

## Summary of Consolidated Financial Results For the Fiscal Year Ended March 31, 2019 [Japan GAAP]



Company: Takamatsu Construction Group Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange (First Section)

Stock code: 1762

URL: <https://www.takamatsu-cg.co.jp/>

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Date of Ordinary Shareholders Meeting: June 20, 2019 (tentative)

Date of commencement of dividend payment: June 21, 2019 (tentative)

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Supplementary explanatory documents: Yes (for analysts)

Earnings presentation: Yes (for analysts)

(Yen in millions, rounded down, figures in parentheses indicate negative amounts or percentages)

### 1. Consolidated results of operations for the year ended March 2019 (April 1, 2018 – March 31, 2019)

(1) Consolidated result of operations (Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net earnings attributable to controlling interest	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/19	249,720	1.9	12,441	(8.7)	12,425	(9.3)	7,022	(11.7)
FY3/18	245,107	14.5	13,630	5.4	13,702	6.0	7,957	20.6

Note: Comprehensive income: FY3/19: 7,183 million yen, (23.2%) FY3/18: 9,356 million yen, 24.2%

	Earnings per share	Earnings per share (diluted)	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY3/19	201.70	—	6.9	6.6	5.0
FY3/18	223.39	—	8.1	7.5	5.6

(Reference) Share of profit (loss) of entities accounted for using equity method: FY3/19: - million yen  
FY3/18: - million yen

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY3/19	190,590	118,126	54.6	2,987.44
FY3/18	184,895	113,992	53.9	2,861.26

(Reference) Shareholders' equity: FY3/19: 104,018 million yen FY3/18: 99,625 million yen

### (3) Consolidated cash flow position

	Net cash provided by (used by) operating activities	Net cash provided by (used by) investing activities	Net cash provided by (used by) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY3/19	4,160	(5,371)	(5,402)	62,074
FY3/18	5,146	(7,850)	(6,121)	68,571

### 2. Dividends

	Dividend per share					Total Dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend-to-equity ratio (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual			
FY3/18	Yen —	Yen 20.00	Yen —	Yen 36.00	Yen 56.00	Million yen 1,961	% 25.1	% 2.0
FY3/19	—	22.00	—	38.00	60.00	2,089	29.7	2.1
FY3/20 (Est.)	—	23.00	—	40.00	63.00	30.0		

Note: 36yen of FY3/18 year-end dividend splits into 26 yen of ordinary dividend and 10 yen of commemorative dividend.

### 3. Consolidated forecast for the fiscal year ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(Percentage figures represent year on year changes)

	Orders received		Net sales		Operating income		Ordinary income		Net earnings attributable to controlling interest		Net earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	145,000	0.3	120,000	5.0	3,200	(10.2)	3,200	(10.8)	1,400	(28.4)	40.21
Full year	310,000	1.6	270,000	8.1	13,300	6.9	13,300	7.0	7,300	2.5	209.66

\* **Notes**

- (1) Changes in significant subsidiaries (Changes of specific subsidiaries that accompanies scope change of consolidation): Yes  
Included 1 (company name) Takamatsu Construction Group USA, Inc.  
Excluded None (company name)
- (2) Changes in accounting principles and estimates, and retrospective restatement  
(a) Changes due to revision of accounting standards: No  
(b) Changes other than (a): No  
(c) Changes in accounting estimates: No  
(d) Retrospective restatement: No
- (3) Number of shares outstanding (common stock)  
(a) Shares outstanding (including treasury shares)  
As of March 31, 2019: 38,880,000 As of March 31, 2018: 38,880,000  
(b) Treasury shares  
As of March 31, 2019: 4,061,303 As of March 31, 2018: 4,061,303  
(c) Average number of shares  
Period ended March 31, 2019: 34,818,697 Period ended March 31, 2018: 35,618,822

\* Auditing of financial statements by CPA and/or CPA firm is not conducted to this summary of financial results.

\* Cautionary statement regarding forecasts and special notes

(Note on forward looking statements)

Forward-looking statements in this material are based on the information available to management at the time this report was prepared. Actual results may differ significantly from these statements for number of reasons.

