarial loss	(3,282)	(4,818)	(29,576)	(43,410)
<b>Total</b>	<b>¥ (3,263)</b>	<b>¥ (4,797)</b>	<b>\$ (29,406)</b>	<b>\$ (43,224)</b>

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2019 and 2018 are as follows:

At March 31	2019	2018
General accounts	28.4%	28.2%
Stocks	24.1%	23.2%
Bonds	25.5%	23.5%
Cash on hand and in banks	9.0%	10.8%
Other	13.0%	14.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

The expected return on plan assets has been estimated based on the present and anticipated allocation to each asset class and the expected long-term returns on asset held in each category.

The assumptions used in accounting for the above plans were as follows:

For the years ended March 31	2019	2018
Discount rates	0.6% or 0.8%	0.6% or 0.8%
Expected rates of return on plan assets	1.8% or 2.5%	1.8% or 2.5%

(2) Defined contribution pension plans

For the years ended March 31, 2019 and 2018, pension expenses for defined contribution plans by the Company and consolidated subsidiaries were ¥4,393 million (US\$39,584 thousand) and ¥4,397 million (US\$39,622 thousand), respectively, including the expense for small and medium enterprises retirement benefit mutual aid schemes and multi-employer pension plans of foreign subsidiaries.

## 16. Deferred Tax Accounting

The major components of deferred tax assets and liabilities at March 31, 2019 and 2018 are summarized as follows:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
<b>Deferred tax assets</b>				
Liability for retirement benefits	¥ 15,554	¥ 15,179	\$ 140,147	\$ 136,766
Impairment loss	10,940	11,108	98,571	100,086
Costs on uncompleted construction contracts	8,196	7,227	73,844	65,122
Accrued expenses (bonus)	5,144	5,032	46,352	45,343
Unrealized gain on noncurrent assets	4,939	2,681	44,502	24,162
Loss on assets traded within the Group	1,548	1,562	13,955	14,078
Accrued enterprise tax	1,441	1,677	12,990	15,110
Other	11,062	11,085	99,667	99,878
	<b>58,828</b>	<b>55,556</b>	<b>530,031</b>	<b>500,549</b>
Valuation allowance	(15,965)	(16,224)	(143,846)	(146,178)
<b>Total deferred tax assets</b>	<b>42,862</b>	<b>39,331</b>	<b>386,184</b>	<b>354,371</b>
<b>Deferred tax liabilities</b>				
Valuation difference on available-for-sale securities	(65,800)	(69,759)	(592,850)	(628,518)
Gain on assets traded within the Group	(3,792)	(902)	(34,169)	(8,129)
Reserve for advanced depreciation of noncurrent assets	(1,227)	(1,259)	(11,055)	(11,343)
Other	(948)	(858)	(8,548)	(7,735)
<b>Total deferred tax liabilities</b>	<b>(71,768)</b>	<b>(72,779)</b>	<b>(646,623)</b>	<b>(655,726)</b>
<b>Net deferred tax assets (liabilities)</b>	<b>¥ (28,906)</b>	<b>¥ (33,447)</b>	<b>\$ (260,438)</b>	<b>\$ (301,355)</b>

In addition to the above, the Companies recognized deferred tax liabilities related to reserve for land revaluation on the consolidated balance sheets:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
	¥ (18,953)	¥ (19,604)	\$ (170,770)	\$ (176,634)

Reconciliations between the statutory tax rates and the effective tax rates for the years ended March 31, 2019 and 2018 are not disclosed, because the differences are not more than 5% of the statutory tax rates.

## 17. Asset Retirement Obligations

Asset retirement obligations recognized by the Companies are mainly obligations to restore rental properties for business use under real estate lease contracts at the time the lease agreement is terminated. Instead of recording asset retirement obligations, the Companies have estimated total unrefundable deposits on lease contracts and expensed the current portion.

Estimated total unrefundable deposits and periods of use of the rental properties are as follows:

(1) Estimated total unrefundable deposits

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
	¥ 4,387	¥ 4,394	\$ 39,529	\$ 39,589

(2) Estimated period of use

At March 31	2019	2018
	15~38 years from the initial day of the contract	15~38 years from the initial day of the contract

## 18. Investment and Rental Properties

The Company and certain of its subsidiaries hold office buildings (including land), lands for redevelopment projects, etc., mainly in Tokyo and Osaka.

