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Consolidated Financial Results for the Third Quarter Ended December 31, 2017 [Japanese GAAP]

February 8, 2018

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 : February 8, 2018
 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 Third Quarter Ended December 31, 2017 (April 1, 2017 – December 31, 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 3rd Quarter | 268,997 | 8.7 | 15,636 | (11.9) | 15,438 | (13.5) | 10,662 | (12.1) |
| FY2016 3rd Quarter | 247,547 | (1.1) | 17,753 | 7.9 | 17,841 | 0.5 | 12,130 | 1.2 |

(Note) Comprehensive income FY2017 3rd Quarter 10,742 million yen (14.8%) FY2016 3rd Quarter 12,611 million yen 6.4%

| | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| | Yen | Yen |
| FY2017 3rd Quarter | 277.03 | — |
| FY2016 3rd Quarter | 324.70 | — |

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|--------------------|--------------|-------------|------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| FY2017 3rd Quarter | 309,041 | 123,043 | 39.8 | 2,635.70 |
| FY2016 | 271,908 | 80,288 | 29.5 | 2,150.33 |

(Reference) Owner's equity FY2017 3rd Quarter 123,043 million yen FY2016 80,288 million yen

※ The company conducted a one-for-ten reverse stock split of common stock on October 1, 2017. Basic earnings per share and Net assets per share were calculated under the assumption that the reverse stock split of common stock was conducted on April 1, 2016.

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) | | | | 90.00 | 90.00 |

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

※ Details of the dividends of FY2017 (forecast): Ordinary dividend ¥70.00 120th anniversary commemorative dividend ¥20.00

※ The company conducted a one-for-ten reverse stock split of common stock on October 1, 2017. 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 ¥9.00.

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)

| | | | |
|-----------|------------|-----------|------------|
| FY2017 Q3 | 46,805,660 | FY2016 | 37,754,460 |
| FY2017 Q3 | 121,990 | FY2016 | 416,584 |
| FY2017 Q3 | 38,490,991 | FY2016 Q3 | 37,359,831 |

② Number of treasury stocks at the end of the period

③ Average number of shares outstanding during the period

(quarterly cumulative total)

※ The company conducted a one-for-ten reverse stock split of common stock on October 1, 2017. Number of shares issued at the end of the period, number of treasury stocks at the end of the period and average number of shares outstanding during the period were calculated under the assumption that the reverse stock split of common stock was conducted on April 1, 2016.

※ “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 Third Quarter Ended December 31, 2017 (April 1, 2017 – December 31, 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 3rd Quarter | 211,802 | 6.8 | 12,016 | (21.2) | 12,445 | (22.2) | 8,934 | (19.1) |
| FY2016 3rd Quarter | 198,374 | 1.9 | 15,246 | 14.6 | 15,986 | 4.7 | 11,049 | 4.1 |

| | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| | Yen | Yen |
| FY2017 3rd Quarter | 231.47 | — |
| FY2016 3rd Quarter | 294.91 | — |

(2) Nonconsolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|--------------------|--------------|-------------|------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| FY2017 3rd Quarter | 261,105 | 98,244 | 37.6 | 2,099.64 |
| FY2016 | 223,147 | 57,321 | 25.7 | 1,530.84 |

(Reference) Owner's equity FY2017 3rd Quarter 98,244 million yen FY2016 57,321 million yen

※ The company conducted a one-for-ten reverse stock split of common stock on October 1, 2017. Basic earnings per share and Net assets per share were calculated under the assumption that the reverse stock split of common stock was conducted on April 1, 2016.

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 3rd Quarter (As of December 31, 2017) |
|---|---|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 73,930 | 95,978 |
| Notes receivable, accounts receivable from completed construction contracts and other | 124,412 | 125,312 |
| Costs on uncompleted construction contracts | 7,115 | 6,935 |
| Deferred tax assets | 6,041 | 5,218 |
| Other | 17,464 | 21,521 |
| Allowance for doubtful accounts | (135) | (138) |
| Total current assets | 228,829 | 254,828 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 4,751 | 5,580 |
| Land | 10,095 | 10,330 |
| Other, net | 2,352 | 2,599 |
| Total property, plant and equipment | 17,199 | 18,511 |
| Intangible assets | 441 | 448 |
| Investments and other assets | | |
| Investment securities | 16,225 | 26,670 |
| Deferred tax assets | 5,515 | 4,666 |
| Other | 3,993 | 4,028 |
| Allowance for doubtful accounts | (296) | (256) |
| Total investments and other assets | 25,437 | 35,109 |
| Total non-current assets | 43,078 | 54,068 |
| Deferred assets | | |
| Share issuance cost | — | 144 |
| Total deferred assets | — | 144 |
| Total assets | 271,908 | 309,041 |

