



OBAYASHI CORPORATION

CONSOLIDATED
FINANCIAL STATEMENTS

Year Ended March 31, 2020

Independent Auditor's Report

The Board of Directors
OBAYASHI CORPORATION

Opinion

We have audited the accompanying consolidated financial statements of OBAYASHI CORPORATION and its subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statement of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, Corporate Auditor and Board of Corporate Auditors 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 such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Corporate Auditor and Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Conflicts of Interest

We have no interest in the Group which should be disclosed in accordance with the Certified Public Accountants Act.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan
[June 25, 2020]

Shuji Kaneko
Designated Engagement Partner
Certified Public Accountant

Kenji Sato
Designated Engagement Partner
Certified Public Accountant

Consolidated Balance Sheets

OBAYASHI CORPORATION
At March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 2)	
	2020	2019	2020	2019
Assets				
Current assets				
Cash and deposits (Notes 6 and 12)	\ 315,027 \	168,698	\$ 2,894,679	\$ 1,550,110
Notes and accounts receivable from completed construction contracts and other (Notes 6 and 12)	773,694	859,096	7,109,204	7,893,935
Electronically recorded monetary claims (Notes 12)	12,680	11,895	116,513	109,302
Short-term investment securities (Notes 6, 12 and 13)	7,103	6,980	65,274	64,137
Real estate for sale	11,937	12,209	109,685	112,187
Costs on uncompleted construction contracts (Note 6)	38,141	35,369	350,469	325,001
Costs on real estate business	15,171	22,163	139,409	203,653
Inventories for PFI and other projects (Note 6)	53,500	44,108	491,592	405,301
Other inventories (Note 6)	8,744	9,734	80,345	89,450
Accounts receivable-other (Note 12)	75,125	92,554	690,302	850,452
Other	22,749	20,204	209,039	185,649
Allowance for doubtful accounts	(118)	(150)	(1,092)	(1,383)
Total current assets	1,333,757	1,282,866	12,255,423	11,787,800
Noncurrent assets				
Property, plant and equipment, net				
Buildings and structures (Note 6)	120,866	125,103	1,110,601	1,149,534
Machinery, vehicles, tools, furniture and fixtures (Note 6)	55,274	55,746	507,897	512,235
Land (Note 6)	367,701	355,925	3,378,674	3,270,468
Leased assets	236	289	2,170	2,662
Construction in progress	28,112	7,493	258,315	68,855
Total property, plant and equipment, net (Note 6)	572,190	544,558	5,257,658	5,003,756
Intangible assets (Note 6)	6,367	4,997	58,509	45,916
Investments and other assets				
Investment securities (Notes 6, 12 and 13)	290,719	360,627	2,671,316	3,313,680
Long-term loans receivable	2,109	1,767	19,383	16,238
Assets for retirement benefits (Note 15)		13		121
Deferred tax assets (Note 16)	1,846	1,761	16,970	16,188
Other (Note 6)	23,496	18,130	215,903	166,596
Allowance for doubtful accounts	(191)	(210)	(1,759)	(1,936)
Total investments and other assets	317,981	382,090	2,921,814	3,510,889
Total noncurrent assets	896,539	931,646	8,237,982	8,560,562
Total assets	\ 2,230,297 \	2,214,512	\$ 20,493,406	\$ 20,348,362

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)	
	2020	2019	2020	2019
Liabilities				
Current liabilities				
Notes and accounts payable for construction contracts and other (Notes 6 and 12)	¥ 536,863	¥ 551,181	\$ 4,933,044	\$ 5,064,608
Electronically recorded obligations (Notes 12)	118,976	119,956	1,093,235	1,102,233
Short-term loans payable (Notes 6, 12 and 23)	54,823	58,713	503,756	539,500
Current portion of nonrecourse loans payable (Notes 6, 12 and 23)	7,631	10,079	70,119	92,618
Current portion of bonds payable (Notes 12 and 23)		10,000		91,886
Lease obligations (Notes 12 and 23)	839	103	7,712	949
Income taxes payable	27,209	24,790	250,020	227,790
Advances received on uncompleted construction contracts	109,216	116,424	1,003,550	1,069,782
Deposits received (Note 12)	121,611	108,952	1,117,443	1,001,125
Provision for warranties for completed construction	4,313	4,365	39,634	40,109
Provision for loss on construction contracts (Note 6)	12,694	1,968	116,647	18,083
Provision for loss on Antimonopoly Act	4,145	10,324	38,086	94,872
Other	91,845	78,324	843,940	719,698
Total current liabilities	1,090,170	1,095,184	10,017,190	10,063,258
Noncurrent liabilities				
Bonds payable (Notes 12 and 22)	40,000	30,000	367,545	275,659
Long-term loans payable (Notes 6, 12 and 23)	78,104	84,347	717,675	775,042
Nonrecourse loans payable (Notes 6, 12 and 23)	67,993	79,076	624,765	726,609
Lease obligations (Notes 12 and 23)	442	200	4,066	1,846
Deferred tax liabilities (Note 16)	5,336	30,667	49,039	281,796
Deferred tax liabilities for land revaluation (Note 16)	18,893	18,953	173,608	174,159
Provision for stock payments for directors	433	381	3,987	3,501
Provision for loss on real estate business and other		993		9,124
Provision for environmental measures	239	274	2,199	2,526
Liability for retirement benefits (Note 15)	52,598	50,809	483,306	466,873
Other	25,584	25,472	235,090	234,054
Total noncurrent liabilities	289,627	321,178	2,661,284	2,951,194
Total liabilities	1,379,798	1,416,362	12,678,474	13,014,453
Net assets				
Shareholders' equity				
Capital stock	57,752	57,752	530,668	530,668
Capital surplus	42,825	42,540	393,508	390,885
Retained earnings	587,012	498,195	5,393,850	4,577,736
Treasury stock	(2,121)	(2,132)	(19,491)	(19,590)
Total shareholders' equity	685,469	596,355	6,298,535	5,479,699
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities	104,775	150,115	962,747	1,379,358
Deferred gains (losses) on hedges	6,837	1,113	62,829	10,234
Revaluation reserve for land (Note 6)	19,076	19,214	175,284	176,552
Foreign currency translation adjustments	1,306	(33)	12,007	(306)
Retirement benefit asset and liability adjustments	426	2,178	3,917	20,017
Total accumulated other comprehensive income	132,422	172,588	1,216,785	1,585,855
Non-controlling interests	32,606	29,204	299,610	268,353
Total net assets	850,498	798,149	7,814,931	7,333,908
Total liabilities and net assets	¥ 2,230,297	¥ 2,214,512	\$ 20,493,406	\$ 20,348,362

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

Consolidated Statements of Income

OBUYASHI CORPORATION

For the years ended March 31, 2020 and 2019

	Millions of yen		Thousands of U S dollars (Note 2)	
	2020	2019	2020	2019
Net sales				
Construction contracts (Note 7)	¥ 1,952,419	¥ 1,945,514	\$ 17,940,086	\$ 17,876,640
Real estate business and other	120,623	94,170	1,108,367	865,296
Total net sales	2,073,043	2,039,685	19,048,454	18,741,937
Cost of sales				
Construction contracts (Note 7)	1,720,769	1,714,360	15,811,533	15,752,646
Real estate business and other (Note 7)	96,726	71,301	888,783	655,160
Total cost of sales	1,817,495	1,785,661	16,700,317	16,407,806
Gross profit				
Construction contracts	231,650	231,154	2,128,552	2,123,994
Real estate business and other	23,897	22,869	219,583	210,135
Total gross profit	255,547	254,023	2,348,136	2,334,130
Selling, general and administrative expenses (Note 7)	102,675	98,542	943,451	905,474
Operating income	152,871	155,480	1,404,685	1,428,655
Other income (expenses)				
Interest and dividend income	9,588	9,420	88,103	86,557
Foreign exchange gains (losses), net	(1,294)	356	(11,895)	3,274
Interest expense	(1,800)	(1,836)	(16,542)	(16,871)
Gain on sales of investment securities	5,161	2,539	47,426	23,337
Reversal of provision for loss on Antimonopoly Act	2,096	-	19,263	-
Gain on sales of noncurrent assets	165	188	1,524	1,734
Loss on valuation of investment securities	(3,116)	(8)	(28,633)	(79)
Impairment loss	(511)	(0)	(4,703)	(9)
Loss on sales of investment securities	(444)	(660)	(4,081)	(6,073)
Loss on sales and disposal of noncurrent assets	(317)	(348)	(2,920)	(3,199)
Other, net (Note 7)	104	(495)	958	(4,548)
Total other income (expenses)	9,631	9,155	88,498	84,123
Profit before income taxes	162,503	164,635	1,493,183	1,512,779
Income taxes (Note 16)				
Income taxes—current	50,241	48,968	461,650	449,957
Income taxes—deferred	(4,900)	(703)	(45,030)	(6,466)
Total income taxes	45,340	48,265	416,619	443,491
Profit	117,162	116,370	1,076,564	1,069,287
Profit attributable to non-controlling interests	4,068	3,214	37,388	29,540
Profit attributable to owners of parent	¥ 113,093	¥ 113,155	\$ 1,039,175	\$ 1,039,746

