

## Summary of Consolidated Financial Results For the Fiscal Year Ended March 31, 2017 [Japan GAAP]

Company: Takamatsu Construction Group Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange (First Section)  
 Stock code: 1762  
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 Date of Ordinary shareholders Meeting: June 22, 2017 (tentative)  
 Date of commencement of dividend payment: June 23, 2017 (tentative)  
 Date of filing of securities report: June 23, 2017 (tentative)  
 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 2017 (April 1, 2016 – March 31, 2017)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/17	214,130	2.5	12,935	24.2	12,932	23.5	6,596	13.7
FY3/16	208,883	10.4	10,410	45.5	10,468	45.1	5,799	(8.6)

Note: Comprehensive income: FY3/17: 7,531 million yen 13.0% FY3/16: 6,666 million yen (16.5%)

	Earnings per share	Earnings per share (diluted)	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY3/17	183.13	—	7.0	7.5	6.0
FY3/16	161.01	—	6.5	6.4	5.0

(Reference) Share of profit (loss) of entities accounted for using equity method: FY3/17: - million yen  
 FY3/16: - million yen

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY3/17	180,927	110,555	53.2	2,673.89
FY3/16	165,274	104,592	55.1	2,528.74

(Reference) Shareholders' equity: FY3/17: 96,310 million yen FY3/16: 91,082 million yen

### (3) Consolidated cash flow position

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY3/17	8,061	(1,388)	(1,718)	77,396
FY3/16	2,676	(658)	(1,338)	72,442

## 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			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY3/16	—	12.00	—	22.00	34.00	1,224	21.1	1.4
FY3/17	—	15.00	—	28.00	43.00	1,548	23.5	1.7
FY3/18 (Est.)	—	20.00	—	33.00	53.00		26.2	

Note: 33yen of FY3/18 year end dividend splits into 23 yen of ordinary dividend and 10 yen of commemorative dividend.

### 3. Consolidated forecast for the fiscal year ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Percentage figures represent year on year changes)

	Orders received		Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	120,000	(13.8)	107,000	7.5	5,000	(16.9)	5,000	(17.0)	2,500	(20.5)	69.41
Full year	260,000	1.4	240,000	12.1	13,300	2.8	13,300	2.8	7,300	10.7	202.67

\* **Notes**

(1) Changes in significant subsidiaries (Changes of specific subsidiaries that accompanies scope change of consolidation): No

(2) Changes in accounting principles and estimates, and retrospective restatement

(a) Changes due to revision of accounting standards: Yes

(b) Changes other than (a): No

(c) Changes in accounting estimates: No

(d) Retrospective restatement: No

(3) Number of shares outstanding (ordinary shares)

(a) Shares outstanding (including treasury stock)

As of March 31, 2017:	38,880,000	As of March 31, 2016:	38,880,000
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(b) Treasury shares

As of March 31, 2017:	2,861,003	As of March 31, 2016:	2,861,003
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(c) Average number of shares

Period ended March 31, 2017:	36,018,997	Period ended March 31, 2016:	36,018,997
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\* Auditing of financial statements 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 these materials 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) Analysis of results of operations for fiscal year ended March2017

During the fiscal year that ended in March 2017, the overall Japanese economy continued to show mild recovery trend, while the Japanese construction market showed steady growth for both public and non-public investment sectors. Under these circumstances, Takamatsu Construction Group will be celebrating its centenary in 2017. The Group owns companies that covers almost all of the areas related to the construction industry. In addition, the Group possesses strong earnings power due to our unique market development capabilities and technological strengths.

With "TRY! NEXT CENTURY" as the theme of the Group, for this fiscal year, we listed the following core initiatives;

"We will continuously sharpen our specialty and be chosen by our customers"

"We will continuously challenge to strengthen our management judgment capability and on-site capability needs"

"We will strive to become the perfect quality company by responding to social credibility needs"

With the above initiatives, we continued our stable and sustainable growth, as well as continued to solve management issues such as securing and developing necessary workforce, improving productivity, adding values to our business, developing new business fields, and strengthening corporate governance.