(millions of yen)

| | Prior Fiscal Year (As of March 31, 2017) | Current 3rd Quarter (As of December 31, 2017) |
|--|---|--|
| Liabilities | | |
| Current liabilities | | |
| Notes payable, accounts payable for construction contracts and other | 69,707 | 65,652 |
| Electronically recorded obligations – operating | 27,283 | 27,380 |
| Short-term loans payable | 12,427 | 4,183 |
| Advances received on uncompleted construction contracts | 14,612 | 17,831 |
| Deposits received | 13,234 | 21,012 |
| Provision for warranties for completed construction | 606 | 555 |
| Provision for loss on construction contracts | 370 | 411 |
| Provision for contingent loss | 13,917 | 11,272 |
| Provision for bonuses | 3,621 | 1,855 |
| Other | 10,837 | 6,729 |
| Total current liabilities | 166,618 | 156,885 |
| Non-current liabilities | | |
| Long-term loans payable | 2,994 | 9,893 |
| Net defined benefit liability | 21,824 | 16,793 |
| Other | 182 | 2,424 |
| Total non-current liabilities | 25,001 | 29,111 |
| Total liabilities | 191,619 | 185,997 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 13,341 | 30,108 |
| Capital surplus | 7,880 | 25,157 |
| Retained earnings | 55,377 | 63,419 |
| Treasury shares | (753) | (163) |
| Total shareholders' equity | 75,845 | 118,521 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 4,428 | 4,427 |
| Foreign currency translation adjustment | 388 | 443 |
| Remeasurements of defined benefit plans | (374) | (348) |
| Total accumulated other comprehensive income | 4,443 | 4,522 |
| Total net assets | 80,288 | 123,043 |
| Total liabilities and net assets | 271,908 | 309,041 |

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

(millions of yen)

| | FY2016 3rd Quarter (Apr 1, 2016—Dec 31, 2016) | FY2017 3rd Quarter (Apr 1, 2017—Dec 31, 2017) |
|---|--|--|
| Net sales of completed construction contracts | 247,547 | 268,997 |
| Cost of sales of completed construction contracts | 218,076 | 240,712 |
| Gross profit on completed construction contracts | 29,471 | 28,284 |
| Selling, general and administrative expenses | 11,718 | 12,648 |
| Operating income | 17,753 | 15,636 |
| Non-operating income | | |
| Interest income | 30 | 30 |
| Dividend income | 104 | 106 |
| Share of profit of entities accounted for using equity method | 30 | 46 |
| Foreign exchange gains | 1 | 1 |
| Compensation for damage income | 91 | 68 |
| Reversal of allowance for doubtful accounts | 26 | 39 |
| Reversal of provision for contingent loss | — | 110 |
| Other | 81 | 90 |
| Total non-operating income | 367 | 494 |
| Non-operating expenses | | |
| Interest expenses | 221 | 186 |
| Commission for syndicate loan | 8 | 221 |
| Capital and business alliance expenses | — | 236 |
| Amortization of share issuance cost | — | 4 |
| Other | 50 | 43 |
| Total non-operating expenses | 279 | 692 |
| Ordinary income | 17,841 | 15,438 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 15 | 15 |
| Gain on sales of investment securities | 4 | 0 |
| Other | 3 | — |
| Total extraordinary income | 23 | 15 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 127 | — |
| Loss on retirement of non-current assets | 17 | 65 |
| Loss on valuation of investment securities | 111 | — |
| Compensation for damage | — | 16 |
| Loss on litigation | 24 | 49 |
| Provision for contingent loss | 289 | — |
| Other | 91 | 0 |
| Total extraordinary losses | 661 | 131 |
| Profit before income taxes | 17,202 | 15,322 |
| Income taxes – current | 3,849 | 2,999 |
| Income taxes – deferred | 1,222 | 1,660 |
| Total income taxes | 5,071 | 4,659 |
| Profit | 12,130 | 10,662 |
| Profit attributable to owners of parent | 12,130 | 10,662 |

Quarterly consolidated statement of comprehensive income (Cumulative total)

