

OBAYASHI CORPORATION

Summary of the Financial Results for FY2017 Ended March 2018

Disclaimer: This financial information, a digest of Obayashi Corporation's "Summary of the Financial Results for FY2017 ended March 2018" ("Kessan Tanshin") disclosed at the Tokyo Stock Exchange on May 14, 2018 was translated into English and presented solely for the convenience of non-Japanese speaking users. If there is any discrepancy between Japanese "Kessan Tanshin" and this document, Japanese "Kessan Tanshin" will prevail. This document includes forward-looking statements based on the information available at the time of the release of Japanese "Kessan Tanshin". Due to various factors, the actual results may vary from the forward-looking statements contained herein. Obayashi Corporation (non-consolidated) is called the "Company" hereinafter.

(Rounded down to the nearest million yen)

1. Summary of Full Year Results for FY2017 (April 1, 2017 - March 31, 2018)

(1) Consolidated Business Results

(% shows the increase (decrease) from the results of the same period of the previous FY.)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%
FY2017 (full year)	1,900,655	1.5	137,800	3.0	143,951	2.7	92,662	(1.9)
FY2016 (full year)	1,872,721	5.3	133,742	25.7	140,106	26.0	94,501	49.0

(Note) Comprehensive income: [FY2017] 116,274 million yen, 17.1%; [FY2016] 99,307 million yen, 366.0%

	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share Adjusted for Latent Shares	Net Income-Shareholders' Equity Ratio	Ordinary Income-Total Assets Ratio	Operating Income-Net Sales Ratio
FY2017 (full year)	(Unit: yen) 129.09	(Unit: yen) _____	% 14.5	% 6.9	% 7.3
FY2016 (full year)	(Unit: yen) 131.66	(Unit: yen) _____	% 17.0	% 7.1	% 7.1

(For reference) Equity in earnings of affiliates: [FY2017] 602 million yen, [FY2016] 425 million yen,

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
At March 31, 2018	(Unit: million yen) 2,148,861	(Unit: million yen) 711,525	% 31.9	(Unit: yen) 954.05
At March 31, 2017	(Unit: million yen) 2,015,996	(Unit: million yen) 644,076	% 29.5	(Unit: yen) 827.77

(For reference) Equity (Net assets less non-controlling interests): [At March 31, 2018] 684,836 million yen, [At March 31, 2017] 594,160 million yen

(3) Consolidated Cash Flows

	From operating activities	From investment activities	From financing activities	Cash and cash equivalents at FY end
FY2017 (full year)	(Unit: million yen) 114,034	(Unit: million yen) (71,289)	(Unit: million yen) (54,548)	(Unit: million yen) 184,783
FY2016 (full year)	(Unit: million yen) 158,892	(Unit: million yen) (37,884)	(Unit: million yen) (89,165)	(Unit: million yen) 194,195

2. Dividends

	Dividend per share (Unit: yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total
FY2016 ended Mar. 2017	(Unit: yen) _____	(Unit: yen) 9.00	(Unit: yen) _____	(Unit: yen) 19.00	(Unit: yen) 28.00
FY2017 ended Mar. 2018	(Unit: yen) _____	(Unit: yen) 14.00	(Unit: yen) _____	(Unit: yen) 14.00	(Unit: yen) 28.00
FY2018 ending Mar. 2019 (Forecast)	(Unit: yen) _____	(Unit: yen) 14.00	(Unit: yen) _____	(Unit: yen) 14.00	(Unit: yen) 28.00

	Total dividends paid (full year)	Dividend Payout Ratio (Consolidated)	Dividends-Net Assets Ratio (Consolidated)
FY2016 ended Mar. 2017	(Unit: million yen) 20,105	% 21.3	% 3.6
FY2017 ended Mar. 2018	(Unit: million yen) 20,105	% 21.7	% 3.1
FY2018 ending Mar. 2019 (Forecast)	(Unit: million yen) _____	% 20.5	% _____

* The forecasts above were prepared on the basis of information available at the time of the release of Japanese "Kessan Tanshin".

Due to various factors, the actual result may vary from the forecasts.