Due to these activities, our orders received for the fiscal year soared to 256,488 million yen (+7.9% vs last year), as well as our revenue increased to 214,130 million yen (+2.5%vs LY), marking our record high incoming order and revenue for 3 consecutive years. We were also able to record good results for our profit figures, with 2 consecution years of record high operating profit of 12,935 million yen (+24.2%,vs LY) as well as ordinary profit of 12,932 million yen (+23.5%,vs LY),and profit attributable to owners of parent of 6,596 million yen, an increase of 13.7% vs last year.

By-segment performance were as shown below, however concerning by-segment earnings, the numbers do not include 3,281 million yen of headquarter expenses and other adjustments to match with consolidated operating profit.

#### (Architecture)

Orders received increased by 14.1% to 131,551 million yen, net sales increased by 11.8%to 109,853 million yen and the segment operating profit increased by 52.6% to 10,406 million yen due to improved profitability of large projects.

#### (Civil engineering)

Orders received increased by 3.4% to 112,765 million yen, net sales decreased by 5.3% to 92,106 million yen and the segment operating profit decreased by 9.6% to 5,058 million yen.

#### (Real estate)

Sales from real estate transactions, leasing and other operations decreased by 9.1% to 12,171 million yen and the segment operating profit was down by 27.5% to 751 million yen.

### (2) Analysis of financial condition for fiscal year ended March2017

#### (Assets)

Assets totaled 180,927 million yen at the end of the fiscal year, which is 15,652 million yen more than the end of the previous fiscal year. This is due mainly to increases of cash & deposits of 4,954 million yen, accounts receivable of 4,035 million yen, real estate for sale of 3,688 million yen, and notes & accounts receivable from completed construction contracts and other of 3,176 million yen.

#### (Liabilities)

Liabilities increased by 9,689 million yen to 70,371 million yen vs LY. The primary reasons were increase of 3,858 million yen of accounts payable for construction contracts and 2,624 million yen of advances received on uncompleted construction contracts.

#### (Net assets)

Net assets increased by 5,962 million yen to 110,555 million yen vs LY.

Shareholders' equity increased by 5,263 million yen primarily due to 6,596 million yen of profit attributable to owners of parent, partially offset by dividend payment of 1,332 million yen. In addition, non-controlling interests increased by 734 million yen, due mainly to increase of Asunaro Aoki earnings increase.

As the result, shareholders' equity after deducting non-controlling interests was 96,310 million yen and the equity ratio was 53.2%, 1.9 percentage point lower than the end of the previous fiscal year.

### (3) Cash flows for fiscal year ended March2017

Consolidated cash and cash equivalents (hereinafter 'cash') at the end of the fiscal year totaled 77,396 million yen, 4,954 million yen more than the year before. Details are as follows.

#### (Operating cash flow)

Net cash provided by operating activities was 8,061 million yen compared to 2,676 million yen one year earlier.

There was a cash outflow of 4,803 million yen in inventories, 3,902 million yen increase in unearned income and 4,256 million yen in income tax payments on the other hand, income before income taxes and minority interests was 12,016 million yen, increase in notes and accounts payable was 3,858 million yen, income from construction

projects an increase of 2,624 million yen, and an increase or decrease in accrued consumption taxes, etc. of 1,315 million yen.

(Investing cash flow)

Net cash outflow for investing activities was 1,388 million yen compared to cash outflow of 658 million yen in the previous fiscal year. There were proceeds from sales of tangible assets of 142 million yen and 206 million yen of tangible assets of investment securities. On the other hand, there were purchase of tangible assets of 1,614 million yen and 104 million yen for purchase of intangible assets.

(Financing cash flow)

Net cash outflow for financing activities was 1,718 million yen compared to cash outflow of 1,338 million yen in the previous fiscal year. The main use of cash was cash dividends paid of 1,331 million yen and cash dividends paid to minority shareholders of 234 million yen.

(Reference) Cash flow index trends

	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17
Equity ratio (%)	53.2	51.7	53.3	55.1	53.2
Equity ratio based on market cap (%)	35.5	42.7	57.0	52.9	51.8
Interest-bearing debt /Annual Cash flow	—	0.0	0.1	0.2	0.1
Interest coverage ratio	—	102.8	23.1	14.5	49.2

- 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) Interest-bearing debt/Annual Cash flow and the interest coverage ratio are not shown for the FY3/13 because the operating cash flow was negative.