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, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 2)	
	2020	2019	2020	2019
Profit	\ 117,162	\ 116,370	\$ 1,076,564	\$ 1,069,287
Other comprehensive income				
Valuation difference on available-for-sale securities	(45,357)	(9,046)	(416,775)	(83,127)
Deferred gains (losses) on hedges	5,971	2,757	54,868	25,338
Foreign currency translation adjustments	2,693	(1,312)	24,749	(12,062)
Retirement benefit asset and liability adjustments	(1,753)	(1,066)	(16,113)	(9,801)
Share of other comprehensive income of affiliates accounted for by the equity method	(250)	(10)	(2,301)	(91)
Total other comprehensive income (Note 8)	(38,697)	(8,678)	(355,573)	(79,745)
Comprehensive income	\ 78,465	\ 107,691	\$ 720,990	\$ 989,542
Comprehensive income attributable to:				
Owners of parent	\ 73,065	\ 104,856	\$ 671,373	\$ 963,492
Non-controlling interests	5,399	2,835	49,616	26,050

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, 2020

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	¥ 42,540	¥ 498,195	¥ (2,132)	¥ 596,355
Changes during period					
Cash dividends paid			(24,413)		(24,413)
Profit attributable to owners of parent			113,093		113,093
Reversal of revaluation reserve for land			138		138
Purchase of treasury stock				(5)	(5)
Disposal of treasury stock				16	16
Share changes in parent's ownership interests associated with transaction with non-controlling interests		285			285
Net changes in items other than those in shareholders' equity					
Total changes during period		285	88,817	10	89,113
Balance at the end of current period	¥ 57,752	¥ 42,825	¥ 587,012	¥ (2,121)	¥ 685,469

	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	¥ 150,115	¥ 1,113	¥ 19,214	¥ (33)	¥ 2,178	¥ 172,588	¥ 29,204	¥ 798,149
Changes during period								
Cash dividends paid								(24,413)
Profit attributable to owners of parent								113,093
Reversal of revaluation reserve for land								138
Purchase of treasury stock								(5)
Disposal of treasury stock								16
Share changes in parent's ownership interests associated with transaction with non-controlling interests								285
Net changes in items other than those in shareholders' equity	(45,339)	5,723	(138)	1,340	(1,752)	(40,165)	3,401	(36,764)
Total changes during period	(45,339)	5,723	(138)	1,340	(1,752)	(40,165)	3,401	52,349
Balance at the end of current period	¥ 104,775	¥ 6,837	¥ 19,076	¥ 1,306	¥ 426	¥ 132,422	¥ 32,606	¥ 850,498

For the year ended March 31, 2020

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	\$ 530,668	\$ 390,885	\$ 4,577,736	\$ (19,590)	\$ 5,479,699
Changes during period					
Cash dividends paid			(224,330)		(224,330)
Profit attributable to owners of parent			1,039,175		1,039,175
Reversal of revaluation reserve for land			1,268		1,268
Purchase of treasury stock				(48)	(48)
Disposal of treasury stock				147	147
Share changes in parent's ownership interests associated with transaction with non-controlling interests		2,623			2,623
Net changes in items other than those in shareholders' equity					
Total changes during period		2,623	816,113	98	818,835
Balance at the end of current period	\$ 530,668	\$ 393,508	\$ 5,393,850	\$ (19,491)	\$ 6,298,535

	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	\$ 1,379,358	\$ 10,234	\$ 176,552	\$ (306)	\$ 20,017	\$ 1,585,855	\$ 268,353	\$ 7,333,908
Changes during period								
Cash dividends paid								(224,330)
Profit attributable to owners of parent								1,039,175
Reversal of revaluation reserve for land								1,268
Purchase of treasury stock								(48)
Disposal of treasury stock								147
Share changes in parent's ownership interests associated with transaction with non-controlling interests								2,623
Net changes in items other than those in shareholders' equity	(416,610)	52,595	(1,268)	12,313	(16,100)	(369,070)	31,256	(337,813)
Total changes during period	(416,610)	52,595	(1,268)	12,313	(16,100)	(369,070)	31,256	481,022
Balance at the end of current period	\$ 962,747	\$ 62,829	\$ 175,284	\$ 12,007	\$ 3,917	\$ 1,216,785	\$ 299,610	\$ 7,814,931

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

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 during period					
Cash dividends paid			(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 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 during period								
Cash dividends paid								(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 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	\$ 530,668	\$ 396,354	\$ 3,719,935	\$ (17,730)	\$ 4,629,227
Changes during period					
Cash dividends paid			(184,743)		(184,743)
Profit attributable to owners of parent			1,039,746		1,039,746
Reversal of revaluation reserve for land			2,797		2,797
Purchase of treasury stock				(2,743)	(2,743)
Disposal of treasury stock				883	883
Share changes in parent's ownership interests associated with transaction with non-controlling interests		(5,469)			(5,469)
Net changes in items other than those in shareholders' equity					
Total changes during period		(5,469)	857,801	(1,859)	850,472
Balance at the end of current period	\$ 530,668	\$ 390,885	\$ 4,577,736	\$ (19,590)	\$ 5,479,699

	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	\$ 1,462,461	\$ (15,102)	\$ 179,350	\$ 6,965	\$ 29,814	\$ 1,663,490	\$ 245,235	\$ 6,537,952
Changes during period								
Cash dividends paid								(184,743)
Profit attributable to owners of parent								1,039,746
Reversal of revaluation reserve for land								2,797
Purchase of treasury stock								(2,743)
Disposal of treasury stock								883
Share changes in parent's ownership interests associated with transaction with non-controlling interests								(5,469)
Net changes in items other than those in shareholders' equity	(83,103)	25,337	(2,797)	(7,272)	(9,797)	(77,634)	23,118	(54,515)
Total changes during period	(83,103)	25,337	(2,797)	(7,272)	(9,797)	(77,634)	23,118	795,956
Balance at the end of current period	\$ 1,379,358	\$ 10,234	\$ 176,552	\$ (306)	\$ 20,017	\$ 1,585,855	\$ 268,353	\$ 7,333,908