3. Consolidated Forecast for FY2018 ending March 2019 (April 1, 2018 - March 31, 2019)

(% shows the increase (decrease) from the results of the same period of the previous FY.)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Profit attributable to owners of parent per Share
	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: yen)
Half Year	960,000	4.6	65,000	4.2	68,000	3.0	46,000	(4.9)	64.08
Full Year	1,970,000	3.6	139,000	0.9	144,500	0.4	98,000	5.8	136.52

* The forecasts above were prepared on the basis of information available at the time of the release of Japanese "Kessan Tanshin".

Due to various factors, the actual result may vary from the forecasts.

Reference: Summary of Non-consolidated Financial Results

1: Summary of Non-consolidated Full Year Results for FY2017 (April 1, 2017 - March 31, 2018)

(1) Non-consolidated Business Results

(% shows the increase (decrease) from the previous FY results)

	Net Sales		Operating Income		Ordinary Income		Profit	
	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%
FY2017 (full year)	1,294,062	(0.8)	109,727	1.4	117,850	1.1	80,677	(4.1)
FY2016 (full year)	1,304,065	5.6	108,221	41.7	116,530	40.7	84,145	65.9

	Profit per Share		Profit per Share Adjusted for Latent Shares	
	(Unit: yen)		(Unit: yen)	
FY2017 (full year)		112.39		_____
FY2016 (full year)		117.23		_____

(2) Non-consolidated Financial Position

	Total Assets		Net Assets		Equity Ratio	Net Assets per Share	
	(Unit: million yen)		(Unit: million yen)		%	(Unit: yen)	
At March 31, 2018		1,600,355		568,221	35.5		791.59
At March 31, 2017		1,504,594		492,354	32.7		685.94

(For reference) Equity (Net assets less non-controlling interests): [At March 31, 2018] 568,221 million yen, [At March 31, 2017] 492,354 million yen

2: Non-consolidated Forecasts for FY2018 (April 1, 2018 - March 31, 2019)

(% shows the increase (decrease) from the results of the same period of the previous FY.)

	Net Sales		Operating Income		Ordinary Income		Profit		Profit per Share
	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)		(Unit: yen)
Half Year	649,000	1.4	53,000	5.1	59,000	5.7	41,000	(0.2)	57.12
Full Year	1,330,000	2.8	111,000	1.2	121,000	2.7	84,000	4.1	117.02

* The forecasts above were prepared on the basis of information available at the time of the release of Japanese "Kessan Tanshin".

Due to various factors, the actual results may vary from the forecasts.

Summary of business performance and financial position for the FY2017 ended March 2018

We would first like to offer our deepest apologies for having caused our shareholders and all other stakeholders great concern as a result of the incident involving violation of the Antimonopoly Act in the bid for construction of the Chuo Shinkansen. The Obayashi Group recognizes the seriousness of this incident and intends to implement even stricter compliance to prevent recurrence and work to restore trust in the company. We would appreciate your understanding and support.

1. Overview of consolidated business performance

During the FY2017 ended March 2018, the Japanese economy was on a moderate recovery, with improvements of corporate profits and movements to increase private capital expenditures.

Orders from both public sectors and private sectors are in a firm tone and domestic construction market continued to grow steadily.

Under these circumstances, the Company's consolidated net sales for the FY2017 amounted to 1,900.6 billion yen, increased by 27.9 billion yen (1.5%) from the previous fiscal year primarily due to an increase in net sales from the construction business of the subsidiaries.

On the earnings front, consequent to an increase in gross profit on completed construction contracts as a result of an increase in net sales from the construction business, operating income increased by 4.0 billion yen (3.0%) to 137.8 billion yen, ordinary income increased by 3.8 billion yen (2.7%) to 143.9 billion yen. On the other hand, profit attributable to owners of parent decreased by 1.8 billion yen (1.9%) year-on-year to 92.6 billion yen due to the provision of reserves for losses associated with violation of the Antimonopoly Act in Obayashi Corporation and its subsidiaries.

The Obayashi Group consolidated performance by business segment for the FY2017 was as follows:

a. Construction business

Consolidated construction orders received decreased by 277.7 billion yen (13.5%) to 1,774.7 billion yen, due to a reaction of orders received for large scale projects of overseas building construction subsidiaries in the previous fiscal year. More specifically, orders received from domestic building construction, overseas building construction, domestic civil engineering and overseas civil engineering businesses were 1,016.7 billion yen, 314.4 billion yen, 387.6 billion yen, and 55.8 billion yen, respectively.