(4) Outlook for the future

Concerning the environment of the Japanese domestic construction investment, we foresee relatively strong demand until the Tokyo Olympic in 2020, although we cannot foresee expanding market after the event. In addition, we believe it is inevitable that there will be rapid decrease in the number of workers that engage in the construction industry.

Under these circumstances, we will be celebrating our centenary in October of this year.

Our Group commenced our new mid-term plan "TRY! NEXT CENTURY 2020" with the centenary year of 2017 as the kick off year. Under the environment described above, Takamatsu Corporation, one main wheel of our Group companies, will be the engine to pull our growth by enlarging real estate activation businesses especially in Tokyo Metro areas that continues to show strong trend. Asunaro Aoki Construction, the other main wheel of our Group, will proceed to realize steady growth as well as maintain high margin rate which was realized in FY March 2017. Takamatsu Construction Group, as a whole, will proceed to realize revenue of 268 billion yen in FY March 2020 with the keyword "Challenge 268". Under "Specialty 18 Alfa", we will expand our business through organic growth of the 18 Group business companies as well as by conducting aggressive M&As. We also listed "Quality 15" to realize operating profit of 15 billion yen by maintaining and improving our high quality and highly effective construction works. Last but not the least, we will strengthen our management basis by improving our Group synergy, HR development, Group governance and capital policies, with TCG (holding company) as the arrowhead to give impact to the whole Group.

With the abovementioned measures, we plan further growth in all major items listed below for the next fiscal year (FY March 2018) as follows.

	(Million yen, %)	
	Consolidated forecast	Y on Y percentage change vs. FY3/17
Orders received	260,000	1.4
Net sales	240,000	12.1
Operating income	13,300	2.8
Ordinary income	13,300	2.8
Profit attributable to owners of parent	7,300	10.7

(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, we will retain earnings in order to strengthen our operations with the goals of increasing our ability to capture orders and building a sound framework for operations.

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.

At the start of the fiscal year, we planned 39 yen per share of dividend. However, after considering the favorable results of the Group operations as well as the announced dividend payout ratio, we decided to pay 43 yen per share dividend for the fiscal year that ended in March 2017.

For the fiscal year ending in March 2018, we plan to pay 53 yen (dividend payout ratio =26.2%) per share of dividend, which includes commemorative dividend of 10 yen to celebrate our centenary in October of this year. In addition, we plan to continue dividend payout ratio of more than 25% for the future years.

Dividend per share

(Yen)

	FY3/15	FY3/16	FY3/17	FY3/18 (Est.)
Dividends (Total of ordinary and commemorative dividends)	27	34	43	53

## 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 is very limited.

### 3. Consolidated Financial Statements and Major Notes

#### (1) Consolidated balance sheet

(Million yen)

	Fiscal year ended March 2016 (As of March 31, 2016)	Fiscal year ended March 2017 (As of March 31, 2017)
<b>ASSETS</b>		
Current assets		
Cash and deposits	72,442	77,396
Notes receivable, accounts receivable from completed construction contracts and other	57,079	60,255
Real estate for sale	3,488	7,177
Costs on uncompleted construction contracts	641	1,143
Costs on real estate business	1,886	3,327
Accounts receivable	2,206	6,242
Deferred tax assets	1,611	1,564
Other	2,847	1,069
Allowance for doubtful accounts	(305)	(381)
Total current assets	141,898	157,794
Noncurrent assets		
Tangible Assets		
Buildings and structures, net	2,387	2,454
Machinery, vehicles, tools, furniture and fixtures, net	834	821
Vessels, net	751	651
Land	9,466	8,961
Lease assets, net	177	179
Construction in progress	139	555
Total Tangible assets	13,756	13,623
Intangible assets	295	302
Investments and other assets		
Investment securities	5,866	5,692
Deferred tax assets	855	1,227
Other	3,483	3,188
Allowance for doubtful accounts	(881)	(902)
Total investments and other assets	9,323	9,206
Total noncurrent assets	23,375	23,132
Total assets	165,274	180,927

(Million yen)