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, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 2)	
	2020	2019	2020	2019
Net cash provided by (used in) operating activities				
Profit before income taxes	\ 162,503	\ 164,635	\$ 1,493,183	\$ 1,512,779
Depreciation and amortization	19,880	17,672	182,670	162,383
Impairment loss	511	0	4,703	9
Increase (decrease) in allowance for doubtful accounts	(50)	(30)	(464)	(275)
Increase (decrease) in provision for loss on construction contracts	10,743	(3,218)	98,716	(29,573)
Increase (decrease) in provision for loss on Antimonopoly Act	(6,179)	(204)	(56,785)	(1,874)
Increase (decrease) in provision for loss on real estate business and other	(993)	-	(9,124)	-
Increase (decrease) in liability for retirement benefits	(788)	(186)	(7,249)	(1,709)
Loss (gain) on valuation of short-term and long-term investment securities	3,128	175	28,744	1,614
Interest and dividend income	(9,588)	(9,420)	(88,103)	(86,557)
Interest expense	1,800	1,836	16,542	16,871
Loss (gain) on sales of short-term and long-term investment securities	(4,717)	(1,873)	(43,345)	(17,216)
Decrease (increase) in notes and accounts receivable—trade	84,441	(97,996)	775,898	(900,454)
Decrease (increase) in costs on uncompleted construction contracts	(2,772)	9,977	(25,476)	91,679
Decrease (increase) in inventories	8,421	3,622	77,378	33,288
Decrease (increase) in inventories for PFI and other projects	(9,391)	2,039	(86,291)	18,737
Decrease (increase) in other assets	15,370	(16,408)	141,236	(150,768)
Increase (decrease) in notes and accounts payable—trade	(14,922)	15,550	(137,115)	142,884
Increase (decrease) in advances received on uncompleted construction contracts	(7,472)	6,653	(68,662)	61,135
Increase (decrease) in other liabilities	26,292	(2,918)	241,592	(26,820)
Other, net	5,565	641	51,141	5,895
Subtotal	281,781	90,549	2,589,193	832,028
Interest and dividend received	9,698	9,609	89,120	88,300
Interest paid	(1,777)	(1,841)	(16,333)	(16,918)
Income taxes (paid) refunded	(47,991)	(53,898)	(440,978)	(495,254)
Surcharges paid	(4,083)	(215)	(37,521)	(1,980)
Net cash provided by (used in) operating activities	237,628	44,203	2,183,479	406,174
Net cash provided by (used in) investing activities				
Payments into time deposits	(38,901)	(29,417)	(357,454)	(270,305)
Proceeds from withdrawal of time deposits	33,359	22,972	306,527	211,082
Purchase of property, plant and equipment and intangible assets	(47,471)	(36,552)	(436,202)	(335,868)
Proceeds from sales of property, plant and equipment and intangible assets	504	423	4,632	3,891
Purchase of short-term and long-term investment securities	(5,369)	(10,782)	(49,342)	(99,077)
Proceeds from sales and redemption of short-term and long-term investment securities	10,859	7,913	99,779	72,718
Payments of loans receivable	(408)	(129)	(3,755)	(1,193)
Collection of loans receivable	224	270	2,062	2,489
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(113)	-	(1,039)	-
Net cash provided by (used in) investing activities	(47,318)	(45,302)	(434,793)	(416,264)
Net cash provided by (used in) financing activities				
Net increase (decrease) in short-term loans payable	(1,700)	(26,640)	(15,620)	(244,789)
Repayments of lease obligations	(344)	(107)	(3,164)	(989)
Proceeds from long-term loans payable	10,212	36,354	93,839	334,043
Repayment of long-term loans payable	(17,879)	(20,630)	(164,284)	(189,566)
Proceeds from nonrecourse loans payable	3,302	6,924	30,348	63,622
Payment of nonrecourse loans payable	(16,835)	(9,771)	(154,691)	(89,786)
Proceeds from issuance of bonds	10,000	20,000	91,886	183,772
Redemption of bonds	(10,000)	(10,000)	(91,886)	(91,886)
Cash dividends paid	(24,413)	(20,105)	(224,330)	(184,743)
Cash dividends paid to non-controlling interests	(1,370)	(814)	(12,594)	(7,486)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(364)	-	(3,344)	-
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	267	-	2,458
Other, net	(5)	(298)	(48)	(2,743)
Net cash provided by (used in) financing activities	(49,397)	(24,823)	(453,891)	(228,094)
Effect of exchange rate changes on cash and cash equivalents	332	(1,162)	3,059	(10,681)
Net increase (decrease) in cash and cash equivalents	141,245	(27,083)	1,297,853	(248,864)
Cash and cash equivalents at beginning of period	157,699	184,783	1,449,045	1,697,909
Cash and cash equivalents at end of period (Note 10)	\ 298,945	\ 157,699	\$ 2,746,898	\$ 1,449,045

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, 2020 and 2019

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 ¥108.83 to US\$1, the rate of exchange prevailing at March 31, 2020, 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 94 subsidiaries at March 31, 2020. The consolidated financial statements as of and for the years ended March 31, 2020 and 2019 included the accounts of the Company and all subsidiaries.

All significant intercompany accounts and transactions are eliminated. Investments in all affiliates (26 companies for 2020) 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 of subsidiaries, 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 of subsidiaries. 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.

Inventories are stated at the lower of cost or net realizable value.

(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 and 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.

The useful lives and residual values of depreciable assets are estimated mainly in accordance with the Corporate Tax Law.

(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

Amortization 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

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

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

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

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

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

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

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

Retirement benefit obligation for employees is attributed to each period by the benefit formula method. Actuarial differences are amortized commencing in the following year after the differences is 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 forecasted 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 tax payment system

The Companies apply the consolidated tax payment system

4. Standards Issued But Not Yet Effective

(1) 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

(a) 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

(b) 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

(c) 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.

(2) Accounting Standard for Fair Value Measurement and Related Implementation Guidance

On July 4, 2019, the ASBJ issued "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30), and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31), along with related updates to "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, revised 2019), and "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, revised 2019)

(a) Overview

The ASBJ has developed an "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (hereinafter collectively, the "Fair Value Measurement Standard"), which provide guidance for fair value measurement in order to improve comparability with internationally recognized accounting standards. The Fair Value Measurement Standard is applied with respect to the fair value of the following items;

- Financial instruments defined in "Accounting Standard for Financial Instruments"
- Inventories held for trading purposes defined in "Accounting Standard for Measurement of Inventories"

(b) Scheduled date of adoption

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

(c) Impact of adoption of revised accounting standard and related implementation guidance

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

5. Additional Information

(1) Performance-linked stock compensation plan for directors and executive officers

(a) 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.

(b) 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, 2020 and 2019 are ¥434 million (US\$3,989 thousand) and 403,901 shares and ¥450 million (US\$4,136 thousand) and 418,817 shares, respectively.

(2) Accounting estimates associated with the spread of the Coronavirus (COVID-19)

Due to the spread of the Coronavirus, the Companies suspended a part of domestic and overseas construction projects. The Companies estimate revenues and costs of construction contracts by the percentage-of-completion method and recoverability of deferred tax assets assuming that the effect of the suspension will continue until June 2020.

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	
	2020	2019	2020	2019
Costs on PFI business	¥ 53,500	¥ 44,108	\$ 491,592	\$ 405,301

(2) Breakdown of "Other inventories"

At March 31	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2019
Costs on other business	¥ 4,423	¥ 5,064	\$ 40,644	\$ 46,536
Raw materials and supplies	4,320	4,670	39,701	42,914
Total	¥ 8,744	¥ 9,734	\$ 80,345	\$ 89,450

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

At March 31	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2019
	¥ 184,058	¥ 173,689	\$ 1,691,251	\$ 1,595,973

(4) Investments in affiliates included in investment securities

At March 31	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2019
	¥ 6,458	¥ 6,037	\$ 59,343	\$ 55,474

(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 are as follows:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2019
Assets pledged as collateral				
Cash and deposits	¥ 1,621	¥ 1,216	\$ 14,898	\$ 11,174
Buildings and structures	4,239	4,441	38,951	40,811
Machinery, vehicles, tools, furniture and fixtures	27	35	255	321
Land	10,981	10,981	100,905	100,905
Total	¥ 16,869	¥ 16,674	\$ 155,011	\$ 153,214
Liabilities secured thereby				
Short-term loans payable	¥ 300	¥ 300	\$ 2,756	\$ 2,756
Long-term loans payable	600	900	5,513	8,269
Total	¥ 900	¥ 1,200	\$ 8,269	\$ 11,026

(7) Deposited assets

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

At March 31	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2019
Short-term investment securities	¥ 154	¥ 60	\$ 1,418	\$ 551
Investment securities	349	635	3,210	5,835
Investments and other assets—other	392	178	3,610	1,636
Total	¥ 896	¥ 873	\$ 8,239	\$ 8,023

(8) Contingent liabilities

The Companies are contingently liable for the following:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2019
Guarantees of long-term debt of employees	\ 52	\ 72	\$ 484	\$ 665

(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" are as follows:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2019
	\ 221	\ 1	\$ 2,034	\$ 13

(10) 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	
	2020	2019	2020	2019
Buildings and structures	\ 42	\ -	\$ 392	\$ -
Machinery, vehicles, tools, furniture and fixtures	0	560	0	5,146
Construction in progress	27	-	250	-
Total	\ 70	\ 560	\$ 643	\$ 5,146

(11) 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 are as follows:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2019
Cash and deposits	\ 17,299	\ 16,912	\$ 158,963	\$ 155,406
Notes and accounts receivable from completed construction contracts and other	8,871	9,739	81,512	89,491
Inventories for PFI and other projects	35,872	39,921	329,623	366,825
Buildings and structures	3,861	5,492	35,484	50,469
Machinery, vehicles, tools, furniture and fixtures	24,284	26,225	223,142	240,981
Land	-	12,198	-	112,087
Total	\ 90,190	\ 110,491	\$ 828,726	\$ 1,015,262

