

**Consolidated Financial Results  
for the Fiscal Year Ended March 31, 2017  
[Japanese GAAP]**



May 12, 2017

Company name: NIPPON HUME CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Securities code: 5262

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Scheduled date of Annual General Meeting of Shareholders: June 29, 2017

Scheduled date of commencing dividend payments: June 30, 2017

Scheduled date of filing annual securities report: June 29, 2017

Preparation of supplementary briefing material on financial results: No

Holding of financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Turnover		Operating income		Ordinary income		Profit attributable to owners of parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2017	32,072	(5.0)	1,498	(20.9)	1,958	(15.8)	1,383	(23.2)
Fiscal year ended March 31, 2016	33,750	(6.3)	1,894	(12.0)	2,326	(44.3)	1,802	(49.7)

(Note) Comprehensive income: Fiscal year ended March 31, 2017: ¥2,099 million [138.1%]

Fiscal year ended March 31, 2016: ¥881 million [-72.4%]

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary income to total assets	Operating income to turnover
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2017	54.54	—	4.8	4.3	4.7
Fiscal year ended March 31, 2016	69.89	—	6.5	5.2	5.6

(Reference) Share of income (loss) of associates: Fiscal year ended March 31, 2017: ¥371 million

Fiscal year ended March 31, 2016: ¥431 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2017	47,501	29,558	61.8	1,166.30
As of March 31, 2016	43,857	28,073	63.6	1,095.70

(Reference) Equity: As of March 31, 2017: ¥29,353 million

As of March 31, 2016: ¥27,884 million

### (3) Consolidated Cash Flows

	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
Fiscal year ended March 31, 2017	1,855	(699)	(607)	8,836
Fiscal year ended March 31, 2016	2,568	(628)	(1,148)	8,287

### 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2016	—	—	—	16.00	16.00	419	22.9	1.5
Fiscal year ended March 31, 2017	—	—	—	16.00	16.00	415	29.3	1.4
Fiscal year ending March 31, 2018 (Forecast)	—	—	—	16.00	16.00		25.2	

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% indicates changes from the previous corresponding period.)

	Turnover		Operating income		Ordinary income		Profit attributable to owners of parent company		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	16,000	7.6	600	2.3	850	2.8	600	2.5	23.84
Full year	35,000	9.1	1,800	20.1	2,200	12.3	1,600	15.6	63.57

#### \* Notes

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

Newly included: — (Company name) Excluded: — (Company name)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards, etc.: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(Note) For details, please refer to “3. Consolidated Financial Statements (5) Notes to the Consolidated Financial Statements (Changes in accounting policies)” on page 13 of the attachment.

(3) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2017: 29,347,500 shares

As of March 31, 2016: 29,347,500 shares

- 2) Total number of treasury shares at the end of the period  
 As of March 31, 2017: 4,179,180 shares  
 As of March 31, 2016: 3,898,940 shares
- 3) Average number of shares during the period  
 Fiscal year ended March 31, 2017: 25,368,851 shares  
 Fiscal year ended March 31, 2016: 25,783,634 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Turnover		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2017	30,490	(3.9)	1,481	(19.4)	2,153	(8.1)	1,643	(8.8)
Fiscal year ended March 31, 2016	31,743	(2.0)	1,837	7.2	2,343	4.9	1,802	3.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2017	62.83	—
Fiscal year ended March 31, 2016	67.84	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2017	39,663	23,451	59.1	903.44
As of March 31, 2016	36,103	21,929	60.7	835.77

(Reference) Equity: As of March 31, 2017: ¥23,451 million  
 As of March 31, 2016: ¥21,929 million

\* The consolidated financial results are not subject to auditing.

\* Explanation of the proper use of financial results forecast and other notes

The financial results forecast and other forward-looking statements contained in these materials are based on information available to the Company and on certain assumptions deemed to be reasonable as of the date of publication of this document. They are not intended as a commitment by the Company that these results will be achieved. Actual results may differ considerably as a result of numerous factors. For the assumptions used in the financial results forecast and precautionary notes on its use, please refer to “1. Overview of Operating Results (4) Future Outlook” on page 3 of the attachment.