	Fiscal year ended March 2016 (As of March 31, 2016)	Fiscal year ended March 2017 (As of March 31, 2017)
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable for construction contracts	25,852	29,710
Income taxes payable	2,668	3,527
Advances received on uncompleted construction contracts	10,337	12,961
Provision for warranties for completed construction	658	767
Provision for loss on construction contracts	—	58
Provision for bonuses	2,803	2,846
Provision for loss by disaster	—	385
Provision for loss on litigation	81	—
Other	5,809	7,366
Total current liabilities	48,210	57,624
Noncurrent liabilities		
Deferred tax liabilities for land revaluation	256	256
Deferred tax liabilities	303	264
Provision for special repairs of vessels	75	91
Retirement allowances	10,276	10,667
Other	1,559	1,466
Total noncurrent liabilities	12,470	12,747
Total liabilities	60,681	70,371
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	271	271
Retained earnings	90,596	95,860
Treasury shares	(4,296)	(4,296)
Total shareholders' equity	91,571	96,835
Accumulated other comprehensive income		
Valuation differences on available-for-sales securities	1,022	1,010
Revaluation reserve for land	(1,266)	(1,266)
Remeasurements of retirement allowance plans	(244)	(267)
Total accumulated other comprehensive income	(489)	(524)
Non-controlling interests	13,510	14,245
Total net assets	104,592	110,555
Total liabilities and net assets	165,274	180,927



(2) Consolidated statements of income and comprehensive income  
Consolidated statements of income

(Million yen)

	Fiscal year ended March 2016 (April 1, 2015-March 31, 2016)	Fiscal year ended March 2017 (April 1, 2016-March 31, 2017)
<b>Net sales</b>		
Net sales of completed construction contracts	195,490	201,959
Sales on real estate business	13,392	12,171
<b>Total net sales</b>	<b>208,883</b>	<b>214,130</b>
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	169,655	172,024
Cost of sales on real estate business	12,104	11,007
<b>Total cost of sales</b>	<b>181,759</b>	<b>183,031</b>
<b>Gross profit</b>		
Gross profit on completed construction contracts	25,835	29,935
Gross profit-real estate business	1,288	1,163
<b>Total gross profit</b>	<b>27,123</b>	<b>31,099</b>
Selling, general and administrative expenses	16,712	18,163
<b>Operating income</b>	<b>10,410</b>	<b>12,935</b>
<b>Non-operating income</b>		
Interest income	2	0
Dividend income	129	90
Rent income	35	33
Other	96	71
<b>Total non-operating income</b>	<b>263</b>	<b>196</b>
<b>Non-operating expenses</b>		
Interest expense	184	163
Commission fee	—	29
Other	22	5
<b>Total non-operating expenses</b>	<b>206</b>	<b>199</b>
<b>Ordinary income (loss)</b>	<b>10,468</b>	<b>12,932</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	38	42
Reversal of loss on litigation	10	—
Gain on sales of noncurrent assets	22	1
<b>Total extraordinary income</b>	<b>72</b>	<b>44</b>
<b>Extraordinary losses</b>		
Loss on litigation	81	142
Impairment loss	628	310
Loss on disaster	—	403
Other	4	103
<b>Total extraordinary losses</b>	<b>713</b>	<b>960</b>
<b>Income before income taxes</b>	<b>9,827</b>	<b>12,016</b>
<b>Income taxes-current</b>	<b>3,521</b>	<b>4,789</b>
<b>Income taxes-deferred</b>	<b>(388)</b>	<b>(311)</b>
<b>Total income taxes</b>	<b>3,133</b>	<b>4,477</b>
<b>Profit</b>	<b>6,694</b>	<b>7,538</b>
<b>Profit attributable to non-controlling interests</b>	<b>894</b>	<b>942</b>
<b>Profit attributable to owners of parent</b>	<b>5,799</b>	<b>6,596</b>

## Consolidated statements of comprehensive income

(Million yen)

	Fiscal year ended March 2016 (April 1, 2015-March 31, 2016)	Fiscal year ended March 2017 (April 1, 2016-March 31, 2017)
Profit	6,694	7,538
Other comprehensive income		
Valuation difference on available-for-sale securities	(531)	(8)
Revaluation reserve for land	7	—
Remeasurements of retirement allowance plans	496	0
Total other comprehensive income	(27)	(7)
Comprehensive income	6,666	7,531
(This splits into...)		
Comprehensive income attributable to owners of parent	5,740	6,560
Comprehensive income attributable to non-controlling interests	925	970