Non-consolidated orders received decreased by 45.2 billion yen (3.4%) to 1,303.1 billion yen from the previous fiscal year. More specifically, orders received from building construction decreased by 57.2 billion yen (5.4%) to 995.4 billion yen and orders received from civil engineering increased by 11.9 billion yen (4.1%) to 307.6 billion yen.

Consolidated net sales of construction business increased by 18.4 billion yen (1.0%) to 1,820.9 billion yen from the previous fiscal year primarily due to an increase in net sales from overseas building construction business and domestic civil engineering business of the subsidiaries. More specifically, net sales of domestic building construction, overseas building construction, domestic civil engineering and overseas civil engineering businesses were 1,014.3 billion yen, 383.9 billion yen, 346.1 billion

yen, and 76.4 billion yen, respectively. Operating income increased by 2.2 billion yen (1.8%) to 126.6 billion yen from the previous fiscal year mainly due to an increase in gross profit on completed construction contracts as a result of an improvement in gross profit margin on completed construction contracts of the Company's domestic construction business.

Non-consolidated net sales of construction business decreased by 9.4 billion yen (0.7%) to 1,276.4 billion yen from the previous fiscal year. More specifically, net sales of building construction decreased by 2.5 billion yen (0.3%) to 988.9 billion yen and net sales of civil engineering decreased by 6.9 billion yen (2.4%) to 287.4 billion yen.

b. Real estate business

The restructuring of the commercial real estate portfolio owned by a subsidiary in the real estate business and the sale of some properties led to growth in net sales of 5.7 billion yen (14.9%) over the same period last fiscal year to 44.5 billion yen. Operating income increased 1.4 billion yen (19.8%) year-on-year to 8.6 billion yen.

c. Other businesses

Consolidated net sales of other businesses increased by 3.7 billion yen (11.9%) to 35.1 billion yen and operating income increased by 0.3 billion yen (16.6%) to 2.5 billion yen from the previous fiscal year due to the addition of sales from solar power stations newly operated during the FY2017.

Consolidated net sales and operating income by reporting segments

(Unit: million yen)

	Construction business					Real estate business	Other businesses	Total
	Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Construction Total			
Net sales	1,014,371	383,995	346,119	76,461	1,820,947	44,566	35,141	1,900,655
Operating income	83,944	2,964	38,283	1,446	126,639	8,600	2,561	137,800

2. Outlook for consolidated and non-consolidated performance for the FY2018 ending March 2019

Consolidated performance for the FY2018 is expected to be as follows:

- Orders received, 1,930.0 billion yen (of which real estate business and other contribute 85.0 billion yen)
- Net sales, 1,970.0 billion yen (of which real estate business and other contribute 97.0 billion yen)
- Operating income, 139.0 billion yen
- Ordinary income, 144.5 billion yen
- Profit attributable to owners of parent, 98.0 billion yen

Note: The above forecasts were prepared for reference purpose only and were prepared on the basis of information available at the time of the release of the Japanese "Kessan Tanshin". Due to various factors, the actual results may vary from the forecasts.

3. Overview of consolidated financial position

Total assets at the end of the FY2017 increased by 132.8 billion yen (6.6%) to 2,148.8 billion yen compared with the balance at the end of the previous fiscal year mainly due to an increase in “Buildings and Structures” and “Land”, as a result of purchase of real estate properties for business use, an increase in trade receivables related to construction contracts which is the sum of “Notes and accounts receivables from completed construction contracts and other” and “Electronically recorded monetary claims”, and an increase in “Investment securities” as a result of an increase in market value .

Total liabilities at the end of the FY2017 increased by 65.4 billion yen (4.8%) to 1,437.3 billion yen compared with the balance at the end of the previous fiscal year mainly due to a decrease in “Bonds payable”, a increase in trade payables related to construction cost (“Notes and accounts payable for construction contracts and other” and “Electronically recorded obligations”) and “Nonrecourse loans”. Consequently, consolidated balance of interest-bearing debt at the end of the FY2017 increased by 3.3 billion yen (1.2%) to 276.7 billion yen compared with the balance at the end of the previous fiscal year.