Profit and impairment loss from these real estate properties for the year ended March 31, 2019 were ¥12,217 million (US\$110,079 thousand) and ¥0 million (US\$6 thousand), respectively. Profit and impairment loss from these real estate properties for the year ended March 31, 2018 were ¥9,926 million (US\$89,439 thousand) and ¥16 million (US\$150 thousand), respectively. Sales and costs on real estate are recorded as "Net sales on real estate business and other" and "Cost of sales on real estate business and other," respectively. Impairment loss is included in "Other income(expenses)."

Carrying value in the consolidated balance sheets and fair value of those real estate properties are as follows:

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Carrying value				
At the beginning of current period	¥ 345,641	¥ 289,385	\$ 3,114,170	\$ 2,607,312
Increase (decrease)—net	23,928	56,256	215,594	506,857
At the end of current period	369,570	345,641	3,329,765	3,114,170
Fair value at the end of current period	556,678	487,172	5,015,574	4,389,335

1. The carrying value represents the acquisition cost less the accumulated depreciation.

2. "Increase (decrease)—net" for the year ended March 31, 2019 mainly consists of: increase in purchase of office buildings for lease (including land) and other in the amount of ¥28,146 million (US\$253,590 thousand) and depreciation cost in the amount of ¥4,160 million (US\$37,487 thousand).

"Increase (decrease)—net" for the year ended March 31, 2018 mainly consists of: increase in purchase of office buildings for lease (including land) and other in the amount of ¥47,899 million (US\$431,567 thousand) and decrease in sale of office buildings for lease (including land) and other in the amount of ¥3,855 million (US\$34,739 thousand) and depreciation cost in the amount of ¥3,569 million (US\$32,156 thousand).

3. Fair value at March 31, 2019 and 2018 was estimated in accordance with the "Real estate evaluation standards," and was adjusted using official indices.



## 19. Segment Information

(1) Segment information

(a) Overview of reportable segments

The reportable segments of the Companies are components for which discrete financial information is available and whose operating results are regularly reviewed by the Executive Committee to make decisions about resource allocation and to assess performance.

The Building Construction, Civil Engineering and Real Estate Development divisions at the Company are responsible for strategic planning and business development of the building construction, civil engineering and real estate development businesses, respectively. Business operations of the building construction and civil engineering divisions are classified geographically with headquarters and each branch as separate operating units and evaluated individually. The Company's subsidiaries are also evaluated on an individual basis. The building construction and civil engineering businesses are segmented based on domestic and overseas areas.

The Companies therefore have five reportable segments: "domestic building construction," "overseas building construction," "domestic civil engineering," "overseas civil engineering" and "real estate."

The overview of each reportable segment is as follows:

Domestic building construction: Execution of building construction contracts and related businesses within Japan

Overseas building construction: Execution of building construction contracts and related businesses outside Japan

Domestic civil engineering: Execution of civil engineering construction contracts and related businesses within Japan

Overseas civil engineering: Execution of civil engineering construction contracts and related businesses outside Japan

Real estate: Purchase, sale and rent of real estate properties, development of land parcels and related businesses

(b) Accounting treatment for net sales, income (loss), assets, liabilities and others by each segment

The accounting methods of the segment are substantially the same as those described in "3. Summary of Significant Accounting Policies." Segment performance is evaluated based on operating income or loss.

Intersegment sales are recorded at the same prices used in transactions with third parties.

(c) Reportable segment information (net sales and income)

For the year ended March 31, 2019

	Millions of yen							
	Reporting segment						Others (Note 1)	Total
	Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Real estate	Subtotal		
Net sales								
Sales to third parties	¥ 1,126,556	¥ 408,715	¥ 351,372	¥ 58,870	¥ 49,105	¥ 1,994,620	¥ 45,064	¥ 2,039,685
Intersegment sales and transfers	46,668	1,674	17,847	—	1,073	67,263	7,958	75,222
Segment sales	¥ 1,173,224	¥ 410,390	¥ 369,220	¥ 58,870	¥ 50,178	¥ 2,061,884	¥ 53,023	¥ 2,114,907
Operating income								
Operating income from sales to third parties (Note 2)	¥ 93,704	¥ 6,763	¥ 39,782	¥ 1,969	¥ 10,597	¥ 152,817	¥ 2,663	¥ 155,480
Intersegment operating income and transfers	386	(17)	(14)	(1)	(0)	352	(80)	272
Segment income	¥ 94,091	¥ 6,746	¥ 39,767	¥ 1,967	¥ 10,597	¥ 153,170	¥ 2,582	¥ 155,752