## (3) Consolidated statement of changes in equity

Previous fiscal year (April 1, 2015 –March 31, 2016)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	5,000	272	85,805	(4,296)	86,781
Changes of items during the period					
Dividends			(576)		(576)
Dividends (interim)			(432)		(432)
Profit attributable to owners of parent			5,799		5,799
Purchase of treasury stock				(0)	(0)
Purchase of treasury shares of consolidated subsidiaries		(0)			(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(0)	4,790	(0)	4,790
Balance at the end of current period	5,000	271	90,596	(4,296)	91,571

	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 current period	1,520	(1,272)	(678)	(430)	12,780	99,131
Changes of items during the period						
Dividends						(576)
Dividends (interim)						(432)
Profit attributable to owners of parent						5,799
Purchase of treasury stock						(0)
Purchase of treasury shares of consolidated subsidiaries						(0)
Net changes of items other than shareholders' equity	(497)	5	433	(58)	729	671
Total changes of items during the period	(497)	5	433	(58)	729	5,461
Balance at the end of current period	1,022	(1,266)	(244)	(489)	13,510	104,592

Current fiscal year (April 1, 2016 – March 31, 2017)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	5,000	271	90,596	(4,296)	91,571
Changes of items during the period					
Dividends			(792)		(792)
Dividends (interim)			(540)		(540)
Profit attributable to owners of parent			6,596		6,596
Purchase of treasury shares of consolidated subsidiaries		(0)			(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	(0)	5,263	–	5,263
Balance at the end of current period	5,000	271	95,860	(4,296)	96,835

	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 current period	1,022	(1,266)	(244)	(489)	13,510	104,592
Changes of items during the period						
Dividends						(792)
Dividends (interim)						(540)
Profit attributable to owners of parent						6,596
Purchase of treasury shares of consolidated subsidiaries						(0)
Net changes of items other than shareholders' equity	(12)	–	(22)	(35)	734	699
Total changes of items during the period	(12)	–	(22)	(35)	734	5,962
Balance at the end of current period	1,010	(1,266)	(267)	(524)	14,245	110,555

## (4) Consolidated statements of cash flow

(Million yen)

	Fiscal year ended March 2016 (April 1, 2015- March 31, 2016)	Fiscal year ended March 2017 (April 1, 2016- March 31, 2017)
<b>Cash flows from operating activities</b>		
Income before income taxes	9,827	12,016
Depreciation	834	821
Impairment loss	628	310
Loss on litigation	81	142
Increase (decrease) in allowance for doubtful accounts	500	96
Increase (decrease) in provision for warranties for completed construction	(18)	109
Increase (decrease) in provision for loss on construction contracts	(113)	58
Increase (decrease) in provision for bonuses	832	42
Increase (decrease) in provision for loss on disaster	—	385
Increase (decrease) in provision for special repairs of vessels	(24)	16
Increase (decrease) in retirement allowance plans	426	352
Interest and dividend income	(131)	(91)
Interest expenses	184	163
Loss (gain) on sales of fixed assets	(22)	61
Loss (gain) on sales of investment securities	(38)	(42)
Decrease (increase) in notes and accounts receivable from completed construction	(7,294)	(3,176)
Decrease (increase) in long term accounts receivable	309	131
Decrease (increase) in inventories	353	(4,803)
Decrease (increase) in accounts receivable	4,019	(3,902)
Increase (decrease) in notes and accounts payable	(811)	3,858
Increase (decrease) in advances received on uncompleted construction contracts	(1,128)	2,624
Decrease/increase in consumption taxes receivable/payable	(2,518)	1,315
Others, net	(687)	2,120
Subtotal	5,206	12,614
Interest and dividend income received	131	91
Interest expenses paid	(184)	(163)
Payments for loss on litigation	—	(223)
Income taxes paid	(2,477)	(4,256)
Cash flows from operating activities	2,676	8,061
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(1,514)	(1,614)
Proceeds from sales of tangible assets	886	142
Purchase of intangible assets	(91)	(104)
Payments for retirement of noncurrent assets	(1)	(12)
Purchase of investment securities	(9)	(9)
Proceeds from sales of investment securities	67	206
Others, net	3	4
Cash flows from investing activities	(658)	(1,388)
<b>Cash flows from financing activities</b>		
Repayments of lease obligations	(134)	(152)
Purchase of treasury shares	(0)	—
Cash dividends paid	(1,007)	(1,331)
Cash dividends paid to minority shareholders	(195)	(234)
Cash flows from financing activities	(1,338)	(1,718)
Net increase (decrease) in cash and cash equivalents	679	4,954
Cash and cash equivalents at the beginning of period	71,762	72,442
Cash and cash equivalents at the end of period	72,442	77,396