(12) 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, 2020 and 2019, there are 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 are as follows:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2019
Contract amount	\ 50,000	\ 50,000	\$ 459,432	\$ 459,432
Outstanding borrowings	-	-	-	-
Available amount	\ 50,000	\ 50,000	\$ 459,432	\$ 459,432

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	
	2020	2019	2020	2019
	\ 1,785,320	\ 1,760,423	\$ 16,404,673	\$ 16,175,902

(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	
	2020	2019	2020	2019
	\ 11,992	\ 1,020	\$ 110,196	\$ 9,374

(3) Write-down of inventories included in cost of sales on real estate business and other

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2019
	\ 1,191	\ 0	\$ 10,951	\$ 4

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

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2019
Employees' salaries and allowances	\ 40,847	\ 39,603	\$ 375,331	\$ 363,899
Retirement benefit expenses	1,202	1,554	11,051	14,283
Research and development expenses	13,734	12,312	126,203	113,138

(5) 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	
	2020	2019	2020	2019
	\ 13,734	\ 12,312	\$ 126,203	\$ 113,138

(6) The major components of "Other, net" included in "Other income (expenses)"

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2019
Other income				
Compensation income	\ 216	\ -	\$ 1,991	\$ -
Reversal of provision for loss on real estate business and other	176		1,624	

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, 2020 and 2019 which are recognized in other comprehensive income for the years ended on or before March 31, 2020 and 2019 and tax effect allocated to each component of other comprehensive income for the years ended March 31, 2020 and 2019

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2019
Valuation difference on available-for-sale securities				
Occurred during the year	\ (63,708)	\ (11,054)	\$ (585,397)	\$ (101,576)
Reclassification adjustments	(1,477)	(1,950)	(13,574)	(17,923)
Valuation difference on available-for-sale securities before tax effect	(65,186)	(13,005)	(598,971)	(119,500)
Tax effect	19,828	3,958	182,196	36,372
Valuation difference on available-for-sale securities	(45,357)	(9,046)	(416,775)	(83,127)
Deferred gains (losses) on hedges				
Occurred during the year	5,649	2,847	51,914	26,161
Reclassification adjustments	341	(135)	3,135	(1,249)
Deferred gains (losses) on hedges before tax effect	5,991	2,711	55,050	24,911
Tax effect	(19)	46	(182)	426
Deferred gains (losses) on hedges	5,971	2,757	54,868	25,338
Foreign currency translation adjustments				
Occurred during the year	2,693	(1,348)	24,749	(12,394)
Reclassification adjustments	-	36	-	332
Foreign currency translation adjustments	2,693	(1,312)	24,749	(12,062)
Retirement benefit asset and liability adjustments				
Occurred during the year	(1,565)	(1,224)	(14,386)	(11,248)
Reclassification adjustments	(953)	(309)	(8,757)	(2,843)
Retirement benefit asset and liability adjustments before tax effect	(2,518)	(1,533)	(23,144)	(14,091)
Tax effect	765	466	7,030	4,290
Retirement benefit asset and liability adjustments	(1,753)	(1,066)	(16,113)	(9,801)
Share of other comprehensive income of affiliates accounted for by the equity method				
Occurred during the year	(256)	(10)	(2,357)	(91)
Reclassification adjustments	6	-	55	-
Share of other comprehensive income of affiliates accounted for by the equity method	(250)	(10)	(2,301)	(91)
Total other comprehensive income	\ (38,697)	\ (8,678)	\$ (355,573)	\$ (79,745)

9 Notes to Consolidated Statements of Changes in Net Assets

(1) Type and number of outstanding shares

For the year ended March 31, 2020

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	3,872,160	4,689	14,916	3,861,933

Notes: 1 Stocks owned by the BIP Trust are included in "Treasury stock" at beginning and end of year (included amount: 418,817 and 403,901 shares).
2 Treasury stock increased by 4,689 shares due to the repurchase of shares less than one unit.
3 Treasury stock decreased by 14,916 shares due to awarding stocks owned by the BIP Trust

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

(2) Dividends

(a) Dividends paid to shareholders

For the year ended March 31, 2020

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 25, 2019)	Common stock	¥12,925	\$118,763	¥18	\$0.16	March 31, 2019	June 26, 2019
Board of Directors (November 11, 2019)	Common stock	¥11,488	\$105,567	¥16	\$0.14	September 30, 2019	December 2, 2019

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 25, 2019 (included amount: ¥7 million (US\$69 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 11, 2019 (included amount: ¥6 million (US\$59 thousand)).

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		
Annual General Meeting of Shareholders (June 26, 2018)	Common stock	¥10,052	\$92,371	¥14	\$0.12	March 31, 2018	June 27, 2018
Board of Directors (November 12, 2018)	Common stock	¥10,052	\$92,371	¥14	\$0.12	September 30, 2018	December 3, 2018

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 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\$19 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, 2020

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 24, 2020)	Common stock	¥11,488	\$105,566	Retained earnings	¥16	\$0.14	March 31, 2020	June 25, 2020

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 24, 2020 (included amount: ¥6 million (US\$59 thousand)).

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		
Annual General Meeting of Shareholders (June 25, 2019)	Common stock	¥12,925	\$118,763	Retained earnings	¥18	\$0.16	March 31, 2019	June 26, 2019

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\$69 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	
	2020	2019	2020	2019
Cash and deposits	\ 315,027	\ 168,698	\$ 2,894,679	\$ 1,550,110
Time deposits with a maturity of more than three months	(16,082)	(10,074)	(147,780)	(92,568)
Bank overdraft	—	(924)	—	(8,496)
Cash and cash equivalents at end of period	\ 298,945	\ 157,699	\$ 2,746,898	\$ 1,449,045

11. Lease Transactions

Operating leases

(a) Lessee's accounting

Future minimum payments under non-cancelable lease contracts at March 31, 2020 and 2019 are as follows:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2019
Within 1 year	\ 3,253	\ 3,381	\$ 29,898	\$ 31,067
Over 1 year	6,370	7,842	58,540	72,059
Total	\ 9,624	\ 11,223	\$ 88,439	\$ 103,127

(b) Lessor's accounting

Future minimum receivables under non-cancelable lease contracts at March 31, 2020 and 2019 are as follows:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2019
Within 1 year	\ 6,403	\ 5,494	\$ 58,842	\$ 50,486
Over 1 year	44,237	47,813	406,479	439,343
Total	\ 50,640	\ 53,308	\$ 465,321	\$ 489,829

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 payable" 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).

	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
At March 31, 2020						
Assets						
Cash and deposits	\ 315,027	\ 315,027	—	\$ 2,894,679	\$ 2,894,679	—
Notes and accounts receivable from completed construction contracts and other	773,694	773,807	112	7,109,204	7,110,238	1,033
Electronically recorded monetary claims	12,680	12,680	—	116,513	116,513	—
Short-term investment securities and investment securities	274,052	274,061	8	2,518,171	2,518,249	77
Accounts receivable—other	75,125	75,125	—	690,302	690,302	—
Total	\ 1,450,581	\ 1,450,702	120	\$ 13,328,871	\$ 13,329,983	\$ 1,111
Liabilities						
Notes and accounts payable for construction contracts and other	\ 536,863	\ 536,863	—	\$ 4,933,044	\$ 4,933,044	—
Electronically recorded obligations	118,976	118,976	—	1,093,235	1,093,235	—
Short-term loans payable	54,823	54,823	—	503,756	503,756	—
Current portion of nonrecourse loans payable	7,631	7,631	—	70,119	70,119	—
Current portion of bonds payable	—	—	—	—	—	—
Deposits received	121,611	121,611	—	1,117,443	1,117,443	—
Bonds payable	40,000	40,375	375	367,545	370,992	3,446
Long-term loans payable	78,104	78,870	765	717,675	724,711	7,036
Nonrecourse loans payable	67,993	71,016	3,023	624,765	652,546	27,781
Total	\ 1,026,004	\ 1,030,168	4,164	\$ 9,427,585	\$ 9,465,849	\$ 38,264
Derivative transactions *	\ 7,105	\ 7,105	—	\$ 65,289	\$ 65,289	—

