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## Consolidated Financial Results for the First Quarter Ended June 30, 2017 [Japanese GAAP]

August 9, 2017

Company name : Kumagai Gumi Co., Ltd.  
 Stock exchange listings : Tokyo Stock Exchange, 1st Section  
 Securities code : 1861 URL : <http://www.kumagaigumi.co.jp/>  
 Representative : Yasushi Higuchi, President  
 Contact : Chihiro Nosaka, General Manager, Accounting Department, Administration Division  
 Tel. 03-3235-8606  
 Date of filing of quarterly securities report : August 9, 2017  
 Scheduled date of dividend payment : —  
 Supplemental materials for quarterly financial results : None  
 Presentation on quarterly financial results : None

(Rounded down to the nearest million yen)

### 1. Consolidated Results for the First Quarter Ended June 30, 2017 (April 1, 2017 – June 30, 2017)

#### (1) Consolidated Operating Results

(Percentage figures are changes from the same period in the previous fiscal year)

	Net sales of completed construction contracts		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2017 1st Quarter	76,469	3.7	2,667	(32.7)	2,770	(30.1)	2,169	(15.2)
FY2016 1st Quarter	73,707	(5.5)	3,961	52.3	3,961	(1.8)	2,557	(24.0)

(Note) Comprehensive income FY2017 1st Quarter 2,516 million yen 10.5% FY2016 1st Quarter 2,277 million yen (32.7%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2017 1st Quarter	5.81	—
FY2016 1st Quarter	6.84	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2017 1st Quarter	259,630	80,177	30.9	214.75
FY2016	271,908	80,288	29.5	215.03

(Reference) Owner's equity FY2017 1st Quarter 80,177 million yen FY2016 80,288 million yen

### 2. Dividends

	Annual cash dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2016	—	—	—	7.00	7.00
FY2017	—	—	—	—	—
FY2017 (forecast)	—	—	—	70.00	70.00

(Note) Revision to the latest forecasts of cash dividends announced : None

※ The company plans to conduct a one-for-ten reverse stock split of common stock, effective on October 1, 2017. Accordingly, the impact of the reverse stock split has been factored into the year-end dividend per share for FY2017 (forecast). Without taking into account the reverse stock split, the year-end cash dividend per share for FY2017 (forecast) is ¥7.00.

### 3. Forecast of Consolidated Operating Results for FY2017 (April 1, 2017 – March 31, 2018)

(Percentage figures are changes from the same period in the previous fiscal year)

	Net sales of completed construction contracts		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2017	359,300	4.2	21,000	(16.5)	20,800	(18.0)	14,600	(11.2)

(Note) Revision to the latest forecasts of consolidated operating results announced : None

※ Notes

(1) Changes in significant subsidiaries during the period  
(Changes in specified subsidiaries that resulted in a change in the scope of consolidation) : None

(2) Application of specific accounting for quarterly consolidated financial statements : None

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

① Changes in accounting policies due to the revision of the accounting standards : None

② Changes in accounting policies other than ① : None

③ Changes in accounting estimates : None

④ Retrospective restatements : None

(4) Number of shares issued (common stock)

(Shares)

① Number of shares issued at the end of the period (including treasury stocks)

② Number of treasury stocks at the end of the period

③ Average number of shares outstanding during the period

(quarterly cumulative total)

FY2017 Q1	377,544,607	FY2016	377,544,607
FY2017 Q1	4,186,469	FY2016	4,165,841
FY2017 Q1	373,367,880	FY2016 Q1	373,684,893

※ “Kessan Tanshin” is not subject to the quarterly review.

※ Explanation regarding the appropriate use of forecasts of operating results, and other specific comments

The financial forecast of operating results in this document are based on information available at present and logical assessments. Actual results may be materially different from expectations due to a variety of factors.

(Reference) Summary of Nonconsolidated Financial Results

(Rounded down to the nearest million yen)

1. Nonconsolidated Results for the First Quarter Ended June 30, 2017 (April 1, 2017 – June 30, 2017)

(1) Nonconsolidated Operating Results

(Percentage figures are changes from the same period in the previous fiscal year)

	Net sales of completed construction contracts		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2017 1st Quarter	59,465	0.9	2,093	(41.4)	2,876	(31.9)	2,490	(15.2)
FY2016 1st Quarter	58,925	(4.2)	3,569	57.6	4,226	(3.3)	2,936	(24.2)

  

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2017 1st Quarter	6.65	—
FY2016 1st Quarter	7.84	—