(millions of yen)

| | FY2016 3rd Quarter (Apr 1, 2016—Dec 31, 2016) | FY2017 3rd Quarter (Apr 1, 2017—Dec 31, 2017) |
|--|--|--|
| Profit | 12,130 | 10,662 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 828 | 0 |
| Foreign currency translation adjustment | (365) | 54 |
| Remeasurements of defined benefit plans, net of tax | 7 | 25 |
| Share of other comprehensive income of entities accounted for using equity method | 10 | (1) |
| Total other comprehensive income | 480 | 79 |
| Comprehensive income | 12,611 | 10,742 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 12,611 | 10,742 |
| 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 3rd Quarter (As of December 31, 2017) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 56,175 | 81,415 |
| Notes receivable, accounts receivable from completed construction contracts and other | 103,520 | 103,442 |
| Costs on uncompleted construction contracts | 6,007 | 5,790 |
| Deferred tax assets | 5,399 | 4,930 |
| Other | 17,298 | 20,914 |
| Allowance for doubtful accounts | (115) | (117) |
| Total current assets | 188,286 | 216,376 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 1,964 | 2,071 |
| Land | 7,273 | 7,508 |
| Other, net | 330 | 511 |
| Total property, plant and equipment | 9,567 | 10,091 |
| Intangible assets | 242 | 260 |
| Investments and other assets | | |
| Investment securities | 12,869 | 12,630 |
| Deferred tax assets | 4,015 | 3,181 |
| Other | 8,252 | 18,500 |
| Allowance for doubtful accounts | (86) | (81) |
| Total investments and other assets | 25,050 | 34,231 |
| Total non-current assets | 34,860 | 44,583 |
| Deferred assets | | |
| Share issuance cost | — | 144 |
| Total deferred assets | — | 144 |
| Total assets | 223,147 | 261,105 |

(millions of yen)

| | Prior Fiscal Year (As of March 31, 2017) | Current 3rd Quarter (As of December 31, 2017) |
|--|---|--|
| Liabilities | | |
| Current liabilities | | |
| Notes payable, accounts payable for construction contracts and other | 53,342 | 51,135 |
| Electronically recorded obligations – operating | 27,283 | 27,380 |
| Short-term loans payable | 12,162 | 3,935 |
| Lease obligations | 13 | 19 |
| Advances received on uncompleted construction contracts | 13,346 | 16,741 |
| Deposits received | 11,683 | 18,802 |
| Provision for warranties for completed construction | 523 | 482 |
| Provision for loss on construction contracts | 174 | 274 |
| Provision for contingent loss | 13,706 | 11,255 |
| Provision for bonuses | 2,306 | 1,231 |
| Other | 9,595 | 5,739 |
| Total current liabilities | 144,138 | 136,999 |
| Non-current liabilities | | |
| Long-term loans payable | 2,895 | 9,824 |
| Lease obligations | 22 | 40 |
| Provision for retirement benefits | 18,711 | 13,698 |
| Other | 57 | 2,299 |
| Total non-current liabilities | 21,686 | 25,861 |
| Total liabilities | 165,825 | 162,861 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 13,341 | 30,108 |
| Capital surplus | 7,880 | 25,157 |
| Retained earnings | 32,370 | 38,684 |
| Treasury shares | (632) | (41) |
| Total shareholders' equity | 52,960 | 93,908 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 4,361 | 4,335 |
| Total valuation and translation adjustments | 4,361 | 4,335 |
| Total net assets | 57,321 | 98,244 |
| Total liabilities and net assets | 223,147 | 261,105 |

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

(millions of yen)

| | FY2016 3rd Quarter (Apr 1, 2016—Dec 31, 2016) | FY2017 3rd Quarter (Apr 1, 2017—Dec 31, 2017) |
|---|--|--|
| Net sales of completed construction contracts | 198,374 | 211,802 |
| Cost of sales of completed construction contracts | 174,685 | 190,515 |
| Gross profit on completed construction contracts | 23,689 | 21,287 |
| Selling, general and administrative expenses | 8,442 | 9,271 |
| Operating income | 15,246 | 12,016 |
| Non-operating income | | |
| Interest income | 31 | 26 |
| Dividend income | 776 | 801 |
| Foreign exchange gains | 1 | 0 |
| Other | 203 | 287 |
| Total non-operating income | 1,012 | 1,115 |
| Non-operating expenses | | |
| Interest expenses | 217 | 180 |
| Commission for syndicate loan | 8 | 221 |
| Capital and business alliance expenses | — | 236 |
| Amortization of share issuance cost | — | 4 |
| Other | 47 | 43 |
| Total non-operating expenses | 273 | 686 |
| Ordinary income | 15,986 | 12,445 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 0 | 0 |
| Gain on sales of investment securities | 4 | 0 |
| Gain on sales of memberships | 3 | — |
| Total extraordinary income | 7 | 0 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 127 | — |
| Loss on valuation of investment securities | 111 | — |
| Loss on litigation | 23 | 10 |
| Compensation for damage | — | 16 |
| Provision for contingent loss | 289 | — |
| Other | 30 | 0 |
| Total extraordinary losses | 581 | 27 |
| Profit before income taxes | 15,412 | 12,418 |
| Income taxes – current | 3,300 | 2,170 |
| Income taxes – deferred | 1,062 | 1,314 |
| Total income taxes | 4,363 | 3,484 |
| Profit | 11,049 | 8,934 |