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## **1. Analysis of Results of Operations and Financial Condition**

### **(1) Overview of operating results for the fiscal year ended March 2019**

During the consolidated fiscal year ended March 2019, the Japanese economy maintained moderate recovery trend from previous fiscal years, but towards the end of the fiscal year, there was a sense of stagnation due to downturn trend of external demand.

On the other hand, in the domestic construction market, orders from private sector companies improved significantly at the end of the fiscal year, despite a pullback in the public sector, where large-scale construction projects were recorded in the previous fiscal year. As the result, overall orders increased by 7.1% vs last year. The overall domestic construction market has remained to be tight since fiscal 2013 and is expected to continue for the next two to three years.

Under these circumstances, Takamatsu Construction Group celebrated its centenary in October 2017. With this commemorative fiscal year of 2017 as the starting year, we kicked off our Mid Term Plan "TRY! NEXT CENTURY 2020".

In the Mid Term Plan, Takamatsu Corporation, one of our core companies, was designed to be the main engine for the growth of the TCG Group by focusing on winning orders to construct condominiums for rental purpose in Tokyo, Osaka and Nagoya Areas, while Asunaro Aoki Construction, the other core company of the Group as well as mid-sized general contractor, works hard to realize a moderate but steady growth to maintain its high level of profit achieved in the previous fiscal year.

For the fiscal year ended March 2019, after considering our strong results of the fiscal year ended March 2018 as well as our aggressive hiring status to secure future growth, we decided our theme for the fiscal year to be "NEXT CENTURY 101! Let's Achieve our Mid Term Plan Goals One Year Ahead!" to achieve our Mid Term Plan revenue and profit goals one year in advance.

As the result, orders received in the fiscal year that ended March 2019 amounted to 305,257 million yen, (+19.8% vs last year), marking a record high.

Net sales rose to 249,720 million(+1.9% vs last year), marking the seventh consecutive year of growth and the fifth consecutive year of record-high sales.

On the other hand, due to delays in the commencement and progress of some construction projects, operating income was 12,441 million yen (-8.7% vs last year), ordinary income was 12,425 million yen (-9.3% vs last year), and profit attributable to owners of parent was 7,022 million yen (-11.7% vs last year).

By-segment performance were as described below, however concerning by-segment earnings, the numbers do not include 3,531 million yen of headquarter expenses and other adjustments to match with consolidated operating income.

#### **(Architecture)**

Orders received increased by 32.1% to 169,742 million yen, net sales decreased by 1.9 % to 115,114 million yen and the segment operating profit decreased by 17.4 % to 7,048 million yen.

#### **(Civil engineering)**

Orders received increased by 1.7 % to 109,265 million yen, net sales decreased by 0.4 % to 108,355 million yen and the segment operating profit increased by 1.8 % to 6,949 million yen.

#### **(Real estate)**

Sales from real estate transactions, leasing and other operations increased by 38.2 % to 26,250 million yen and the segment operating profit increased by 46.0 % to 1,975 million yen.

### **(2) Overview of financial position for the fiscal year ended March 2019**

#### **(Assets)**

Total assets at the end of March 2019 increased by 5,694 million yen from the end of the previous fiscal year to 190,590 million yen. This was mainly due to increases of 4,152 million yen of tangible and intangible fixed assets including goodwill, as well as increases of 4,072 million yen of notes and accounts receivable, 2,561 million yen of real estate for sale due to Mibu corporation joining our Group, and 998 million yen of accounts receivable, partially offset by decreases of 6,496 million yen of cash and deposits and 1,160 million yen of investment securities.

#### **(Liabilities)**

Liabilities increased by 1,560 million yen from the end of the previous fiscal year to 72,463 million yen. This was mainly due to an increase of 4,285 million yen in advances received on uncompleted construction contracts, partially offset by decreases of 1,591 million yen of accounts payable for construction contracts and 636 million yen of income taxes payable.

#### **(Net assets)**

Net assets increased by 4,134 million yen from the end of the previous fiscal year to 118,126 million yen.