For the year ended March 31, 2019

	Thousands of U.S. dollars							
	Reporting segment						Others (Note 1)	Total
	Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Real estate	Subtotal		
Net sales								
Sales to third parties	\$ 10,150,070	\$ 3,682,452	\$ 3,165,806	\$ 530,409	\$ 442,431	\$ 17,971,170	\$ 406,025	\$ 18,377,196
Intersegment sales and transfers	420,473	15,089	160,802	—	9,670	606,036	71,708	677,744
Segment sales	\$ 10,570,544	\$ 3,697,542	\$ 3,326,609	\$ 530,409	\$ 452,101	\$ 18,577,207	\$ 477,733	\$ 19,054,941
Operating income								
Operating income from sales to third parties (Note 2)	\$ 844,264	\$ 60,934	\$ 358,434	\$ 17,740	\$ 95,485	\$ 1,376,858	\$ 23,993	\$ 1,400,852
Intersegment operating income and transfers	3,484	(153)	(132)	(11)	(7)	3,179	(725)	2,453
Segment income	\$ 847,748	\$ 60,780	\$ 358,302	\$ 17,728	\$ 95,477	\$ 1,380,037	\$ 23,267	\$ 1,403,305

Notes: 1. Businesses that cannot be classified into the reportable segments are shown as "Others." This includes PFI (Private Finance Initiative), renewable energy, finance, operation of golf courses and other businesses.

2. "Operating income from sales to third parties" was computed by subtracting "Intersegment operating income and transfers" from "Segment income." The total "Operating income from sales to third parties" equals to "Operating income" as shown in the consolidated statements of income.

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

For the year ended March 31, 2018

Millions of yen

	Reporting segment						Others (Note 1)	Total
	Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Real estate	Subtotal		
Net sales								
Sales to third parties	¥ 1,014,371	¥ 383,995	¥ 346,119	¥ 76,461	¥ 44,566	¥ 1,865,513	¥ 35,141	¥ 1,900,655
Intersegment sales and transfers	53,074	950	16,097	—	1,131	71,253	8,017	79,270
<b>Segment sales</b>	<b>¥ 1,067,445</b>	<b>¥ 384,945</b>	<b>¥ 362,216</b>	<b>¥ 76,461</b>	<b>¥ 45,697</b>	<b>¥ 1,936,766</b>	<b>¥ 43,159</b>	<b>¥ 1,979,925</b>
Operating income								
Operating income from sales to third parties (Note 2)	¥ 83,944	¥ 2,964	¥ 38,283	¥ 1,446	¥ 8,600	¥ 135,239	¥ 2,561	¥ 137,800
Intersegment operating income and transfers	2,658	(21)	4	(1)	(0)	2,639	(80)	2,559
<b>Segment income</b>	<b>¥ 86,602</b>	<b>¥ 2,943</b>	<b>¥ 38,288</b>	<b>¥ 1,444</b>	<b>¥ 8,599</b>	<b>¥ 137,878</b>	<b>¥ 2,480</b>	<b>¥ 140,359</b>

For the year ended March 31, 2018

Thousands of U.S. dollars

	Reporting segment						Others (Note 1)	Total
	Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Real estate	Subtotal		
Net sales								
Sales to third parties	\$ 9,139,304	\$ 3,459,731	\$ 3,118,470	\$ 688,902	\$ 401,534	\$ 16,807,943	\$ 316,622	\$ 17,124,565
Intersegment sales and transfers	478,189	8,561	145,033	—	10,194	641,978	72,233	714,211
<b>Segment sales</b>	<b>\$ 9,617,493</b>	<b>\$ 3,468,292</b>	<b>\$ 3,263,503</b>	<b>\$ 688,902</b>	<b>\$ 411,729</b>	<b>\$ 17,449,922</b>	<b>\$ 388,855</b>	<b>\$ 17,838,777</b>
Operating income								
Operating income from sales to third parties (Note 2)	\$ 756,323	\$ 26,712	\$ 344,929	\$ 13,031	\$ 77,484	\$ 1,218,480	\$ 23,078	\$ 1,241,559
Intersegment operating income and transfers	23,952	(190)	44	(14)	(7)	23,783	(725)	23,058
<b>Segment income</b>	<b>\$ 780,275</b>	<b>\$ 26,522</b>	<b>\$ 344,973</b>	<b>\$ 13,016</b>	<b>\$ 77,476</b>	<b>\$ 1,242,264</b>	<b>\$ 22,353</b>	<b>\$ 1,264,617</b>