(2) Nonconsolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2017 1st Quarter	211,745	57,457	27.1	153.45
FY2016	223,147	57,321	25.7	153.08

(Reference) Owner's equity FY2017 1st Quarter 57,457 million yen FY2016 57,321 million yen

2. Forecast of Nonconsolidated Operating Results for FY2017 (April 1, 2017 – March 31, 2018)

(Percentage figures are changes from the same period in the previous fiscal year)

	Net sales of completed construction contracts		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%
FY2017	281,000	2.7	17,500	(20.0)	12,500	(10.6)

(Note) Revision to the latest forecasts of nonconsolidated operating results announced : None

## 1. Quarterly Consolidated Financial Statements

### (1) Quarterly consolidated balance sheet

(millions of yen)

	Prior Fiscal Year (As of March 31, 2017)	Current 1st Quarter (As of June 30, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	73,930	86,042
Notes receivable, accounts receivable from completed construction contracts and other	124,412	98,803
Costs on uncompleted construction contracts	7,115	9,252
Deferred tax assets	6,041	6,332
Other	17,464	15,973
Allowance for doubtful accounts	(135)	(106)
Total current assets	228,829	216,298
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,751	4,877
Land	10,095	10,098
Other, net	2,352	2,942
Total property, plant and equipment	17,199	17,918
Intangible assets	441	439
Investments and other assets		
Investment securities	16,225	16,671
Deferred tax assets	5,515	4,622
Other	3,993	3,976
Allowance for doubtful accounts	(296)	(296)
Total investments and other assets	25,437	24,973
Total non-current assets	43,078	43,332
Total assets	271,908	259,630

(millions of yen)

	Prior Fiscal Year (As of March 31, 2017)	Current 1st Quarter (As of June 30, 2017)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	69,707	56,993
Electronically recorded obligations – operating	27,283	27,161
Short-term loans payable	12,427	12,097
Advances received on uncompleted construction contracts	14,612	17,747
Deposits received	13,234	18,197
Provision for warranties for completed construction	606	611
Provision for loss on construction contracts	370	334
Provision for contingent loss	13,917	12,427
Provision for bonuses	3,621	1,718
Other	10,837	10,001
<b>Total current liabilities</b>	<b>166,618</b>	<b>157,290</b>
<b>Non-current liabilities</b>		
Long-term loans payable	2,994	2,785
Net defined benefit liability	21,824	16,873
Other	182	2,503
<b>Total non-current liabilities</b>	<b>25,001</b>	<b>22,162</b>
<b>Total liabilities</b>	<b>191,619</b>	<b>179,452</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	13,341	13,341
Capital surplus	7,880	7,880
Retained earnings	55,377	54,926
Treasury shares	(753)	(759)
<b>Total shareholders' equity</b>	<b>75,845</b>	<b>75,387</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,428	4,717
Foreign currency translation adjustment	388	437
Remeasurements of defined benefit plans	(374)	(365)
<b>Total accumulated other comprehensive income</b>	<b>4,443</b>	<b>4,789</b>
<b>Total net assets</b>	<b>80,288</b>	<b>80,177</b>
<b>Total liabilities and net assets</b>	<b>271,908</b>	<b>259,630</b>

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income  
Quarterly consolidated statement of income (Cumulative total)

(millions of yen)

	FY2016 1st Quarter (Apr 1, 2016—June 30, 2016)	FY2017 1st Quarter (Apr 1, 2017—June 30, 2017)
Net sales of completed construction contracts	73,707	76,469
Cost of sales of completed construction contracts	66,186	69,922
Gross profit on completed construction contracts	7,520	6,547
Selling, general and administrative expenses	3,558	3,879
Operating income	3,961	2,667
Non-operating income		
Interest income	7	7
Dividend income	56	61
Share of profit of entities accounted for using equity method	38	11
Reversal of allowance for doubtful accounts	35	30
Reversal of provision for contingent loss	—	46
Other	22	20
Total non-operating income	159	178
Non-operating expenses		
Interest expenses	78	64
Foreign exchange losses	51	1
Other	30	10
Total non-operating expenses	160	75
Ordinary income	3,961	2,770
Extraordinary income		
Gain on sales of non-current assets	10	2
Gain on sales of investment securities	4	—
Total extraordinary income	14	2
Extraordinary losses		
Loss on retirement of non-current assets	6	34
Loss on valuation of investment securities	111	—
Provision for contingent loss	262	—
Other	48	4
Total extraordinary losses	427	38
Profit before income taxes	3,548	2,735
Income taxes – current	293	93
Income taxes – deferred	697	471
Total income taxes	990	565
Profit	2,557	2,169
Profit attributable to owners of parent	2,557	2,169