This was mainly due to an increase of 4,997 million yen in retained earnings resulting from net income of 7,022 million yen partially offset by cash dividends paid of 2,019 million yen. As the result of the above, shareholders' equity, which is calculated by deducting non-controlling interests from net assets, was 104,018 million yen, and the equity ratio increased by to 54.6%, 0.7 percentage points increase from the end of the previous fiscal year.

### (3) Overview of cash flows for fiscal year ended March 2019

Consolidated cash and cash equivalents (hereinafter 'cash') at the end of the fiscal year totaled 62,074 million yen, 6,496 million yen less than the year before. Details are as follows.

#### (Operating cash flow)

Net cash provided by operating activities was 4,160 million yen compared to 5,146 million yen one year earlier. This is due mainly to cash decrease generated by increase of 3,916 million yen of notes and accounts receivable from completed construction, 4,570 million yen of income tax payments, decrease of 1,601 million yen of notes and accounts payable, increase of 1,106 million yen of accounts receivable and increase of 681 million yen of inventories, partially offset by cash increase generated by income before income taxes of 11,593 million yen, and increase of 4,273 million yen of advances received on uncompleted construction contracts.

#### (Investing cash flow)

Net cash outflow for investing activities was 5,371 million yen compared to cash outflow of 7,850 million yen in the previous fiscal year. This is due mainly to proceeds from sales of investment securities of 767 million yen and 83 million yen of proceeds from sales of tangible assets, offset by purchase of tangible fixed assets by purchasing office buildings as a measure to expand the Tokyo office of 3,976 million yen, and purchase of shares of subsidiaries resulting in change in scope of consolidation (Mibu Corporation) of 2,198 million yen.

#### (Financing cash flow)

Net cash outflow for financing activities was 5,402 million yen compared to cash outflow of 6,121 million yen in the previous fiscal year. This is due mainly to 2,017 million yen of cash dividend payment, repayments of 1,191 million yen of short-term and 998 million yen of long-term loans payable that had been borrowed by Mibu Corporation who joined our Group during this fiscal year, and Asunaro Aoki's purchase of their shares of 756 million yen.

#### (Reference) Cash flow index trends

	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19
Equity ratio (%)	53.3	55.1	53.2	53.9	54.6
Equity ratio based on market cap (%)	57.0	52.9	51.8	56.8	43.7
Interest-bearing debt /Annual Cash flow	0.1	0.2	0.1	0.1	0.1
Interest coverage ratio	23.1	14.5	49.2	31.6	23.9

- Notes:  
1. Equity ratio: Shareholders' equity / Total assets  
2. Equity ratio based on market cap: Market capitalization /Total assets  
3. Interest-bearing debt/ Annual Cash flow: Interest-bearing debt/Annual operating cash flows  
4. Interest coverage ratio: Operating cash flows / Interest expenses  
(1) All indicators are based on figures in the consolidated financial statements.  
(2) Market capitalization is calculated by share price times the number of shares outstanding (excluding treasury shares) as of the end of the fiscal year.  
(3) Interest-bearing debt is the sum of all liabilities on the consolidated balance sheet on which the Company is obligated to pay interest.

### (4) Outlook for the future

The construction market in Japan is expected to remain relatively firm for two to three years after the 2020 Tokyo Olympics, but we believe the market will gradually decline thereafter.

In addition, we will need to respond to government-led work style reforms while responding to increased labor costs due to the rapid decline in the number of workers in the construction industry.

On the other hand, the current market trend for the construction of condominiums for rental purpose, which is the main target market of Takamatsu Corporation, continues to be tight due partially to low interest rates. This trend especially applies for the three big cities of Japan (Osaka, Nagoya and especially Tokyo) where population is expected to increase continuously. We estimate this trend to continue in the near future as well.

Under these circumstances, Takamatsu Construction Group celebrated its centenary in October 2017. With this commemorative fiscal year of 2017 as the starting year, we kicked off our new Mid Term Plan "TRY! NEXT CENTURY 2020", and for the fiscal year ended March 2019, we targeted to achieve the Mid-Term Plan goals one year ahead of schedule.

Although net sales and income items fell short of our targets, we were able to significantly exceed our targets for orders. In addition, in April 2018, the new Presidents took office in Takamatsu Corporation and Asunaro Aoki Construction, our core companies of the Group. Thus, we decided to formulate a new Mid-Term Plan, "Create! 2022", with the fiscal year ending March 2020 as the first year, to clarify our long-term vision under the new Management.