Notes: 1. Businesses that cannot be classified into the reportable segments are shown as "Others." This includes PFI (Private Finance Initiative), renewable energy, finance, operation of golf courses and other businesses.

2. "Operating income from sales to third parties" was computed by subtracting "Intersegment operating income and transfers" from "Segment income." The total "Operating income from sales to third parties" equals to "Operating income" as shown in the consolidated statements of income.

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

(d) Reconciliation of difference between total reportable segment income and operating income as shown in the consolidated statements of income

For the year ended March 31, 2019

Millions of yen

Thousands of U.S. dollars

Net sales		
Total reportable segment	¥ 2,061,884	\$ 18,577,207
Sales from "Others"	53,023	477,733
Elimination of intersegment transactions	(75,222)	(677,744)
<b>Sales in the statements of income</b>	<b>¥ 2,039,685</b>	<b>\$ 18,377,196</b>
Operating income		
Total reportable segment	¥ 153,170	\$ 1,380,037
Income from "Others"	2,582	23,267
Elimination of intersegment transactions	(272)	(2,453)
<b>Operating income in the statements of income</b>	<b>¥ 155,480</b>	<b>\$ 1,400,852</b>

For the year ended March 31, 2018

Millions of yen

Thousands of U.S. dollars

Net sales		
Total reportable segment	¥ 1,936,766	\$ 17,449,922
Sales from "Others"	43,159	388,855
Elimination of intersegment transactions	(79,270)	(714,211)
<b>Sales in the statements of income</b>	<b>¥ 1,900,655</b>	<b>\$ 17,124,565</b>
Operating income		
Total reportable segment	¥ 137,878	\$ 1,242,264
Income from "Others"	2,480	22,353
Elimination of intersegment transactions	(2,559)	(23,058)
<b>Operating income in the statements of income</b>	<b>¥ 137,800</b>	<b>\$ 1,241,559</b>

(2) Related information

(a) Information by product or service

As the same information is disclosed in "(1) Segment information," this information has not been presented.

(b) Information by region

Net sales by region

For the year ended March 31, 2019

Millions of yen

Thousands of U.S. dollars

Japan	North America (Note)	Asia	Others	Total	Japan	North America (Note)	Asia	Others	Total
¥ 1,570,068	¥ 334,651	¥ 128,379	¥ 6,584	¥ 2,039,685	\$ 14,146,040	\$ 3,015,153	\$ 1,156,680	\$ 59,322	\$ 18,377,196

Note: Net sales in the United States is ¥319,816 million (US\$2,881,491 thousand).

For the year ended March 31, 2018

Millions of yen					Thousands of U.S. dollars				
Japan	North America (Note)	Asia	Others	Total	Japan	North America (Note)	Asia	Others	Total
¥ 1,438,542	¥ 329,741	¥ 128,096	¥ 4,274	¥ 1,900,655	\$ 12,961,012	\$ 2,970,913	\$ 1,154,125	\$ 38,515	\$ 17,124,565

Note: Net sales in the United States is ¥315,133 million (US\$2,839,297 thousand).

Tangible assets by region

As Japan-based tangible assets account for over 90% of total tangible assets at March 31, 2019 and 2018, this information has not been presented.

(c) Information by major customers

Of sales to external customers, sales to a specific customer account for less than 10% of net sales in the consolidated financial statements, and therefore this information has not been presented for the years ended March 31, 2019 and 2018.