Quarterly consolidated statement of comprehensive income (Cumulative total)

(millions of yen)

	FY2016 1st Quarter (Apr 1, 2016—June 30, 2016)	FY2017 1st Quarter (Apr 1, 2017—June 30, 2017)
Profit	2,557	2,169
Other comprehensive income		
Valuation difference on available-for-sale securities	(130)	285
Foreign currency translation adjustment	(151)	48
Remeasurements of defined benefit plans, net of tax	2	8
Share of other comprehensive income of entities accounted for using equity method	(0)	4
Total other comprehensive income	(280)	346
Comprehensive income	2,277	2,516
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,277	2,516
Comprehensive income attributable to non-controlling interests	—	—

## 2. Quarterly Nonconsolidated Financial Statements

### (1) Quarterly nonconsolidated balance sheet

	(millions of yen)	
	Prior Fiscal Year (As of March 31, 2017)	Current 1st Quarter (As of June 30, 2017)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	56,175	66,727
Notes receivable, accounts receivable from completed construction contracts and other	103,520	81,207
Costs on uncompleted construction contracts	6,007	8,001
Deferred tax assets	5,399	5,753
Other	17,298	15,868
Allowance for doubtful accounts	(115)	(90)
<b>Total current assets</b>	<b>188,286</b>	<b>177,468</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	1,964	1,935
Land	7,273	7,276
Other, net	330	365
<b>Total property, plant and equipment</b>	<b>9,567</b>	<b>9,577</b>
<b>Intangible assets</b>	<b>242</b>	<b>248</b>
<b>Investments and other assets</b>		
Investment securities	12,869	13,283
Deferred tax assets	4,015	3,125
Other	8,252	8,126
Allowance for doubtful accounts	(86)	(84)
<b>Total investments and other assets</b>	<b>25,050</b>	<b>24,450</b>
<b>Total non-current assets</b>	<b>34,860</b>	<b>34,276</b>
<b>Total assets</b>	<b>223,147</b>	<b>211,745</b>



(millions of yen)

	Prior Fiscal Year (As of March 31, 2017)	Current 1st Quarter (As of June 30, 2017)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	53,342	42,348
Electronically recorded obligations – operating	27,283	27,161
Short-term loans payable	12,162	11,840
Lease obligations	13	16
Advances received on uncompleted construction contracts	13,346	16,017
Deposits received	11,683	16,297
Provision for warranties for completed construction	523	521
Provision for loss on construction contracts	174	167
Provision for contingent loss	13,706	12,409
Provision for bonuses	2,306	1,128
Other	9,595	7,516
<b>Total current liabilities</b>	<b>144,138</b>	<b>135,424</b>
<b>Non-current liabilities</b>		
Long-term loans payable	2,895	2,695
Lease obligations	22	33
Provision for retirement benefits	18,711	13,758
Other	57	2,375
<b>Total non-current liabilities</b>	<b>21,686</b>	<b>18,863</b>
<b>Total liabilities</b>	<b>165,825</b>	<b>154,288</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	13,341	13,341
Capital surplus	7,880	7,880
Retained earnings	32,370	32,239
Treasury shares	(632)	(638)
<b>Total shareholders' equity</b>	<b>52,960</b>	<b>52,823</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	4,361	4,633
<b>Total valuation and translation adjustments</b>	<b>4,361</b>	<b>4,633</b>
<b>Total net assets</b>	<b>57,321</b>	<b>57,457</b>
<b>Total liabilities and net assets</b>	<b>223,147</b>	<b>211,745</b>

## (2) Quarterly nonconsolidated statement of income (Cumulative total)

(millions of yen)

	FY2016 1st Quarter (Apr 1, 2016—June 30, 2016)	FY2017 1st Quarter (Apr 1, 2017—June 30, 2017)
Net sales of completed construction contracts	58,925	59,465
Cost of sales of completed construction contracts	52,870	54,631
Gross profit on completed construction contracts	6,054	4,833
Selling, general and administrative expenses	2,484	2,740
Operating income	3,569	2,093
Non-operating income		
Interest income	8	7
Dividend income	736	758
Other	40	90
Total non-operating income	784	856
Non-operating expenses		
Interest expenses	77	62
Foreign exchange losses	36	1
Other	13	9
Total non-operating expenses	128	73
Ordinary income	4,226	2,876
Extraordinary income		
Gain on sales of investment securities	4	—
Total extraordinary income	4	—
Extraordinary losses		
Loss on valuation of investment securities	111	—
Provision for contingent loss	262	—
Loss on litigation	1	3
Other	21	0
Total extraordinary losses	396	3
Profit before income taxes	3,833	2,872
Income taxes – current	412	(33)
Income taxes – deferred	485	416
Total income taxes	897	382
Profit	2,936	2,490