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

At March 31, 2019	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Assets						
Cash and deposits	\ 168,698	\ 168,698	\	\$ 1,550,110	\$ 1,550,110	\$
Notes and accounts receivable from completed construction contracts and other	859,096	859,220	123	7,893,935	7,895,069	1,134
Electronically recorded monetary claims	11,895	11,895	—	109,302	109,302	—
Short-term investment securities and investment securities	345,553	345,569	15	3,175,167	3,175,314	146
Accounts receivable—other	92,554	92,554		850,452	850,452	
Total	\ 1,477,799	\ 1,477,938	\ 139	\$ 13,578,968	\$ 13,580,249	\$ 1,280
Liabilities						
Notes and accounts payable for construction contracts and other	\ 551,181	\ 551,181	\	\$ 5,064,608	\$ 5,064,608	\$
Electronically recorded obligations	119,956	119,956		1,102,233	1,102,233	
Short-term loans payable	58,713	58,713		539,500	539,500	
Current portion of nonrecourse loans payable	10,079	10,079		92,618	92,618	
Current portion of bonds payable	10,000	10,000		91,886	91,886	
Deposits received	108,952	108,952		1,001,125	1,001,125	
Bonds payable	30,000	30,603	603	275,659	281,201	5,542
Long-term loans payable	84,347	85,107	759	775,042	782,025	6,982
Nonrecourse loans payable	79,076	82,739	3,662	726,609	760,264	33,654
Total	\ 1,052,308	\ 1,057,334	\ 5,025	\$ 9,669,284	\$ 9,715,465	\$ 46,180
Derivative transactions *	\ 1,114	\ 1,114	\	\$ 10,239	\$ 10,239	\$

* 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 are 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 payable, Current portion of bonds payable 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 payable

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	
	2020	2019	2020	2019
Non-listed stocks and other	\ 17,312	\ 16,017	\$ 159,076	\$ 147,176
Stocks of affiliates	6,458	6,037	59,343	55,474
Total	\ 23,770	\ 22,054	\$ 218,419	\$ 202,650

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
At March 31, 2020				
Cash and deposits				
Deposits	\ 314,880	\ —	\ —	\ —
Notes and accounts receivable from completed construction contracts and other	675,907	94,809	1,846	1,131
Electronically recorded monetary claims	12,680	—	—	—
Short-term investment securities and investment securities				
Held-to-maturity securities				
Government bonds and municipal bonds	154	319	30	—
Corporate bonds	—	10	—	180
Accounts receivable—other	75,125	—	—	—
Total	\ 1,078,748	\ 95,138	\ 1,877	\ 1,311

	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
At March 31, 2020				
Cash and deposits				
Deposits	\$ 2,893,325	\$ —	\$ —	\$ —
Notes and accounts receivable from completed construction contracts and other	6,210,670	871,169	16,971	10,393
Electronically recorded monetary claims	116,513	—	—	—
Short-term investment securities and investment securities				
Held-to-maturity securities				
Government bonds and municipal bonds	1,418	2,931	281	—
Corporate bonds	—	91	—	1,653
Accounts receivable—other	690,302	—	—	—
Total	\$ 9,912,230	\$ 874,193	\$ 17,253	\$ 12,047

	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
At March 31, 2019				
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	—	—	—
Total	\ 1,077,445	\ 51,743	\ 1,933	\ 1,672

	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
At March 31, 2019				
Cash and deposits				
Deposits	\$ 1,547,027	\$ —	\$ —	\$ —
Notes and accounts receivable from completed construction contracts and other	7,391,610	471,637	16,971	13,716
Electronically recorded monetary claims	109,302	—	—	—
Short-term investment securities and investment securities				
Held-to-maturity securities				
Government bonds and municipal bonds	1,780	3,818	792	—
Corporate bonds	91	—	—	1,653
Accounts receivable—other	850,452	—	—	—
Total	\$ 9,900,265	\$ 475,455	\$ 17,763	\$ 15,370

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, 2020						
Short-term loans payable	38,210	—	—	—	—	—
Bonds payable	—	—	—	20,000	10,000	10,000
Long-term loans payable	16,613	14,091	14,678	10,875	2,426	36,032
Nonrecourse loans payable	7,631	7,439	7,079	6,218	5,936	41,319
Lease obligations	839	245	140	35	18	2
Total	63,294	21,776	21,899	37,129	18,381	87,353

	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, 2020						
Short-term loans payable	\$ 351,098	\$ —	\$ —	\$ —	\$ —	\$ —
Bonds payable	—	—	—	183,772	91,886	91,886
Long-term loans payable	152,658	129,480	134,878	99,929	22,296	331,090
Nonrecourse loans payable	70,119	68,356	65,054	57,141	54,548	379,665
Lease obligations	7,712	2,255	1,294	322	172	21
Total	\$ 581,588	\$ 200,092	\$ 201,226	\$ 341,165	\$ 168,903	\$ 802,664

	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 payable	10,079	7,483	7,289	6,929	6,044	51,329
Lease obligations	103	80	53	33	21	11
Total	78,896	23,331	19,742	19,949	34,248	96,353

	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	\$ 375,215	\$ —	\$ —	\$ —	\$ —	\$ —
Bonds payable	91,886	—	—	—	183,772	91,886
Long-term loans payable	164,285	144,881	113,929	119,327	75,189	321,714
Nonrecourse loans payable	92,618	68,762	66,981	63,674	55,540	471,650
Lease obligations	949	742	495	307	195	105
Total	\$ 724,954	\$ 214,387	\$ 181,406	\$ 183,310	\$ 314,697	\$ 885,356

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, 2020						
Securities whose fair values exceed their carrying values						
Government bonds and municipal bonds	\ 504	\ 512	\ 8	\$ 4,632	\$ 4,709	\$ 77
Securities whose fair values do not exceed their carrying values						
Corporate bonds	190	190	—	1,745	1,745	—
Total	\ 694	\ 702	\ 8	\$ 6,378	\$ 6,455	\$ 77

	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	\$ 6,391	\$ 6,537	\$ 146
Securities whose fair values do not exceed their carrying values						
Corporate bonds	190	190	—	1,745	1,745	—
Total	\ 885	\ 901	\ 15	\$ 8,137	\$ 8,283	\$ 146

(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, 2020						
Securities whose carrying values exceed their acquisition costs						
Stock	\ 248,393	\ 92,682	\ 155,711	\$ 2,282,401	\$ 851,626	\$ 1,430,774
Other	721	709	11	6,630	6,523	107
Subtotal	249,115	93,392	155,722	2,289,032	858,150	1,430,881
Securities whose carrying values do not exceed their acquisition costs						
Stock	17,505	22,228	(4,722)	160,853	204,248	(43,394)
Other	6,737	6,737	—	61,907	61,907	—
Subtotal	24,243	28,965	(4,722)	222,761	266,156	(43,394)
Total	\ 273,358	\ 122,358	\ 151,000	\$ 2,511,793	\$ 1,124,306	\$ 1,387,486

It is extremely difficult to determine the fair values for non-listed stocks and other (carrying value \17,312 million (US\$159,076 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, 2019						
Securities whose carrying values exceed their acquisition costs						
Stock	\ 327,283	\ 108,975	\ 218,307	\$ 3,007,291	\$ 1,001,339	\$ 2,005,952
Other	220	220	0	2,025	2,022	3
Subtotal	327,504	109,195	218,308	3,009,317	1,003,361	2,005,956
Securities whose carrying values do not exceed their acquisition costs						
Stock	10,405	12,639	(2,234)	95,615	116,143	(20,528)
Other	6,758	6,780	(21)	62,097	62,299	(201)
Subtotal	17,163	19,419	(2,256)	157,713	178,443	(20,729)
Total	\ 344,667	\ 128,615	\ 216,052	\$ 3,167,030	\$ 1,181,804	\$ 1,985,226

It is extremely difficult to determine the fair values for non-listed stocks and other (carrying value \16,017 million (US\$147,176 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

	Millions of yen			Thousands of U.S. dollars		
	Sales proceeds	Aggregate gain	Aggregate loss	Sales proceeds	Aggregate gain	Aggregate loss
For the year ended March 31, 2020						
Stock	\ 9,263	\ 5,037	\ 439	\$ 85,119	\$ 46,288	\$ 4,039
Other	1,438	123	4	13,218	1,137	42
Total	\ 10,702	\ 5,161	\ 444	\$ 98,337	\$ 47,426	\$ 4,081

Non-listed stocks, for which fair values are extremely difficult to determine, are included in "Stock" above. (Sales proceeds: \23 million (US\$214 thousand), aggregate gain: \4 million (US\$41 thousand))

	Millions of yen			Thousands of U.S. dollars		
	Sales proceeds	Aggregate gain	Aggregate loss	Sales proceeds	Aggregate gain	Aggregate loss
For the year ended March 31, 2019						
Stock	\ 5,454	\ 2,539	\ 586	\$ 50,117	\$ 23,337	\$ 5,392
Other	2,350	—	74	21,600	—	681
Total	\ 7,805	\ 2,539	\ 660	\$ 71,718	\$ 23,337	\$ 6,073

Non-listed stocks, for which fair values are extremely difficult to determine, are included in "Stock" above (Sales proceeds: \110 million (US\$1,010 thousand))

(d) Write down of securities

	Millions of yen		Thousands of U S dollars	
	2020	2019	2020	2019
For the year ended March 31				
"Stock" of other securities	\ 3,116	\ 8	\$ 28,633	\$ 79
Non-listed stocks included in "Stock" of other securities" above	0	6	0	56

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

14. Derivative Transactions

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

At March 31, 2020 and 2019

None.