The five keywords of this plan are "Create High-growth, High-profit Group", "Create New Business Domain", "Create Group Culture that Respects Diversity and Compliance", "Create Synergy Effect", and "Create Value towards Economy, Society, and the Environment".

Concerning "Create High-growth, High-profit Group", Takamatsu Corporation, will drive the growth of the Group by focusing on winning orders of real estate utilization business which remains to be tight especially in Tokyo Metropolitan Area. On the other hand, Asunaro Aoki Construction, the other core company of the Group as well as mid-sized general contractor, plans to grow at a moderate but steady rate and further increase profitability rate by considering gradual peak-out of the overall construction market in the future.

To this end, Takamatsu Group will strengthen its competitiveness in non-condominium area by tightening its checking system to prevent the delay in the design period, which was a factor behind the sales shortfall in the fiscal year

ended March 2019, while improving technology, know-how, and employee skills.

At the same time, Asunaro Aoki Group will work to improve productivity and by-project profitability to improve profitability rates.

Concerning "Create New Business Domain", it will be appropriate to list a recent example of our Group entering into our new business domain of wooden residence construction segment by Takamatsu Corporation founding Takamatsu House Co.,Ltd. in April 2019, as well as conducting M&A in May 2019 to welcome Tatsumi Planning Co.,Ltd. into our Group. As this example shows, our Group will continue to actively pursue M & A and take on challenges into new business domains.

Concerning "Create a Corporate Culture that Respects Diversity and Compliance", the Group recognizes diversity as the foundation of growth, change and innovation, and will work together to respect the diversities among Group companies as well as their employees, such as motivating and promoting women and senior workforce, training programs. Concerning work style improvements, the core companies have set monthly shut-down day targets to their construction sites, and combined with productivity improvements, should lead into overall improvement of the working environments of the construction industry.

With the above "Creates", we plan to maximize our synergy effects as well as our contribution to the economy, society, and the environment, while achieving net sales of 300 billion yen and operating income of 18 billion yen.

We plan further growth in all major items listed below for the FY March 2020 as follows.

	Consolidated forecast	(Million yen, %)
Orders received	310,000	1.6
Net sales	270,000	8.1
Operating income	13,300	6.9
Ordinary income	13,300	7.0
Net earnings attributable to controlling interest	7,300	3.9

(5) Basic policy for earnings distributions and dividends for the current and the next fiscal year

Distributing earnings to shareholders is one of our highest priorities. Our basic policy is to maintain stable and consistent dividend payments while distributing earnings in a manner that reflects the results of operations. At the same time, retained earnings will be used effectively from a medium to long-term perspective with the primary objectives of strengthening and upgrading operations of the entire Group and building a sound base for future operations.

For the fiscal year ended March 2019, as announced at the beginning of the fiscal year, we declare an annual dividend of 60 yen per share.

As the result, the dividend payout ratio rose to 29.7%, in companion to the primary target of 25%. For the fiscal year ending March, 2020, we plan to pay a dividend of 63 yen per share, with the dividend payout ratio of 30%.

Dividend per share (Yen)

	FY3/17	FY3/18	FY3/19	FY3/20 (Est.)
Dividends (Total of ordinary and commemorative dividends)	43	56	60	63

## 2. Selection of Accounting Principles

Takamatsu Construction Group uses Japanese Accounting Principle to prepare consolidated financial statements. Using this standard allows comparing our financial data with the other Japanese companies as well as with our previous results. We will take appropriate actions to study the possibility of adopting International Financial Reporting Standards (IFRS) by considering trends and events in Japan and the other countries, with the current view that the possibility to switch the standard in the near future is very limited.