### 3. Supplementary Information

#### (1) Orders received, net sales and carried-forward (Nonconsolidated)

(millions of yen)

	FY2016 1st Quarter Apr 1, 2016—June 30, 2016		FY2017 1st Quarter Apr 1, 2017—June 30, 2017		Change	
	Amount	Composition ratio %	Amount	Composition ratio %	Amount	%
Public	6,435	12.9	15,867	17.9	9,431	146.5
Private	14,025	28.1	15,739	17.7	1,713	12.2
Domestic	20,461	41.0	31,606	35.6	11,144	54.5
Overseas	—	—	7	0.0	7	—
<b>Civil engineering</b>	<b>20,461</b>	<b>41.0</b>	<b>31,613</b>	<b>35.6</b>	<b>11,151</b>	<b>54.5</b>
Public	463	0.9	10,092	11.4	9,629	—
Private	28,935	58.1	46,401	52.3	17,465	60.4
Domestic	29,398	59.0	56,494	63.7	27,095	92.2
Overseas	10	0.0	584	0.7	573	—
<b>Building construction</b>	<b>29,409</b>	<b>59.0</b>	<b>57,078</b>	<b>64.4</b>	<b>27,669</b>	<b>94.1</b>
Public	6,898	13.8	25,960	29.3	19,061	276.3
Private	42,961	86.2	62,140	70.0	19,179	44.6
Domestic	49,860	100.0	88,100	99.3	38,240	76.7
Overseas	10	0.0	591	0.7	581	—
<b>Orders received—Total</b>	<b>49,870</b>	<b>100</b>	<b>88,692</b>	<b>100</b>	<b>38,821</b>	<b>77.8</b>
Public	11,356	19.3	13,445	22.6	2,088	18.4
Private	7,482	12.7	8,795	14.8	1,313	17.6
Domestic	18,838	32.0	22,240	37.4	3,402	18.1
Overseas	13	0.0	22	0.0	9	71.2
<b>Civil engineering</b>	<b>18,851</b>	<b>32.0</b>	<b>22,263</b>	<b>37.4</b>	<b>3,411</b>	<b>18.1</b>
Public	8,218	13.9	5,677	9.5	(2,541)	(30.9)
Private	31,454	53.4	31,334	52.7	(119)	(0.4)
Domestic	39,673	67.3	37,011	62.2	(2,661)	(6.7)
Overseas	400	0.7	190	0.4	(210)	(52.5)
<b>Building construction</b>	<b>40,073</b>	<b>68.0</b>	<b>37,202</b>	<b>62.6</b>	<b>(2,871)</b>	<b>(7.2)</b>
Public	19,575	33.2	19,122	32.1	(452)	(2.3)
Private	38,936	66.1	40,129	67.5	1,193	3.1
Domestic	58,511	99.3	59,252	99.6	740	1.3
Overseas	413	0.7	212	0.4	(201)	(48.6)
<b>Net sales—Total</b>	<b>58,925</b>	<b>100</b>	<b>59,465</b>	<b>100</b>	<b>539</b>	<b>0.9</b>
Public	86,108	27.3	87,441	23.9	1,333	1.5
Private	54,394	17.2	73,060	20.0	18,665	34.3
Domestic	140,502	44.5	160,501	43.9	19,999	14.2
Overseas	61	0.0	20	0.0	(41)	(67.3)
<b>Civil engineering</b>	<b>140,564</b>	<b>44.5</b>	<b>160,522</b>	<b>43.9</b>	<b>19,957</b>	<b>14.2</b>
Public	40,851	12.9	33,554	9.2	(7,296)	(17.9)
Private	134,168	42.4	170,551	46.7	36,382	27.1
Domestic	175,019	55.3	204,106	55.9	29,086	16.6
Overseas	617	0.2	875	0.2	257	41.6
<b>Building construction</b>	<b>175,637</b>	<b>55.5</b>	<b>204,981</b>	<b>56.1</b>	<b>29,343</b>	<b>16.7</b>
Public	126,959	40.2	120,996	33.1	(5,962)	(4.7)
Private	188,563	59.6	243,611	66.7	55,048	29.2
Domestic	315,522	99.8	364,608	99.8	49,085	15.6
Overseas	679	0.2	895	0.2	215	31.8
<b>Carried-forward—Total</b>	<b>316,201</b>	<b>100</b>	<b>365,503</b>	<b>100</b>	<b>49,301</b>	<b>15.6</b>

(Note) The carried-forward amount of overseas work has been translated at the closing rate.