(3) Impairment loss on noncurrent assets by reportable segment

For the year ended March 31, 2019

Millions of yen							
Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Real estate	Others	Total	
¥ —	¥ —	¥ —	¥ 0	¥ 0	¥ —	¥ 0	

For the year ended March 31, 2019

Thousands of U.S. dollars							
Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Real estate	Others	Total	
\$ —	\$ —	\$ —	\$ 2	\$ 6	\$ —	\$ 8	

For the year ended March 31, 2018

Millions of yen							
Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Real estate	Others (Note)	Total	
¥ —	¥ —	¥ 70	¥ 15	¥ 391	¥ 1,291	¥ 1,769	

For the year ended March 31, 2018

Thousands of U.S. dollars							
Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Real estate	Others (Note)	Total	
\$ —	\$ —	\$ 636	\$ 139	\$ 3,527	\$ 11,638	\$ 15,942	

Note: Impairment loss of real estate reclassified as "held for sale" and other in the amount of ¥1,291 million (US\$11,638 thousand), which is not divided by reporting segment, is included in "Others."

(4) Amortization and balance of goodwill by reportable segment

For the year ended March 31, 2019

Millions of yen							
	Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Real estate	Others (Note)	Total
Amortization amount	¥ —	¥ —	¥ —	¥ 149	¥ —	¥ 62	¥ 212
Balance	—	—	—	74	—	62	137

For the year ended March 31, 2019

Thousands of U.S. dollars							
	Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Real estate	Others (Note)	Total
Amortization amount	\$ —	\$ —	\$ —	\$ 1,348	\$ —	\$ 567	\$ 1,915
Balance	—	—	—	674	—	567	1,241

For the year ended March 31, 2018

Millions of yen							
	Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Real estate	Others (Note)	Total
Amortization amount	¥ —	¥ —	¥ —	¥ 13	¥ —	¥ 62	¥ 76
Balance	—	—	—	228	—	125	354

For the year ended March 31, 2018

Thousands of U.S. dollars							
	Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Real estate	Others (Note)	Total
Amortization amount	\$ —	\$ —	\$ —	\$ 117	\$ —	\$ 567	\$ 685
Balance	—	—	—	2,058	—	1,134	3,192

Note: Amortization amount and balance of goodwill in "Others" are those of renewable energy business and other.

(5) Amount of gain on negative goodwill by reportable segment

None.

## 20. Related Party Transactions

None.

## 21. Amounts per Share

Basic profit attributable to owners of parent per share was computed based on the weighted average number of shares of common stock outstanding during the year.

Net assets per share was computed based on the number of shares of common stock outstanding at the balance sheet date.

Net assets and profit per share for the years ended March 31, 2019 and 2018 were as follows:"

For the years ended March 31	Yen		U.S. dollars	
	2019	2018	2019	2018
Net assets per share	¥ 1,071.49	¥ 954.05	\$ 9.65	\$ 8.59
Basic profit attributable to owners of parent per share	157.65	129.09	1.42	1.16

(1) Diluted profit attributable to owners of parent was not presented for the years ended March 31, 2019 and 2018 because the Company had no potentially dilutive shares outstanding as of these balance sheet dates.

(2) Net assets per share

At March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Net assets	¥ 798,149	¥ 711,525	\$ 7,191,182	\$ 6,410,715
Amounts deducted from net assets (Non-controlling interests)	29,204	26,688	263,131	240,462
Net assets applicable to shareholders of common stock	768,944	684,836	6,928,051	6,170,253
Number of shares of common stock at the year-end (Thousands of shares)	717,637	717,820	717,637	717,820

Shares in the BIP Trust are included in "Treasury stock" which are deducted from the number of shares of common stock in calculating net assets per share. The numbers of the treasury shares at March 31, 2019 and 2018 were 3,872 thousand and 3,689 thousand, including 418 thousand and 239 thousand shares in the BIP Trust, respectively.

(3) Basic profit attributable to owners of parent per share

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	2018
Basic profit attributable to owners of parent	¥ 113,155	¥ 92,662	\$ 1,019,512	\$ 834,876
Profit attributable to owners of parent not attributable to shareholders of common stock	-	-	-	-
Profit attributable to owners of parent attributable to shareholders of common stock	113,155	92,662	1,019,512	834,876
Average number of shares issued and outstanding during the period (Thousands of shares)	717,777	717,805	717,777	717,805

Shares in the BIP Trust are included in "Treasury stock" which are deducted from the number of shares of common stock in calculating basic profit attributable to owners of parent per share. The average number of shares issued and outstanding during the years ended March 31, 2019 and 2018 were 3,732 thousand and 3,704 thousand, including 280 thousand and 257 thousand shares in the BIP Trust, respectively.