3. Supplementary Information

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

(millions of yen)

| | FY2016 3rd Quarter Apr 1, 2016—Dec 31, 2016 | | FY2017 3rd Quarter Apr 1, 2017—Dec 31, 2017 | | Change | |
|------------------------------|--|---------------------|--|---------------------|---------------|-------------|
| | Amount | Composition ratio % | Amount | Composition ratio % | Amount | % |
| Public | 27,002 | 14.2 | 44,863 | 18.5 | 17,860 | 66.1 |
| Private | 37,416 | 19.7 | 37,559 | 15.5 | 142 | 0.4 |
| Domestic | 64,419 | 33.9 | 82,422 | 34.0 | 18,002 | 27.9 |
| Overseas | — | — | 10 | 0.0 | 10 | — |
| Civil engineering | 64,419 | 33.9 | 82,432 | 34.0 | 18,013 | 28.0 |
| Public | 14,194 | 7.5 | 16,714 | 6.9 | 2,519 | 17.8 |
| Private | 110,858 | 58.3 | 142,580 | 58.8 | 31,722 | 28.6 |
| Domestic | 125,052 | 65.8 | 159,294 | 65.7 | 34,241 | 27.4 |
| Overseas | 631 | 0.3 | 768 | 0.3 | 136 | 21.6 |
| Building construction | 125,684 | 66.1 | 160,062 | 66.0 | 34,378 | 27.4 |
| Public | 41,197 | 21.7 | 61,577 | 25.4 | 20,380 | 49.5 |
| Private | 148,275 | 78.0 | 180,139 | 74.3 | 31,864 | 21.5 |
| Domestic | 189,472 | 99.7 | 241,717 | 99.7 | 52,244 | 27.6 |
| Overseas | 631 | 0.3 | 778 | 0.3 | 147 | 23.3 |
| Orders received—Total | 190,103 | 100 | 242,495 | 100 | 52,391 | 27.6 |
| Public | 37,396 | 18.9 | 43,477 | 20.5 | 6,081 | 16.3 |
| Private | 28,091 | 14.1 | 34,414 | 16.2 | 6,323 | 22.5 |
| Domestic | 65,488 | 33.0 | 77,892 | 36.7 | 12,404 | 18.9 |
| Overseas | 32 | 0.0 | 28 | 0.0 | (3) | (11.2) |
| Civil engineering | 65,520 | 33.0 | 77,921 | 36.7 | 12,400 | 18.9 |
| Public | 25,394 | 12.8 | 16,496 | 7.8 | (8,897) | (35.0) |
| Private | 106,441 | 53.7 | 116,638 | 55.1 | 10,196 | 9.6 |
| Domestic | 131,836 | 66.5 | 133,134 | 62.9 | 1,298 | 1.0 |
| Overseas | 1,017 | 0.5 | 746 | 0.4 | (271) | (26.6) |
| Building construction | 132,853 | 67.0 | 133,881 | 63.3 | 1,027 | 0.8 |
| Public | 62,790 | 31.7 | 59,973 | 28.3 | (2,816) | (4.5) |
| Private | 134,533 | 67.8 | 151,053 | 71.3 | 16,519 | 12.3 |
| Domestic | 197,324 | 99.5 | 211,027 | 99.6 | 13,703 | 6.9 |
| Overseas | 1,049 | 0.5 | 775 | 0.4 | (274) | (26.2) |
| Net sales—Total | 198,374 | 100 | 211,802 | 100 | 13,428 | 6.8 |
| Public | 80,635 | 25.5 | 86,405 | 23.5 | 5,770 | 7.2 |
| Private | 57,175 | 18.0 | 69,260 | 18.9 | 12,084 | 21.1 |
| Domestic | 137,810 | 43.5 | 155,666 | 42.4 | 17,855 | 13.0 |
| Overseas | 42 | 0.0 | 19 | 0.0 | (23) | (54.5) |
| Civil engineering | 137,853 | 43.5 | 155,685 | 42.4 | 17,832 | 12.9 |
| Public | 37,407 | 11.8 | 29,356 | 8.0 | (8,050) | (21.5) |
| Private | 141,103 | 44.5 | 181,426 | 49.4 | 40,322 | 28.6 |
| Domestic | 178,510 | 56.3 | 210,783 | 57.4 | 32,272 | 18.1 |
| Overseas | 667 | 0.2 | 502 | 0.2 | (165) | (24.8) |
| Building construction | 179,178 | 56.5 | 211,285 | 57.6 | 32,106 | 17.9 |
| Public | 118,042 | 37.3 | 115,762 | 31.5 | (2,280) | (1.9) |
| Private | 198,279 | 62.5 | 250,686 | 68.3 | 52,407 | 26.4 |
| Domestic | 316,321 | 99.8 | 366,449 | 99.8 | 50,127 | 15.8 |
| Overseas | 710 | 0.2 | 521 | 0.2 | (188) | (26.6) |
| Carried-forward—Total | 317,031 | 100 | 366,970 | 100 | 49,938 | 15.8 |