- (5) Notes to consolidated financial statements  
 (Going concern assumptions)  
 None

(Changes in accounting policies)

Due to changes in Corporate Tax Act, Takamatsu Construction Group adopted "Treatment for changes of depreciation methods in accordance with Tax Reform of FY 2016" (Job Response Report 32, June 17, 2016) for the whole period of fiscal year that ended in March 2017. As the result, we have changed our depreciation method for our building related items and structures that were acquired after April 1, 2016, from fixed rate method to fixed amount method.

The application of this accounting standard had very limited effect on the consolidated financial statements for our fiscal year.

(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 engages 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, 2015 - March 31, 2016)

(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)	98,279	97,211	13,392	208,883	—	208,883
(of which inter-segment or transfers)	71	10	353	435	(435)	—
Total	98,350	97,221	13,746	209,318	(435)	208,883
Segment income	6,820	5,597	1,035	13,454	(3,043)	10,410

Notes:

- 3,043 million yen negative adjustment for segment income is the sum of 3,045 million yen of selling, general and administrative expenses that cannot be allocated to a reportable segment and two million yen of other adjustments.
- Reportable segment income is adjusted to match with operating income on the consolidated statement of income.

Current fiscal year (April 1, 2016 - March 31, 2017)

(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)	109,853	92,106	12,171	214,130	—	214,130
(of which inter-segment or transfers)	502	25	367	894	(894)	—
Total	110,355	92,131	12,538	215,025	(894)	214,130
Segment income	10,406	5,058	751	16,216	(3,281)	12,935

Notes:

- 3,281 million yen negative adjustment for segment income is the sum of 3,263 million yen of selling, general and administrative expenses that cannot be allocated to a reportable segment and 17million yen of other adjustments.
- 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, 2015 – March 31, 2016)	Current fiscal year (April 1, 2016 – March 31, 2017)
Net assets per share	2,528.74	2,673.89
Earnings per share	161.01	183.13
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, 2015 – March 31, 2016)	Current fiscal year (April 1, 2016 – March 31, 2017)
Total net assets (million yen)	104,592	110,555
Amount deducted from total net assets (million yen)	13,510	14,245
of which non-controlling interests (million yen)	13,510	14,245
Net assets attributable to ordinary shares (million yen)	91,082	96,310
Number of shares at the end of fiscal year (thousand shares)	36,018	36,018

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

	Previous fiscal year (April 1, 2015 – March 31, 2016)	Current fiscal year (April 1, 2016 – March 31, 2017)
Profit attributable to owner of owners of parent (million yen)	5,799	6,596
Amount not attributable to ordinary shareholders (million yen)	—	—
Profit attributable to owners of parent attributable to ordinary shares (million yen)	5,799	6,596
Average number of ordinary shares during the fiscal year (thousand shares)	36,018	36,018

(Subsequent events)

None

#### 4. Orders received and net sales

(Consolidated)

(Million yen, %)

		Fiscal year ended March 2016		Fiscal year ended March 2017	
		(April 1,2015 - March 31,2016)		(April 1,2016 - March 31,2017)	
		Amount	Share	Amount	Share
Orders received	Architecture	115,291	48.5	131,551	51.3
	Civil engineering	109,077	45.9	112,765	44.0
	Total construction	224,369	94.4	244,316	95.3
	Real estate	13,392	5.6	12,171	4.7
	Total	237,762	100.0	256,488	100.0
Net sales	Architecture	98,279	47.1	109,853	51.3
	Civil engineering	97,211	46.5	92,106	43.0
	Total construction	195,490	93.6	201,959	94.3
	Real estate	13,392	6.4	12,171	5.7
	Total	20,883	100.0	214,130	100.0