### 3. Consolidated Financial Statements and Major Notes

#### (1) Consolidated balance sheet

(Million yen)

	Fiscal year ended March 2018 (As of March 31, 2018)	Fiscal year ended March 2019 (As of March 31, 2019)
<b>ASSETS</b>		
Current assets		
Cash and deposits	68,571	62,074
Notes receivable, accounts receivable from completed construction contracts and other	68,146	72,219
Real estate for sale	7,592	10,153
Costs on uncompleted construction contracts	781	1,594
Costs on real estate business	764	631
Accounts receivable	5,263	6,262
Other	1,275	1,369
Allowance for doubtful accounts	(270)	(106)
Total current assets	152,125	154,199
Noncurrent assets		
Tangible Assets		
Buildings and structures, net	4,016	5,429
Machinery, vehicles, tools, furniture and fixtures, net	1,199	1,273
Vessels, net	1,595	967
Land	12,916	13,599
Lease assets, net	152	185
Construction in progress	58	1,046
Total Tangible assets	19,938	22,502
Intangible assets	473	2,063
Investments and other assets		
Investment securities	6,436	5,276
Deferred tax assets	3,653	3,802
Other	2,563	3,029
Allowance for doubtful accounts	(295)	(283)
Total investments and other assets	12,357	11,825
Total noncurrent assets	32,770	36,391
Total assets	184,895	190,590

(Million yen)

	Fiscal year ended March 2018 (As of March 31, 2018)	Fiscal year ended March 2019 (As of March 31, 2019)
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable for construction contracts	32,565	30,974
Income taxes payable	2,373	1,737
Advances received on uncompleted construction contracts	11,055	15,341
Deposits received	3,730	4,039
Provision for warranties for completed construction	690	311
Provision for loss on construction contracts	175	79
Provision for bonuses	2,797	3,099
Provision for directors retirement benefits	50	—
Provision for loss by disaster	240	—
Other	4,596	4,175
Total current liabilities	58,274	59,757
Noncurrent liabilities		
Deferred tax liabilities for land revaluation	256	256
Deferred tax liabilities	253	14
Provision for special repairs of vessels	52	75
Retirement allowances	10,660	10,903
Other	1,405	1,455
Total noncurrent liabilities	12,628	12,706
Total liabilities	70,903	72,463
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	391	524
Retained earnings	102,100	107,097
Treasury shares	(7,483)	(7,483)
Total shareholders' equity	100,008	105,138
Accumulated other comprehensive income		
Valuation differences on available-for-sales securities	1,129	635
Revaluation reserve for land	(1,266)	(1,266)
Foreign currency translation adjustment	—	5
Remeasurements of retirement allowance plans	(245)	(493)
Total accumulated other comprehensive income	(382)	(1,119)
Non-controlling interests	14,367	14,108
Total net assets	113,992	118,126
Total liabilities and net assets	184,895	190,590

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

(Million yen)

	Fiscal year ended March 2018 (April 1, 2018-March 31, 2018)	Fiscal year ended March 2019 (April 1, 2018-March 31, 2019)
<b>Net sales</b>		
Net sales of completed construction contracts	226,117	223,470
Sales on real estate business	18,989	26,250
Total net sales	245,107	249,720
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	194,903	192,937
Cost of sales on real estate business	17,128	22,421
Total cost of sales	212,032	215,359
<b>Gross profit</b>		
Gross profit on completed construction contracts	31,213	30,532
Gross profit-real estate business	1,861	3,828
Total gross profit	33,075	34,361
<b>Selling, general and administrative expenses</b>		
Operating income (loss)	19,444	21,919
<b>Non-operating incomes</b>		
Interest income	1	0
Dividend income	100	108
Rent income	46	56
Proceeds from compensation income	81	—
Other	45	61
<b>Total non-operating income</b>	<b>276</b>	<b>226</b>
<b>Non-operating expense</b>		
Interest expense	163	174
Idle asset expenses	—	57
Commission for purchase of treasury shares	31	—
Other	9	10
<b>Total non-operating expenses</b>	<b>204</b>	<b>242</b>
<b>Ordinary income (loss)</b>	<b>13,702</b>	<b>12,425</b>
<b>Extraordinary income</b>		
Gain on sales of fixed assets	18	47
Gain on sales of investment securities	5	393
Other	—	14
<b>Total extraordinary income</b>	<b>23</b>	<b>455</b>
<b>Extraordinary loss</b>		
Loss on disposal of fixed assets	10	164
Loss on disaster	126	508
Impairment loss	—	430
Dispute settlement	950	—
Other	110	184
<b>Total extraordinary loss</b>	<b>1,198</b>	<b>1,287</b>
<b>Income before income taxes</b>	<b>12,527</b>	<b>11,593</b>
Income taxes-current	4,289	3,755
Income taxes-deferred	(927)	(70)
Total income taxes	3,361	3,685
<b>Net earnings (loss)</b>	<b>9,165</b>	<b>7,908</b>
Net earnings attributable to non-controlling interests (loss)	1,208	885
<b>Net earnings attributable to controlling interest</b>	<b>7,957</b>	<b>7,022</b>