Total net assets at the end of the FY2017 increased by 67.4 billion yen (10.5%) to 711.5 billion yen compared with the balance at the end of the previous fiscal year mainly because “Retained earnings” increased due to the recognition of profit attributable to owners of parent and “Valuation difference on available-for-sale securities” increased while “Non-controlling interests” decreased as a result of making Obayashi Road Corporation the Company’s wholly-owned subsidiary. As a result, equity ratio at the end of the FY2017 was 31.9%, up 2.4 percentage points from the end of the previous fiscal year.

4. Overview of consolidated cash flows

During the FY2017, net cash provided by operating activities amounted to 114.0 billion yen of cash inflows primarily due to a steady increase in cash flows in domestic construction business (Net cash provided by operating activities amounted to 158.8 billion yen of cash inflows in the previous fiscal year.).

Net cash used in investing activities amounted to 71.2 billion yen of cash outflows mainly due to purchases of real estate properties for business use (Net cash used in investing activities amounted to 37.8 billion yen of cash outflows in the previous fiscal year.).

Net cash used in financing activities amounted to 54.5 billion yen of cash outflows primarily due to acquisition of shares in Obayashi Road Corporation and payment of dividends (Net cash used in financing activities amounted to 89.1 billion yen of cash outflows in the previous fiscal year.).

Consequently, cash and cash equivalents at the end of the FY2017 decreased by 9.4 billion yen to 184.7 billion yen compared with the balance at the end of the previous fiscal year.

5. Basic policy regarding the allocation of profits and dividend payout plan for the FY2017 ended March 2018 and the FY2018 ending March 2019

The Company’s profit allocation policy is to sustain stably dividend payouts to our shareholders over

the long term for a target payout ratio of 20% to 30%, and provide shareholders with returns, including purchase of treasury stock, commensurate with the Group's performance, taking into account the need to enhance internal reserves so as to further strengthen its financial base, develop technologies and make capital investments for the future.

For the FY2017 ended March 2018, the Company expects to provide annual dividend of 28 yen per share (the total annual dividend: the same as the previous fiscal year, a dividend payout ratio: 21.7%). Accordingly, deducted a midterm dividend of 14 yen, a year-end dividend is expected to be 14 yen per share.

For the FY2018 ending March 2019, the Company expects to provide 14 yen per share both for a midterm and a year-end dividend, making the total annual dividend 28 yen per share (a dividend payout ratio: 20.5%).

Note: The above forecasts were prepared for reference purpose only and were prepared on the basis of information available at the time of the release of the Japanese "Kessan Tanshin". Due to various factors, the actual results may vary from the forecasts.

Consolidated balance sheets

(Unit : million yen)

	March 31, 2017	March 31, 2018
Assets		
Current assets		
Cash and deposits	194,585	190,055
Notes and accounts receivable from completed construction contracts and other	720,361	760,371
Electronically recorded monetary claims	21,075	15,531
Short-term investment securities	2,519	4,615
Real estate for sale	16,739	11,682
Costs on uncompleted construction contracts	39,881	45,555
Costs on real estate business	24,200	25,416
Inventories for PFI and other projects	42,406	46,148
Other inventories	7,872	10,655
Deferred tax assets	17,443	20,381
Accounts receivable	78,009	79,423
Other	16,694	18,695
Allowance for doubtful accounts	(142)	(160)
Total current assets	1,181,645	1,228,372
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	92,587	103,153
Machinery, vehicles, tools, furniture and fixtures, net	29,554	45,707
Land	308,241	351,060
Lease assets, net	228	259
Construction in progress	28,986	26,090
Total property, plant and equipment	459,597	526,270
Intangible assets	6,558	5,038
Investments and other assets		
Investment securities	346,245	372,308
Long-term loans receivable	2,024	876
Assets for retirement benefits	68	24
Deferred tax assets	1,987	659
Other	18,118	15,542
Allowance for doubtful accounts	(249)	(231)
Total investments and other assets	368,194	389,179
Total noncurrent assets	834,350	920,488
Total assets	2,015,996	2,148,861

(Unit : million yen)