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

FY2016 3rd Quarter : Increased by 39 million yen FY2017 3rd Quarter : Increased by 0 million yen

(2) Financial Highlights

Consolidated

(100 millions of yen)

(Operating Results)

| | A FY2016 3rd Quarter | B FY2017 3rd Quarter | B - A | |
|---|----------------------------|----------------------------|--------|--------|
| | | | | % |
| Net sales | 2,475 | 2,690 | 214 | 8.7 |
| Gross profit | 295 | 283 | (12) | (4.0) |
| (Ratio) | 11.9% | 10.5% | (1.4%) | |
| SG&A expenses | 117 | 126 | 9 | |
| Operating income | 178 | 156 | (21) | (11.9) |
| (Ratio) | 7.2% | 5.8% | (1.4%) | |
| Non-operating income - net | 1 | (2) | (3) | |
| Ordinary income | 178 | 154 | (24) | (13.5) |
| Extraordinary income - net | (6) | (1) | 5 | |
| Profit before income taxes | 172 | 153 | (19) | (10.9) |
| Income taxes and others | 51 | 47 | (4) | |
| Profit attributable to owners of parent | 121 | 107 | (15) | (12.1) |

(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 3rd Quarter | B FY2017 3rd Quarter | B - A | |
|----------------------------|----------------------------|----------------------------|--------|--------|
| | | | | % |
| Civil engineering | 644 | 824 | 180 | |
| Building construction | 1,251 | 1,593 | 342 | |
| Domestic | 1,895 | 2,417 | 522 | |
| Overseas | 6 | 8 | 1 | |
| Orders received | 1,901 | 2,425 | 524 | 27.6 |
| Civil engineering | 655 | 779 | 124 | |
| Building construction | 1,318 | 1,331 | 13 | |
| Domestic | 1,973 | 2,110 | 137 | |
| Overseas | 10 | 8 | (3) | |
| Net sales | 1,984 | 2,118 | 134 | 6.8 |
| Civil engineering | 76 | 76 | 1 | |
| (Ratio) | 11.6% | 9.8% | (1.8%) | |
| Building construction | 159 | 136 | (24) | |
| (Ratio) | 12.1% | 10.2% | (1.9%) | |
| Domestic | 235 | 212 | (23) | |
| (Ratio) | 11.9% | 10.1% | (1.8%) | |
| Overseas | 2 | 1 | (1) | |
| (Ratio) | 16.2% | 9.0% | (7.2%) | |
| Gross profit | 237 | 213 | (24) | (10.1) |
| (Ratio) | 11.9% | 10.1% | (1.8%) | |
| SG&A expenses | 84 | 93 | 8 | |
| Operating income | 152 | 120 | (32) | (21.2) |
| (Ratio) | 7.7% | 5.7% | (2.0%) | |
| Non-operating income - net | 7 | 4 | (3) | |
| Ordinary income | 160 | 124 | (35) | (22.2) |
| Extraordinary income - net | (6) | (0) | 5 | |
| Profit before income taxes | 154 | 124 | (30) | (19.4) |
| Income taxes and others | 44 | 35 | (9) | |
| Profit | 110 | 89 | (21) | (19.1) |

(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) |