## 22. Corporate Bonds

At March 31 Issued by	Issue type	Issue date	Millions of yen		Thousands of U.S. dollars		Interest rate (%)	Collateral	Maturity
			2019	2018	2019	2018			
Obayashi Corp.	19th unsecured straight bond	May 9, 2013	¥ —	¥ 10,000 (10,000)	\$ —	\$ 90,098 (90,098)	0.440	None	May 9, 2018
Obayashi Corp.	20th unsecured straight bond	May 9, 2013	10,000	10,000	90,098	90,098	0.970	None	May 9, 2023
Obayashi Corp.	21th unsecured straight bond	May 7, 2014	10,000 (10,000)	10,000	90,098 (90,098)	90,098	0.344	None	May 7, 2019
Obayashi Corp.	22th unsecured straight bond	Sept. 13, 2018	10,000	—	90,098	—	0.385	None	Sept. 13, 2028
Obayashi Corp.	23th unsecured straight bond	Oct. 25, 2018	10,000	—	90,098	—	0.130	None	Oct. 25, 2023
Total			¥ 40,000 (10,000)	¥ 30,000 (10,000)	\$ 360,392 (90,098)	\$ 270,294 (90,098)			

1. The figures in parentheses at March 31, 2019 indicate the amount as "Current portion of bonds" in the consolidated balance sheets because they will be redeemed within a year.

2. The annual redemption schedule of corporate bonds subsequent to March 31, 2019 is as follows:

	Millions of yen	Thousands of U.S. dollars
Less than 1 year	¥ 10,000	\$ 90,098
Over 1 year less than 2 years	—	—
Over 2 years less than 3 years	—	—
Over 3 years less than 4 years	—	—
Over 4 years less than 5 years	20,000	180,196

## 23. Loans

At March 31	Millions of yen		Thousands of U.S. dollars		Average interest rate (%)	Maturity
	2019	2018	2019	2018		
Short-term loans payable	¥ 40,834	¥ 68,055	\$ 367,912	\$ 613,166	0.50	—
Current portion of long-term loans payable	17,879	20,630	161,087	185,878	0.36	—
Current portion of nonrecourse loans	10,079	9,557	90,816	86,109	1.47	—
Current portion of lease obligations	103	90	930	813	—	—
Long-term loans payable (excluding current portion)	84,347	66,038	759,959	594,992	0.42	2020 ~ 2038
Nonrecourse loans (excluding current portion)	79,076	82,446	712,469	742,830	1.62	2021 ~ 2037
Lease obligations (excluding current portion)	200	169	1,810	1,528	—	2020 ~ 2026
Total	¥ 232,522	¥ 246,988	\$ 2,094,987	\$ 2,225,320		

1. The "Average interest rate" is the weighted average interest rate for the average balance of loans during the given fiscal year.

2. The annual repayment schedule of long-term loans payable, nonrecourse loans and lease obligations subsequent to March 31, 2019 is as follows:

	Millions of yen	Thousands of U.S. dollars
Long-term loans payable		
Over 1 year less than 2 years	¥ 15,767	\$ 142,062
Over 2 years less than 3 years	12,398	111,712
Over 3 years less than 4 years	12,986	117,005
Over 4 years less than 5 years	8,182	73,726
Nonrecourse loans		
Over 1 year less than 2 years	¥ 7,483	\$ 67,424
Over 2 years less than 3 years	7,289	65,677
Over 3 years less than 4 years	6,929	62,435
Over 4 years less than 5 years	6,044	54,459
Lease obligations		
Over 1 year less than 2 years	¥ 80	\$ 728
Over 2 years less than 3 years	53	485
Over 3 years less than 4 years	33	301
Over 4 years less than 5 years	21	191

3. The "Average interest rate" columns for the "Current portion of lease obligations" and the "Lease obligations (excluding current portion)" are left blank, as the lease obligations stated on the consolidated balance sheets include the interest portion of the lease payments.

## 24. Subsequent Event

None.