	March 31, 2017	March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable for construction contracts and other	485,408	524,712
Electronically recorded obligations	150,289	133,770
Short-term loans payable	89,498	88,686
Current portion of nonrecourse loans	6,832	9,557
Current portion of bonds	25,000	10,000
Lease obligations	85	90
Income taxes payable	30,533	29,695
Deferred tax liabilities	402	70
Advances received on uncompleted construction contracts	106,541	110,534
Deposits received	102,707	103,408
Provision for warranties for completed construction	3,048	4,114
Provision for loss on construction contracts	7,751	5,209
Provision for loss on Antimonopoly Act	436	10,529
Other	70,149	88,528
Total current liabilities	1,078,684	1,118,905
Noncurrent liabilities		
Bonds payable	30,000	20,000
Long-term loans payable	55,836	66,038
Nonrecourse loans	66,192	82,446
Lease obligations	126	169
Deferred tax liabilities	46,956	54,417
Deferred tax liabilities for land revaluation	21,091	19,604
Provision for stock payments for directors	301	259
Provision for loss on real estate business and other	993	993
Provision for environmental measures	616	313
Liability for retirement benefits	51,029	49,473
Other	20,091	24,713
Total noncurrent liabilities	293,235	318,430
Total liabilities	1,371,919	1,437,336
Net assets		
Shareholders' equity		
Capital stock	57,752	57,752
Capital surplus	41,752	43,135
Retained earnings	334,957	404,840
Treasury stock	(1,964)	(1,929)
Total shareholders' equity	432,497	503,798
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	140,246	159,159
Deferred gains (losses) on hedges	(283)	(1,643)
Revaluation reserve for land	20,435	19,518
Foreign currency translation adjustments	(365)	758
Retirement benefit asset and liability adjustments	1,629	3,244
Total accumulated other comprehensive income	161,662	181,037
Non-controlling interests	49,916	26,688
Total net assets	644,076	711,525
Total liabilities and net assets	2,015,996	2,148,861

Consolidated statements of income

(Unit : million yen)

	FY2016 From April 1, 2016 to March 31, 2017	FY2017 From April 1, 2017 to March 31, 2018
Net sales		
Net sales of completed construction contracts	1,802,525	1,820,947
Net sales of real estate business and other	70,195	79,708
Total net sales	<u>1,872,721</u>	<u>1,900,655</u>
Cost of sales		
Cost of sales on completed construction contracts	1,596,705	1,608,353
Cost of sales on real estate business and other	51,082	57,998
Total cost of sales	<u>1,647,787</u>	<u>1,666,351</u>
Gross profit		
Gross profit on completed construction contracts	205,820	212,593
Gross profit on real estate business and other	19,113	21,709
Total gross profit	<u>224,933</u>	<u>234,303</u>
Selling, general and administrative expenses	91,191	96,502
Operating income	<u>133,742</u>	<u>137,800</u>
Non-operating income		
Interest income	1,917	1,534
Dividends income	6,940	7,538
Other	835	997
Total non-operating income	<u>9,693</u>	<u>10,070</u>
Non-operating expenses		
Interest expenses	2,442	2,097
Foreign exchange losses	462	671
Subsidiary stock acquisition-related cost	—	472
Other	424	677
Total non-operating expenses	<u>3,329</u>	<u>3,919</u>
Ordinary income	<u>140,106</u>	<u>143,951</u>
Extraordinary income		
Gain on sales of investing securities	3,081	6,120
Other	879	637
Total extraordinary income	<u>3,960</u>	<u>6,758</u>
Extraordinary loss		
Provision for loss on Antimonopoly Act	—	10,529
Impairment loss	562	1,769
Other	514	1,201
Total extraordinary losses	<u>1,076</u>	<u>13,500</u>
Profit before income taxes	<u>142,990</u>	<u>137,209</u>
Income taxes-current	37,692	47,290
Income taxes-deferred	4,782	(4,966)
Total income taxes	<u>42,475</u>	<u>42,323</u>
Profit	<u>100,515</u>	<u>94,886</u>
Profit attributable to non-controlling interests	6,013	2,223
Profit attributable to owners of parent	<u>94,501</u>	<u>92,662</u>

Consolidated statements of comprehensive income

(Unit : million yen)