Consolidated statements of comprehensive income

(Million yen)

	Fiscal year ended March 2018 (April 1,2017-March 31,2018)	Fiscal year ended March 2019 (April 1,2018-March 31,2019)
Net earnings	9,165	7,908
Other comprehensive income		
Valuation difference on available-for-sale securities	150	(476)
Foreign currency translation adjustment	—	5
Remeasurements of retirement allowance plans	41	(253)
Total other comprehensive income	191	(724)
Comprehensive income	9,356	7,183
(This splits into···)		
Comprehensive income attributable to controlling interest	8,098	6,286
Comprehensive income attributable to non-controlling interests	1,257	897

(3) Consolidated statement of changes in equity

Previous fiscal year (April 1, 2017 –March 31, 2018)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	5,000	271	95,860	(4,296)	96,835
Changes of items during the period					
Dividends			(1,008)		(1,008)
Dividends (interim)			(708)		(708)
Net earnings attributable to controlling interest			7,957		7,957
Treasury stocks				(3,186)	(3,186)
Purchase of treasury shares of consolidated subsidiaries		119			119
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	119	6,240	(3,186)	3,173
Balance at the end of the period	5,000	391	102,100	(7,483)	100,008

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of retirement allowance plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	1,010	(1,266)	(267)	(524)	14,245	110,555
Changes of items during the period						
Dividends						(1,008)
Dividends (interim)						(708)
Net earnings attributable to controlling interest						7,957
Treasury stocks						(3,186)
Purchase of treasury shares of consolidated subsidiaries						119
Net changes of items other than shareholders' equity	119	–	22	141	122	263
Total changes of items during the period	119	–	22	141	122	3,436
Balance at the end of the period	1,129	(1,266)	(245)	(382)	14,367	113,992

Current fiscal year (April 1, 2018 –March 31, 2019)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	5,000	391	102,100	(7,483)	100,008
Changes of items during the period					
Dividends			(1,253)		(1,253)
Dividends (interim)			(766)		(766)
Change of scope of consolidation			(6)		(6)
Change of scope of consolidation - foreign currency translation adjustment					
Net earnings attributable to controlling interest			7,022		7,022
Purchase of treasury shares of consolidated subsidiaries		132			132
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	132	4,997	–	5,130
Balance at the end of the period	5,000	524	107,097	(7,483)	105,138

	Valuation difference on available-for-sale securities	Accumulated other comprehensive income				Non-controlling interests	Total net assets
		Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of retirement allowance plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	1,129	(1,266)	–	(245)	(382)	14,367	113,992
Changes of items during the period							
Dividends							(1,253)
Dividends (interim)							(766)
Change of scope of consolidation							(6)
Change of scope of consolidation - foreign currency translation adjustment			(0)		(0)		(0)
Net earnings attributable to controlling interest							7,022
Purchase of treasury shares of consolidated subsidiaries							132
Net changes of items other than shareholders' equity	(494)	–	5	(247)	(736)	(259)	(995)
Total changes of items during the period	(494)	–	5	(247)	(736)	(259)	4,134
Balance at the end of the period	635	(1,266)	5	(493)	(1,119)	14,108	118,126

(4) Consolidated statement of cash flow

(Million yen)