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

Currency-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, 2020							
Deferral method							
Foreign exchange forward contract (Buy US\$)	Imports of materials (Forecasted transaction)	¥ 39,201	¥ 38,585	¥ 7,614	\$ 360,211	\$ 354,546	\$ 69,970
Foreign exchange forward contract (Buy EURO)	Imports of materials (Forecasted transaction)	1,675	120	(86)	15,394	1,109	(798)
Foreign exchange forward contract (Buy GBP)	Purchases of properties (Forecasted transaction)	70	—	(3)	643	—	(36)
Foreign exchange forward contract (Buy CA\$)	Imports of materials (Forecasted transaction)	6,687	6,687	324	61,445	61,445	2,981
Total		¥ 47,634	¥ 45,393	¥ 7,848	\$ 437,695	\$ 417,102	\$ 72,116

		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	\$ 353,783	\$ 353,783	\$ 15,726
Foreign exchange forward contract (Buy EURO)	Imports of materials (Forecasted transaction)	3,923	711	(269)	36,055	6,535	(2,474)
Foreign exchange forward contract (Buy GBP)	Purchases of properties (Forecasted transaction)	70	—	0	648	—	7
Foreign exchange forward contract (Buy CA\$)	Imports of materials (Forecasted transaction)	6,687	6,687	208	61,445	61,445	1,919
Total		¥ 49,184	¥ 45,900	¥ 1,651	\$ 451,934	\$ 421,765	\$ 15,179

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, 2020							
Deferral method							
Interest rate swaps							
Payment fixed/	Nonrecourse loans payable						
Receipt floating	(Forecasted transaction)	\ 22,789	\ 22,194	\ (742)	\$ 209,402	\$ 203,933	\$ (6,827)
Short-cut method							
Interest rate swaps							
Payment fixed/	Long-term loans payable	8,754	7,164	[*]	80,446	65,827	[*]
Receipt floating	Nonrecourse loans payable	29,625	26,810	[*]	272,217	246,349	[*]
Total		\ 61,169	\ 56,168	\ (742)	\$ 562,066	\$ 516,110	\$ (6,827)

		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 payable						
Receipt floating	(Forecasted transaction)	\ 23,357	\ 22,789	\ (537)	\$ 214,623	\$ 209,402	\$ (4,940)
Short-cut method							
Interest rate swaps							
Payment fixed/	Long-term loans payable	10,344	8,754	[*]	95,051	80,446	[*]
Receipt floating	Nonrecourse loans payable	32,366	29,625	[*]	297,404	272,217	[*]
Total		\ 66,068	\ 61,169	\ (537)	\$ 607,079	\$ 562,066	\$ (4,940)

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 payable, the fair values of the contracts are included in the fair value of long-term loans payable or nonrecourse loans payable 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. 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, 2020 and 2019 of the Company and its subsidiaries.

(1) Defined benefit pension plans

The changes in the projected benefit obligation for the years ended March 31, 2020 and 2019 are as follows:

For the years ended March 31	Millions of yen		Thousands of U S dollars	
	2020	2019	2020	2019
At the beginning of current period	\ 100,757	\ 102,972	\$ 925,821	\$ 946,180
Service cost	5,214	5,191	47,917	47,704
Interest cost	613	617	5,641	5,672
Actuarial loss	(329)	(275)	(3,027)	(2,531)
Retirement benefit paid	(7,062)	(7,720)	(64,896)	(70,940)
Other	62	(28)	574	(265)
At the end of current period	\ 99,256	\ 100,757	\$ 912,030	\$ 925,821

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

The changes in plan assets for the years ended March 31, 2020 and 2019 are as follows:

For the years ended March 31	Millions of yen		Thousands of U S dollars	
	2020	2019	2020	2019
At the beginning of current period	\ 49,960	\ 53,524	\$ 459,069	\$ 491,816
Expected return on plan assets	1,207	1,296	11,093	11,910
Actuarial loss	(1,892)	(1,517)	(17,390)	(13,948)
Contributions by the Companies	1,486	1,475	13,657	13,560
Retirement benefits paid	(4,103)	(4,817)	(37,704)	(44,270)
At the end of current period	\ 46,658	\ 49,960	\$ 428,724	\$ 459,069

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, 2020 and 2019 for the Company's and the consolidated subsidiaries' defined benefit plans:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2019
Retirement benefit obligation under the funded plans	\ 47,552	\ 49,659	\$ 436,944	\$ 456,302
Plan assets at fair value	(46,658)	(49,960)	(428,724)	(459,069)
	894	(301)	8,220	(2,766)
Retirement benefit obligation under the unfunded plans	51,703	51,097	475,085	469,518
Net liability for retirement benefits in the balance sheets	\ 52,598	\ 50,796	\$ 483,306	\$ 466,751
Liability for retirement benefits	\ 52,598	\ 50,809	\$ 483,306	\$ 466,873
Asset for retirement benefits	—	(13)	—	(121)
Net liability for retirement benefits in the balance sheets	\ 52,598	\ 50,796	\$ 483,306	\$ 466,751

The components of retirement benefit expense for the years ended March 31, 2020 and 2019 are as follows:

For the years ended March 31	Millions of yen		Thousands of U S dollars	
	2020	2019	2020	2019
Service cost	\ 5,214	\ 5,191	\$ 47,917	\$ 47,704
Interest cost	613	617	5,641	5,672
Expected return on plan assets	(1,207)	(1,296)	(11,093)	(11,910)
Amortization of actuarial loss	(954)	(295)	(8,766)	(2,715)
Amortization of prior service cost	0	(13)	8	(128)
Retirement benefit expense	\ 3,668	\ 4,203	\$ 33,708	\$ 38,623

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, 2020 and 2019 are as follows:

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2019
Prior service cost	\ 0	\ (1)	\$ 4	\$ (16)
Actuarial gain (loss)	2,518	1,535	23,139	14,108
Total	\ 2,518	\ 1,533	\$ 23,144	\$ 14,091

Unrecognized prior service cost and unrecognized actuarial loss included in accumulated other comprehensive income (before tax effect) as of March 31, 2020 and 2019 are as follows:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2019
Unrecognized prior service cost	\ 19	\ 18	\$ 177	\$ 172
Unrecognized actuarial loss	(764)	(3,282)	(7,024)	(30,163)
Total	\ (745)	\ (3,263)	\$ (6,846)	\$ (29,990)

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2020 and 2019 are as follows:

At March 31	2020	2019
General accounts	29.3%	28.4%
Stocks	22.6%	24.1%
Bonds	25.3%	25.5%
Cash on hand and in banks	5.9%	9.0%
Other	16.9%	13.0%
Total	100.0%	100.0%

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 are as follows:

For the years ended March 31	2020	2019
Discount rates	0% to 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, 2020 and 2019, pension expenses for defined contribution plans by the Company and consolidated subsidiaries are ¥4,256 million (US\$39,107 thousand) and ¥4,393 million (US\$40,370 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, 2020 and 2019 are summarized as follows:

At March 31	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2019
Deferred tax assets				
Liability for retirement benefits	¥ 16,101	¥ 15,554	\$ 147,951	\$ 142,928
Costs on uncompleted construction contracts	10,443	8,196	95,961	75,310
Impairment loss	10,199	10,940	93,720	100,527
Accrued expenses (bonus)	5,215	5,144	47,927	47,272
Unrealized gain on noncurrent assets	4,767	4,939	43,810	45,386
Provision for loss on construction contracts	3,655	351	33,590	3,232
Loss on assets traded within the Group	2,542	1,548	23,364	14,232
Other	11,676	12,151	107,287	111,660
	64,602	58,828	593,613	540,551
Valuation allowance	(16,536)	(15,965)	(151,950)	(146,701)
Total deferred tax assets	48,066	42,862	441,663	393,849
Deferred tax liabilities				
Valuation difference on available-for-sale securities	(45,969)	(65,800)	(422,397)	(604,616)
Gain on assets traded within the Group	(3,730)	(3,792)	(34,278)	(34,848)
Reserve for advanced depreciation of noncurrent assets	(1,185)	(1,227)	(10,890)	(11,274)
Other	(670)	(948)	(6,164)	(8,717)
Total deferred tax liabilities	(51,556)	(71,768)	(473,731)	(659,457)
Net deferred tax assets (liabilities)	¥ (3,490)	¥ (28,906)	\$ (32,068)	\$ (265,607)

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	
	2020	2019	2020	2019
	¥ (18,893)	¥ (18,953)	\$ (173,608)	\$ (174,159)

A reconciliation between the statutory tax rate and the effective tax rate for the year ended March 31, 2020 is as follows:

For the year ended March 31

	2020
Statutory tax rates	30.5 %
Reconciliation:	
Permanent non-deductible items	0.8
Permanent non-taxable items	(0.7)
Tax loss carryforwards	(0.8)
Change in valuation allowance	(0.5)
Difference of statutory tax rates between the Company and foreign subsidiaries	(0.6)
Tax credit for research and development expenses	(0.9)
Other	0.1
Effective tax rates	27.9 %

Information for the year ended March 31, 2019 is not disclosed because the difference is not more than 5% of the statutory tax rate.

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	
	2020	2019	2020	2019
	\ 4,389	\ 4,387	\$ 40,333	\$ 40,314

(2) Estimated period of use

At March 31	2020	2019
	9 years and 10 months ~ 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, 2020 are ¥13,118 million (US\$120,538 thousand) and ¥118 million (US\$1,090 thousand), respectively. Profit and impairment loss from these real estate properties for the year ended March 31, 2019 are ¥12,217 million (US\$112,264 thousand) and ¥0 million (US\$6 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	
	2020	2019	2020	2019
Carrying value				
At the beginning of period	\ 369,570	\ 345,641	\$ 3,395,852	\$ 3,175,978
Increase (decrease)—net	10,839	23,928	99,599	219,873
At the end of period	380,410	369,570	3,495,452	3,395,852
Fair value at the end of period	622,673	556,678	5,721,526	5,115,121

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

2. "Increase (decrease)—net" for the year ended March 31, 2020 mainly consists of: increase in purchase of office buildings for lease (including land) and other in the amount of ¥17,820 million (US\$163,750 thousand) and depreciation cost in the amount of ¥4,444 million (US\$40,835 thousand).

"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\$258,623 thousand) and depreciation cost in the amount of ¥4,160 million (US\$38,231 thousand).

3. Fair value at March 31, 2020 and 2019 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, 2020

	Millions of yen							
	Reporting segment				Real estate	Subtotal	Others (Note 1)	Total
	Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering				
Net sales								
Sales to third parties	\ 1,138,934	\ 398,564	\ 342,704	\ 72,215	\ 55,043	\ 2,007,462	\ 65,580	\ 2,073,043
Intersegment sales and transfers	54,200	679	18,702	—	1,023	74,605	8,181	82,787
Segment sales	\ 1,193,135	\ 399,244	\ 361,406	\ 72,215	\ 56,066	\ 2,082,068	\ 73,762	\ 2,155,830
Operating income								
Operating income from sales to third parties (Note 2)	\ 82,680	\ 10,773	\ 39,602	\ 4,217	\ 13,256	\ 150,531	\ 2,340	\ 152,871
Intersegment operating income and transfers	(1,463)		(81)	(1)	(118)	(1,664)	(104)	(1,768)
Segment income	\ 81,217	\ 10,773	\ 39,520	\ 4,216	\ 13,137	\ 148,866	\ 2,236	\ 151,103

For the year ended March 31, 2020

	Thousands of U.S. dollars							
	Reporting segment				Real estate	Subtotal	Others (Note 1)	Total
	Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering				
Net sales								
Sales to third parties	\$ 10,465,266	\$ 3,662,271	\$ 3,148,987	\$ 663,561	\$ 505,773	\$ 18,445,860	\$ 602,594	\$ 19,048,454
Intersegment sales and transfers	498,028	6,239	171,852	—	9,406	685,526	75,178	760,705
Segment sales	\$ 10,963,295	\$ 3,668,510	\$ 3,320,839	\$ 663,561	\$ 515,179	\$ 19,131,386	\$ 677,773	\$ 19,809,159
Operating income								
Operating income from sales to third parties (Note 2)	\$ 759,726	\$ 98,998	\$ 363,890	\$ 38,755	\$ 121,806	\$ 1,383,177	\$ 21,508	\$ 1,404,685
Intersegment operating income and transfers	(13,450)		(747)	(11)	(1,086)	(15,294)	(957)	(16,252)
Segment income	\$ 746,275	\$ 98,998	\$ 363,143	\$ 38,744	\$ 120,719	\$ 1,367,882	\$ 20,550	\$ 1,388,433

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, 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	\$ 10,351,524	\$ 3,755,540	\$ 3,228,639	\$ 540,936	\$ 451,212	\$ 18,327,853	\$ 414,084	\$ 18,741,937
Intersegment sales and transfers	428,819	15,389	163,994		9,861	618,064	73,131	691,196
Segment sales	\$ 10,780,343	\$ 3,770,929	\$ 3,392,633	\$ 540,936	\$ 461,074	\$ 18,945,917	\$ 487,215	\$ 19,433,133
Operating income								
Operating income from sales to third parties (Note 2)	\$ 861,020	\$ 62,143	\$ 365,548	\$ 18,092	\$ 97,380	\$ 1,404,185	\$ 24,469	\$ 1,428,655
Intersegment operating income and transfers	3,553	(156)	(134)	(11)	(8)	3,242	(740)	2,502
Segment income	\$ 864,574	\$ 61,987	\$ 365,413	\$ 18,080	\$ 97,372	\$ 1,407,428	\$ 23,729	\$ 1,431,157

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, 2020

Millions of yen

Thousands of U S dollars

Net sales		
Total reportable segment	¥ 2,082,068	\$ 19,131,386
Sales from "Others"	73,762	677,773
Elimination of intersegment transactions	(82,787)	(760,705)
Sales in the statements of income	¥ 2,073,043	\$ 19,048,454
Operating income		
Total reportable segment	¥ 148,866	\$ 1,367,882
Income from "Others"	2,236	20,550
Elimination of intersegment transactions	1,768	16,252
Operating income in the statements of income	¥ 152,871	\$ 1,404,685

For the year ended March 31, 2019

Millions of yen

Thousands of U S dollars

Net sales		
Total reportable segment	¥ 2,061,884	\$ 18,945,917
Sales from "Others"	53,023	487,215
Elimination of intersegment transactions	(75,222)	(691,196)
Sales in the statements of income	¥ 2,039,685	\$ 18,741,937
Operating income		
Total reportable segment	¥ 153,170	\$ 1,407,428
Income from "Others"	2,582	23,729
Elimination of intersegment transactions	(272)	(2,502)
Operating income in the statements of income	¥ 155,480	\$ 1,428,655

(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, 2020

Millions of yen					Thousands of U S dollars				
Japan	North America (Note)	Asia	Others	Total	Japan	North America (Note)	Asia	Others	Total
¥ 1,600,355	¥ 333,008	¥ 127,851	¥ 11,827	¥ 2,073,043	\$ 14,705,098	\$ 3,059,893	\$ 1,174,785	\$ 108,676	\$ 19,048,454

Note: Net sales in the United States is ¥312,594 million (US\$2,872,321 thousand).

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	\$ 14,426,803	\$ 3,074,996	\$ 1,179,637	\$ 60,500	\$ 18,741,937

Note: Net sales in the United States is ¥319,816 million (US\$2,938,681 thousand).