	FY2016 From April 1, 2016 to March 31, 2017	FY2017 From April 1, 2017 to March 31, 2018
Profit	100,515	94,886
Other comprehensive income		
Valuation difference on available-for-sale securities	(25)	18,858
Deferred gains (losses) on hedges	(235)	(1,356)
Foreign currency translation adjustment	(1,783)	2,241
Retirement benefit adjustment	840	1,611
Share of other comprehensive income of associates accounted for using equity method	(4)	33
Total other comprehensive income	<u>(1,208)</u>	<u>21,387</u>
Comprehensive income	<u>99,307</u>	<u>116,274</u>
Comprehensive income attributable to owners of parent	93,865	112,954
Comprehensive income attributable to non-controlling interests	5,441	3,319

Consolidated statements of cash flows

(Unit : million yen)

	FY2016 From April 1, 2016 to March 31, 2017	FY2017 From April 1, 2017 to March 31, 2018
Net cash provided by (used in) operating activities		
Income before income taxes	142,990	137,209
Depreciation and amortization	14,981	14,659
Impairment loss	562	1,769
Increase (decrease) in allowance for doubtful accounts	(30)	0
Increase (decrease) in provision for loss on construction contracts	(5,005)	(2,510)
Increase (decrease) in provision for loss on Antimonopoly Act	(295)	10,092
Increase (decrease) in liability for retirement benefits	160	734
Interest and dividends income	(8,857)	(9,073)
Interest expenses	2,442	2,097
Loss (gain) on sales of noncurrent assets	(346)	(466)
Loss (gain) on sales of short-term and long term investment securities	(3,080)	(6,107)
Decrease (increase) in notes and accounts receivable — trade	(20,740)	(36,264)
Decrease (increase) in costs on uncompleted construction contracts	(1,539)	(5,620)
Decrease (increase) in inventories	(995)	874
Decrease (increase) in inventories for PFI and other projects	3,107	(3,727)
Decrease (increase) in other assets	4,432	413
Increase (decrease) in notes and accounts payable — trade	29,433	24,054
Increase (decrease) in advances received on uncompleted construction contracts	(14,029)	4,077
Increase (decrease) in other liabilities	34,991	20,657
Other, net	180	1,145
Subtotal	178,360	154,015
Interest and dividends income received	9,041	9,225
Interest expenses	(2,530)	(2,163)
Income taxes (paid) refund	(25,978)	(47,042)
Net cash provided by (used in) operating activities	158,892	114,034
Net cash provided by (used in) investing activities		
Payments into time deposits	(362)	(3,313)
Purchase of property, plant and equipment and intangible assets	(39,755)	(71,965)
Proceeds from sales of property, plant and equipment and intangible assets	3,044	4,629
Purchase of short-term and long term investment securities	(6,253)	(7,411)
Proceeds from sales and redemption of short-term and long term investment securities	5,425	10,108
Payments of loans receivable	(362)	(145)
Collection of loans receivable	379	291
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(3,483)
Other, net	—	1
Net cash provided by (used in) investing activities	(37,884)	(71,289)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(23,512)	(5,963)
Repayments of lease obligations	(93)	(99)
Proceeds from long-term loans payable	21,700	31,000
Repayment of long-term loans payable	(53,417)	(17,177)
Proceeds from nonrecourse loans payable	9	19,066
Payment of nonrecourse loans payable	(6,858)	(7,016)
Redemption of bonds	(10,000)	(25,000)
Cash dividends paid	(15,797)	(23,696)
Cash dividends paid to non-controlling interests	(1,188)	(1,100)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(24,552)
Other, net	(6)	(8)
Net cash provided by (used in) financing activities	(89,165)	(54,548)
Effect of exchange rate change on cash and cash equivalents	(2,449)	2,391
Net increase (decrease) in cash and cash equivalents	29,392	(9,412)
Cash and cash equivalents at beginning of period	164,802	194,195
Cash and cash equivalents at end of period	194,195	184,783

Notes to real estate for rent and other

The Company and a part of its subsidiaries hold office buildings for lease (incl. land), lands for redevelopment projects and etc. mainly in Tokyo and Osaka.

Profit and impairment loss from the said real estate for FY2016 amounted to 10,008 million yen and 19 million yen respectively.