FY2016 1st Quarter : Decreased by 6 million yen      FY2017 1st Quarter : Decreased by 0 million yen

## (2) Financial Highlights

Consolidated

(100 millions of yen)

(Operating Results)

	A FY2016 1st Quarter	B FY2017 1st Quarter	B - A	
				%
Net sales	737	765	28	3.7
Gross profit	75	65	(10)	(12.9)
(Ratio)	10.2%	8.6%	(1.6%)	
SG&A expenses	36	39	3	
Operating income	40	27	(13)	(32.7)
(Ratio)	5.4%	3.5%	(1.9%)	
Non-operating income - net	(0)	1	1	
Ordinary income	40	28	(12)	(30.1)
Extraordinary income - net	(4)	(0)	4	
Profit before income taxes	35	27	(8)	(22.9)
Income taxes and others	10	6	(4)	
Profit attributable to owners of parent	26	22	(4)	(15.2)

(Forecasts of Operating Results for Full year)

C FY2016 Result	D FY2017 (Forecasts)	D - C	
			%
3,447	3,593	146	4.2
411	379	(32)	(7.7)
11.9%	10.5%	(1.4%)	
159	169	10	
251	210	(41)	(16.5)
7.3%	5.8%	(1.5%)	
2	(2)	(4)	
254	208	(46)	(18.0)
(26)	0	26	
227	208	(19)	(8.5)
63	62	(1)	
164	146	(18)	(11.2)

Nonconsolidated

(Operating Results)

	A FY2016 1st Quarter	B FY2017 1st Quarter	B - A	
				%
Civil engineering	205	316	111	
Building construction	294	565	271	
Domestic	499	881	382	
Overseas	0	6	6	
Orders received	499	887	388	77.8
Civil engineering	188	222	34	
Building construction	397	370	(27)	
Domestic	585	593	7	
Overseas	4	2	(2)	
Net sales	589	595	5	0.9
Civil engineering	19	16	(3)	
(Ratio)	10.1%	7.1%	(3.0%)	
Building construction	41	32	(8)	
(Ratio)	10.3%	8.8%	(1.5%)	
Domestic	60	48	(12)	
(Ratio)	10.2%	8.1%	(2.1%)	
Overseas	1	0	(1)	
(Ratio)	16.3%	8.0%	(8.3%)	
Gross profit	61	48	(12)	(20.2)
(Ratio)	10.3%	8.1%	(2.2%)	
SG&A expenses	25	27	3	
Operating income	36	21	(15)	(41.4)
(Ratio)	6.1%	3.5%	(2.6%)	
Non-operating income - net	7	8	1	
Ordinary income	42	29	(14)	(31.9)
Extraordinary income - net	(4)	(0)	4	
Profit before income taxes	38	29	(10)	(25.1)
Income taxes and others	9	4	(5)	
Profit	29	25	(4)	(15.2)

(Forecasts of Operating Results for Full year)

C FY2016 Result	D FY2017 (Forecasts)	D - C	
			%
1,037	1,000	(37)	
1,804	2,200	396	
2,841	3,200	359	
7	15	8	
2,847	3,215	368	12.9
914	1,000	86	
1,810	1,800	(10)	
2,725	2,800	75	
12	10	(2)	
2,737	2,810	73	2.7
108	111	3	
11.9%	11.1%	(0.8%)	
215	182	(33)	
11.9%	10.1%	(1.8%)	
323	293	(30)	
11.9%	10.5%	(1.4%)	
2	1	(1)	
15.8%	10.0%	(5.8%)	
325	294	(31)	(9.6)
11.9%	10.5%	(1.4%)	
115	123	8	
211	171	(40)	(18.9)
7.7%	6.1%	(1.6%)	
8	4	(4)	
219	175	(44)	(20.0)
(25)	0	25	
193	175	(18)	(9.4)
53	50	(3)	
140	125	(15)	(10.6)