Tangible assets by region

As Japan-based tangible assets account for over 90% of total tangible assets at March 31, 2020 and 2019, 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, 2020 and 2019.

(3) Impairment loss on noncurrent assets by reportable segment

For the year ended March 31, 2020

Millions of yen							
Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Real estate	Others	Total	
¥	¥	¥	¥	¥	¥	¥	¥
		393		118			511

For the year ended March 31, 2020

Thousands of U.S. dollars							
Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Real estate	Others	Total	
\$	\$	\$	\$	\$	\$	\$	\$
		3,612		1,090			4,703

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			9

(4) Amortization and balance of goodwill by reportable segment

For the year ended March 31, 2020

Millions of yen							
Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Real estate	Others (Note)	Total	
¥	¥	¥	¥	¥	¥	¥	¥
Amortization amount			73		62		136
Balance							

For the year ended March 31, 2020

Thousands of U.S. dollars							
Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Real estate	Others (Note)	Total	
\$	\$	\$	\$	\$	\$	\$	\$
Amortization amount			678		578		1,256
Balance							

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			1,374		578		1,953
Balance			687		578		1,265

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

(1) Transactions of the Company with related parties
None

(2) Transactions of the Company's consolidated subsidiaries with related parties

Details of transactions with related parties and the respective balances as of and for the years ended March 31, 2020 and 2019 are as follows:

For the year ended March 31, 2020

Classification	Related party and address	Capital		% of voting rights held (held by others)	Relationship	Nature of transaction	Amount of transaction (Note 1)			Balance at the end of the year	
		Millions of yen	Type of business				Millions of yen	Thousands of U.S. dollars	Accounts	Millions of yen	Thousands of U.S. dollars
Companies with majority rights owned by the directors	Obayashi Kosan Ltd (Note 2), Minato-ku, Tokyo	¥5	Tenement management	-	Housing construction contract Concurrent director	Housing construction contract by Obayashi Facilities (Note 3)	¥49	\$458	-	-	-
Director of a material subsidiary company	Muneo Minobe -	-	Director of Obayashi-Shinseiwa Real Estate	-	Sale of real estate for sale	Sale of real estate for sale by Obayashi-Shinseiwa Real Estate (Note 4)	¥12	\$118	-	-	-

Notes: 1 Consumption taxes are not included in the transaction amounts

2. The Company's chairman, representative director Takeo Obayashi owns 100 percentage voting rights directly.

3. Transaction conditions including the transaction amounts are determined in the same method as for other general transactions.

4 Sales price of the real estate for sale is determined in the same method as for general transactions in view of the market price

For the year ended March 31, 2019

None.

21. Amounts per Share

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

Net assets per share is 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, 2020 and 2019 are as follows:

For the years ended March 31	Yen		U.S. dollars	
	2020	2019	2020	2019
Net assets per share	\ 1,139.69	\ 1,071.49	\$ 10.47	\$ 9.84
Basic profit attributable to owners of parent per share	157.59	157.65	1.44	1.44

(1) Diluted profit attributable to owners of parent is not presented for the years ended March 31, 2020 and 2019 because the Company has 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	
	2020	2019	2020	2019
Net assets	\ 850,498	\ 798,149	\$ 7,814,931	\$ 7,333,908
Amounts deducted from net assets (Non-controlling interests)	32,606	29,204	299,610	268,353
Net assets applicable to shareholders of common stock	817,892	768,944	7,515,320	7,065,555
Number of shares of common stock at the year-end (Thousands of shares)	717,647	717,637	717,647	717,637

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, 2020 and 2019 are 3,861 thousand and 3,872 thousand, including 403 thousand and 418 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	
	2020	2019	2020	2019
Basic profit attributable to owners of parent	\ 113,093	\ 113,155	\$ 1,039,175	\$ 1,039,746
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	113,093	113,155	1,039,175	1,039,746
Average number of shares issued and outstanding during the period (Thousands of shares)	717,644	717,777	717,644	717,777

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, 2020 and 2019 are 3,865 thousand and 3,732 thousand, including 410 thousand and 280 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
			2020	2019	2020	2019			
Obayashi Corp	20th unsecured straight bond	May 9, 2013	\ 10,000	\ 10,000	\$ 91,886	\$ 91,886	0.970	None	May 9, 2023
Obayashi Corp	21th unsecured straight bond	May 7, 2014	—	10,000 (10,000)	—	91,886 (91,886)	0.344	None	May 7, 2019
Obayashi Corp.	22th unsecured straight bond	Sept 13, 2018	10,000	10,000	91,886	91,886	0.385	None	Sept 13, 2028
Obayashi Corp.	23th unsecured straight bond	Oct. 25, 2018	10,000	10,000	91,886	91,886	0.130	None	Oct. 25, 2023
Obayashi Corp	24th unsecured straight bond	June 20, 2019	10,000		91,886		0.110	None	June 20, 2024
Total			\ 40,000	\ 40,000 (10,000)	\$ 367,545	\$ 367,545 (91,886)			

1 The figures in parentheses at March 31, 2019 indicate the amount as "Current portion of bonds payable" 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, 2020 is as follows:

	Millions of yen	Thousands of U.S. dollars
Less than 1 year	\	\$
Over 1 year less than 2 years	—	—
Over 2 years less than 3 years	—	—
Over 3 years less than 4 years	20,000	183,772
Over 4 years less than 5 years	10,000	91,886

23. Loans

At March 31	Millions of yen		Thousands of U.S. dollars		Average interest rate (%)	Maturity
	2020	2019	2020	2019		
Short-term loans payable	\ 38,210	\ 40,834	\$ 351,098	\$ 375,215	0.39	
Current portion of long-term loans payable	16,613	17,879	152,658	164,285	0.34	
Current portion of nonrecourse loans payable	7,631	10,079	70,119	92,618	1.66	
Current portion of lease obligations	839	103	7,712	949		
Long-term loans payable (excluding current portion)	78,104	84,347	717,675	775,042	0.42	2021 ~ 2038
Nonrecourse loans payable (excluding current portion)	67,993	79,076	624,765	726,609	1.36	2021 ~ 2037
Lease obligations (excluding current portion)	442	200	4,066	1,846		2021 ~ 2026
Total	\ 209,834	\ 232,522	\$ 1,928,096	\$ 2,136,567		

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 payable and lease obligations subsequent to March 31, 2020 is as follows:

	Millions of yen	Thousands of U.S. dollars
Long-term loans payable		
Over 1 year less than 2 years	\ 14,091	\$ 129,480
Over 2 years less than 3 years	14,678	134,878
Over 3 years less than 4 years	10,875	99,929
Over 4 years less than 5 years	2,426	22,296
Nonrecourse loans payable		
Over 1 year less than 2 years	\ 7,439	\$ 68,356
Over 2 years less than 3 years	7,079	65,054
Over 3 years less than 4 years	6,218	57,141
Over 4 years less than 5 years	5,936	54,548
Lease obligations		
Over 1 year less than 2 years	\ 245	\$ 2,255
Over 2 years less than 3 years	140	1,294
Over 3 years less than 4 years	35	322
Over 4 years less than 5 years	18	172

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

Capital Increase for OBAYASHI PROPERTIES UK Limited

The Company resolved at its board of director's meeting held on June 24, 2020 to increase capital for its subsidiary, which is newly established to promote the Company's real estate business in the United Kingdom. With this capital increase (the "Capital Increase"), the subsidiary corresponds to the specified subsidiary of the Company because the amount of investment for it rises over 10% of the capital stock of the Company.

(1) Purpose of the Capital Increase

The Company increases capital of OBAYASHI PROPERTIES UK Limited to enable to purchase the real estate located in London City

(2) Outline of the subsidiary

(a) Company name	OBAYASHI PROPERTIES UK Limited
(b) Location	1 Friday Street, London (the United Kingdom)
(c) Title and name of representative	Yoshifumi Yamamoto, President, Director
(d) Contents of business	<ul style="list-style-type: none">• Acquisition, holding and disposal of real estate• Lease and management of real estate• Real estate development business• Acquisition, holding and disposal of real estate trust beneficiary rights
(e) Date of incorporation	June 3, 2020
(f) Date of increase of capital	June 29, 2020
(g) Amount of capital stock before the Capital Increase	1 British pound
(h) The Company's holding ratio before the Capital Increase	100%
(i) Amount of capital stock after the Capital Increase	320 million British pounds
(j) The Company's holding ratio after the Capital Increase	100%