Profit and impairment loss from the said real estate for FY2017 amounted to 9,926 million yen and 16 million yen respectively. (Sales and costs on real estate are booked in "Net sales of real estate business and other" and "Cost of sales on real estate business and other" respectively. Impairment loss is classified as "Extraordinary loss.")

Amounts on consolidated balance sheets, amounts increased (decreased) and market value of the said real estate are as follows:

(Unit : million yen)

	FY2016 (From April 1, 2016 to March 31, 2017)	FY2017 (From April 1, 2017 to March 31, 2018)
Amounts on the consolidated balance sheets		
At April 1	286,794	289,385
Increase (decrease) -net	2,591	56,256
At March 31	289,385	345,641
Market value at March 31	407,789	487,172

Note 1: The amounts on the consolidated balance sheets shown above were computed by subtracting the accumulated depreciation and impairment loss from the purchase price.

Note 2: "Increase (decrease) - net" of FY2016 mainly consists of:

Increase - Purchase of office buildings for lease (incl. land) and other (6,538 million yen)

Decrease - Deprecation cost (2,873 million yen)

"Increase (decrease) - net" of FY2017 mainly consists of:

Increase - Purchase of office buildings for lease (incl. land) and other (47,899million yen)

Decrease - Sale of office buildings for lease (incl. land) and other (3,855 million yen) and Deprecation cost (3,569million yen)

Note 3: Market value at March 31 was computed by the Company in accordance with the "Real estate evaluation standards." (Some of the numbers were adjusted using official indices.)

Segment Information

Reporting segment information (net sales and income (loss))

FY2016 (April 1, 2016 - March 31, 2017)

(Unit: million yen)

	Reporting Segment						Others (Note 1)	Total
	Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Real estate development	Subtotal		
Net sales								
Sales to third parties	1,020,378	367,980	332,374	81,792	38,795	1,841,321	31,400	1,872,721
Intersegment sales and transfers	39,709	47	21,309	—	1,156	62,222	7,443	69,665
Segment sales	1,060,088	368,027	353,683	81,792	39,951	1,903,543	38,843	1,942,387
Operating Income (loss)								
Operating Income (loss) from sales to third parties (Note 2)	82,633	4,880	40,033	(3,182)	7,180	131,546	2,196	133,742
Intersegment operating income or transfer	792	(23)	859	(3)	(0)	1,623	(89)	1,533
Segment income (loss)	83,425	4,856	40,893	(3,185)	7,179	133,169	2,106	135,276

Note 1: Businesses that cannot be classified into the company's reporting segments are shown as "Others."

This includes PFI (Private Finance Initiative), renewable energy business, finance, operation of golf courses, and other businesses.

Note 2: "Operating income (loss) from sales to third parties" was computed by subtracting "Intersegment operating income and transfers" from "Segment income (loss)."

The total "Operating income (loss) from sales to third parties" equals to "Operating income" as shown in the quarterly consolidated statements of income.

Note 3: The amounts of the assets of each segment are not shown as the assets are not divided by segments.

FY2017 (April 1, 2017 - March 31, 2018)

(Unit: million yen)

	Reporting Segment						Others (Note 1)	Total
	Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Real estate development	Subtotal		
Net sales								
Sales to third parties	1,014,371	383,995	346,119	76,461	44,566	1,865,513	35,141	1,900,655
Intersegment sales and transfers	53,074	950	16,097	—	1,131	71,253	8,017	79,270
Segment sales	1,067,445	384,945	362,216	76,461	45,697	1,936,766	43,159	1,979,925
Operating Income								
Operating Income from sales to third parties (Note 2)	83,944	2,964	38,283	1,446	8,600	135,239	2,561	137,800
Intersegment operating income or transfer	2,658	(21)	4	(1)	(0)	2,639	(80)	2,559
Segment income	86,602	2,943	38,288	1,444	8,599	137,878	2,480	140,359

Note 1: Businesses that cannot be classified into the company's reporting segments are shown as "Others."

This includes PFI (Private Finance Initiative), renewable energy business, finance, operation of golf courses, and other businesses.

Note 2: "Operating income from sales to third parties" was computed by subtracting "Intersegment operating income and transfers" from "Segment income."

The total "Operating income from sales to third parties" equals to "Operating income" as shown in the quarterly consolidated statements of income.

Note 3: The amounts of the assets of each segment are not shown as the assets are not divided by segments.