	Fiscal year ended March 2018 (April 1, 2017-March 31, 2018)	Fiscal year ended March 2019 (April 1, 2018-March 31, 2019)
<b>Cash flows from operating activities</b>		
Income before income taxes	12,527	11,593
Depreciation	906	1,120
Impairment loss	—	430
Amortization of goodwill	—	169
Increase (decrease) in allowance for doubtful accounts	(718)	(175)
Increase (decrease) in provision for warranties for completed construction	(76)	(379)
Increase (decrease) in provision for loss on construction contracts	116	(95)
Increase (decrease) in provision for bonuses	(49)	282
Increase (decrease) in provision for executive officers' retirement benefits	50	(50)
Increase (decrease) in provision for special repairs of vessels	(39)	23
Increase (decrease) in retirement allowance plans	17	(116)
Interest and dividend income	(102)	(109)
Interest expenses	163	174
Loss (gain) on sales of fixed assets	(7)	(44)
Loss (gain) on sales of investment securities	(5)	(375)
Provision for loss on disaster	112	—
Loss on disaster	14	508
Decrease (increase) in notes and accounts receivable from completed construction	(7,891)	(3,916)
Decrease (increase) in inventories	2,509	(681)
Decrease (increase) in accounts receivable	1,258	(1,106)
Increase (decrease) in notes and accounts payable	2,854	(1,601)
Increase (decrease) in advances received on uncompleted construction contracts	(1,906)	4,273
Decrease/increase in consumption taxes receivable/payable	(116)	622
Others, net	1,539	(313)
<b>Subtotal</b>	<b>11,158</b>	<b>10,231</b>
Interest and dividend income received	102	109
Interest expenses paid	(163)	(174)
Payments for loss on litigation	(53)	(62)
Settlement package paid	—	(950)
Payments for loss on disaster	(272)	(621)
Income taxes paid	(5,625)	(4,570)
Income taxes refund	—	198
<b>Cash flows from operating activities</b>	<b>5,146</b>	<b>4,160</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(7,151)	(3,976)
Proceeds from sales of tangible assets	52	83
Purchase of intangible assets	(231)	(241)
Proceeds from sales of investment securities	73	767
Collection of short-term loans receivable	0	172
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(2,198)
Proceeds from withdrawal of time deposits	—	57
Others, net	(593)	(36)
<b>Cash flows from investing activities</b>	<b>(7,850)</b>	<b>(5,371)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	—	(1,191)
Repayments of long-term loans payable	—	(998)
Repayments of lease obligations	(171)	(170)
Purchase of treasury shares	(3,218)	—

(Million yen)

	Fiscal year ended March 2018 (April 1, 2017-March 31, 2018)	Fiscal year ended March 2019 (April 1, 2018-March 31, 2019)
Purchase of treasury shares of consolidated subsidiaries accompanying consolidation scope changes	(754)	(756)
Cash dividends paid	(1,715)	(2,017)
Cash dividends paid to minority shareholders	(262)	(268)
Cash flows from financing activities	(6,121)	(5,402)
Effect of exchange rate change on cash and cash equivalents	—	(5)
Net increase (decrease) in cash and cash equivalents	(8,825)	(6,618)
Cash and cash equivalents at the beginning of period	77,396	(68,571)
Increase in cash and cash equivalents from newly consolidated subsidiary	—	121
Cash and cash equivalents at the end of period	68,571	62,074

(5) Notes to consolidated financial statements  
 (Going concern assumptions)

None

(Segment information)

1. Overview of reportable segment information

Reportable business segments are the constituent business units of the Takamatsu Construction Group companies for which separate financial information is available and that the board of directors examines periodically to determine the allocation of resources and to evaluate performance.

Activities of the group are divided into the construction business and the real estate business. In the construction business, there are consolidated subsidiaries engaged solely in either architecture or civil engineering business and consolidated subsidiaries that engage in both of these businesses. For consolidated subsidiaries that engage in both architecture and civil engineering operations, offices are organized with separate sections for these two businesses. For these reasons, there are three reportable segments: architecture, civil engineering and real estate.

2. Calculation methods for sales and income (loss) by reportable segments

The accounting methods used for the reportable segments are basically the same as the methods used to present the consolidated financial statements.

Operating income is used for reportable segment earnings.

3. Information of sales and income (loss) by reportable segments

Previous fiscal year (April 1, 2017 - March 31, 2018)

(Million yen)

	Reportable segments				Adjustment (Note1 )	Amount on statements of income (Note 2)
	Architecture	Civil engineering	Real estate	Total		
Net sales (of which to outside customers) (of which inter-segment or transfers)	117,347 753	108,770 17	188,989 385	245,107 1,156	— (1,156)	245,107 —
Total	118,100	108,787	19,375	246,264	(1,156)	245,107
Segment income	8,528	6,823	1,353	16,705	(3,074)	13,630

Notes:

1. 3,074 million yen negative adjustment for segment income is the sum of 3,028 million yen of selling, general and administrative expenses that cannot be allocated to a reportable segment and 46 million yen of other adjustments.
2. Reportable segment income is adjusted to match with operating income on the consolidated statement of income.

Current fiscal year (April 1, 2018 - March 31, 2019)

(Million yen)

	Reportable segments				Adjustment (Note1 )	Amount on statements of income (Note 2)
	Architecture	Civil engineering	Real estate	Total		
Net sales (of which to outside customers) (of which inter-segment or transfers)	115,114 252	108,355 38	26,250 470	249,720 761	— (761)	249,720 —
Total	115,357	108,394	26,721	250,482	(761)	249,720
Segment income	7,048	6,949	1,975	15,973	(3,531)	12,441

Notes:

1. 3,531 million yen negative adjustment for segment income is the sum of 3,533 million yen of selling, general and administrative expenses that cannot be allocated to a reportable segment and 1 million yen of other adjustments.
2. Reportable segment income is adjusted to match with operating income on the consolidated statement of income.

(Per share information)

(Yen)

	Previous fiscal year (April 1, 2017 – March 31, 2018)	Current fiscal year (April 1, 2018 – March 31, 2019)
Net assets per share	2,861.26	2,987.44
Earnings per share	223.39	201.70
Earnings per share (diluted)	Not presented since the company has no potential stock	Not presented since the company has no potential stock

Note 1. The bases for calculating net assets per share are as follows.

	Previous fiscal year (April 1, 2017 – March 31, 2018)	Current fiscal year (April 1, 2018 – March 31, 2019)
Total net assets (million yen)	113,992	118,126
Amount deducted from total net assets (million yen)	14,367	14,108
of which non-controlling interests (million yen)	14,367	14,108
Net assets attributable to ordinary shares (million yen)	99,625	104,018
Number of shares at the end of fiscal year (thousand shares)	34,818	34,818

Note 2. The bases for calculating earnings per share are as follows.

	Previous fiscal year (April 1, 2017 – March 31, 2018)	Current fiscal year (April 1, 2018 – March 31, 2019)
Comprehensive income attributable to controlling interest (million yen)	7,957	7,022
Amount not attributable to ordinary shareholders (million yen)	—	—
Comprehensive income attributable to controlling interest attributable to ordinary shares (million yen)	7,957	7,022
Average number of ordinary shares during the fiscal year (thousand shares)	35,618	34,818

(Subsequent events)

None

(Additional information)

(Application of "Partial Amendment to 'Accounting Standard for Tax Effect Accounting', etc.")

"Partial Amendment to 'Accounting Standard for Tax Effect Accounting' (ASBJ Statement No. 28, February 16, 2018), etc." were applied from the first quarter of this fiscal year.

Under this application, deferred tax assets are shown in "Investments and other assets" classification, while deferred tax liabilities are shown in Noncurrent Liabilities.

#### 4. Orders Received and Net Sales

(Consolidated)

(Million yen, %)

		Fiscal year ended March 2018		Fiscal year ended March 2019	
		(April 1,2017 - March 31,2018)		(April 1,2018 - March 31,2019)	
		Amount	Share	Amount	Share
Orders received	Architecture	128,461	50.4	169,742	55.6
	Civil engineering	107,406	42.1	109,265	35.8
	Total construction	235,867	92.5	279,007	91.4
	Real estate	18,989	7.5	26,250	8.6
Total		254,857	100.0	305,257	100.0
Net sales	Architecture	117,347	47.9	115,114	46.1
	Civil engineering	108,770	44.4	108,355	43.4
	Total construction	226,117	92.3	223,470	89.5
	Real estate	18,989	7.7	26,250	10.5
	Total	245,107	100.0	249,720	100.0