Table of Contents

1. Overview of Operating Results .....	2
(1) Overview of Operating Results for the Fiscal year under Review .....	2
(2) Overview of Financial Position in the Fiscal Year under Review .....	3
(3) Overview of Cash Flows in the Fiscal Year under Review .....	3
(4) Future Outlook .....	3
2. Basic Approach to Selection of Accounting Standards .....	4
3. Consolidated Financial Statements .....	5
(1) Consolidated Balance Sheets .....	5
(2) Consolidated Statements of Income and Comprehensive Income .....	7
(3) Consolidated Statements of Changes in Net Assets .....	9
(4) Consolidated Statements of Cash Flows .....	11
(5) Notes to the Consolidated Financial Statements .....	13
(Notes on going concern assumption) .....	13
(Changes in accounting policies) .....	13
(Segment information, etc.) .....	13
(Per share information) .....	16
(Significant subsequent events) .....	16
4. Non-consolidated Financial Statements .....	17
(1) Non-consolidated Balance Sheets .....	17
(2) Non-consolidated Statements of Income .....	19
(3) Non-consolidated Statements of Changes in Net Assets .....	20

## 1. Overview of Operating Results

### (1) Overview of Operating Results for the Fiscal year under Review

In the consolidated fiscal year under review, the Japanese economy stayed on a modest recovery trend. Nonetheless, despite domestic capital expenditure showing signs of recovery, due to growing uncertainties about overseas economies, including the economic prospects particularly for emerging Asian nations, including China, and the issue of the United Kingdom's withdrawal from the European Union, the future prospects for the economy remained uncertain.

In the concrete products industry in which the Company operates, there were expectations of a recovery in demand arising from an expansion in domestic capital expenditure, but demand for both Hume pipes and pile products remained below the levels of the previous fiscal year.

Under these circumstances, by striving to enter segment products businesses in which future demand growth is anticipated and to develop high value-added products, and also by working to reduce costs, the Group pursued stable profits and sustainable growth, which are the key objectives of the basic policy in "Evolution All Japan," the medium-term management plan that began in the 2015 fiscal year.

Furthermore, at the Board of Directors Meeting that was held on August 25, 2016, to improve the Group's capital efficiency and make a greater return of profits to shareholders, the Company resolved to purchase treasury stock, and it later purchased a total of 190 million yen in such stock.

In the fiscal year ended March 31, 2017, orders received for products and construction, etc., were ¥30,722 million (down 2.5% year on year), and turnover, including revenue from products, construction, and real estate, was ¥32,072 million (down 5.0% year on year).

As for profit and loss, with the Group focusing on research and development in the fiscal year under review as well, operating income was ¥1,498 million (down 20.9% year on year); ordinary income was ¥1,958 million (down 15.8% year on year), mainly because of equity in earnings of affiliates, dividend income, and foreign exchange; and profit attributable to owners of parent was ¥1,383 million (down 23.2% year on year).

Segment results are indicated as follows.

#### 1) Concrete Products

Orders received were ¥16,804 million (down 9.7% year on year). In addition, turnover was ¥16,859 million (down 15.5% year on year), mainly because sales of Hume pipes and precast products decreased and price competition for pile products intensified. Finally, segment income was ¥482 million (down 36.6% year on year).

The total sales composition ratio was 52.6%.

#### 2) Construction

Orders received were ¥13,719 million (up 7.9% year on year). In addition, due to increases in sales of piling work and sewage line-related work, turnover was ¥13,644 million (up 11.7% year on year). Finally, segment income was ¥458 million (down 15.5% year on year), mainly because price competition in pile work intensified.

The total sales composition ratio was 42.5%.

#### 3) Real Estate Development

Turnover was roughly on par with that in the previous fiscal year, increasing 0.2% year on year to ¥977 million. Segment income, meanwhile, decreased 4.1% year on year to ¥410 million, mainly because renovation work was conducted on real estate property for rent.

The total sales composition ratio was 3.0%.

#### 4) Others

Orders received increased 0.9% year on year to ¥198 million, but turnover decreased 2.3% year on year to

¥590 million, and segment income fell 9.1% year on year to ¥148 million.

The total sales composition ratio was 1.9%.

## (2) Overview of Financial Position in the Fiscal Year under Review

### (Assets)

Total assets as of March 31, 2017, had increased ¥3,644 million from the end of the previous fiscal year, reaching ¥47,501 million. Current assets increased ¥2,832 million from the end of the previous fiscal year, reaching ¥25,382 million. This is mainly due to an increase of ¥1,903 million in notes and accounts receivable – trade and an increase of 446 million in merchandise and finished goods. Non-current assets increased ¥811 million from the end of the previous fiscal year to ¥22,118 million. This is mainly because, while property, plant and equipment decreased ¥171 million as a result of depreciation, investment securities increased ¥991 million in line with rising stock prices for the Company's stock holdings.

In addition, under liabilities, total liabilities increased ¥2,159 million from the end of the previous fiscal year to ¥17,942 million. Current liabilities increased ¥1,918 million from the end of the previous fiscal year, reaching ¥14,111 million. This is mainly because notes and accounts payable – trade increased ¥1,735 million. Non-current liabilities increased ¥240 million from the end of the previous fiscal year to ¥3,831 million. This is mainly because deferred tax liabilities related to valuation difference on available-for-sale securities increased ¥199 million.

Under net assets, total net assets increased ¥1,485 million to ¥29,558 million. This is mainly because, in retained earnings, while profit attributable to owners of parent increased ¥1,383 million, there was a decrease of ¥419 million for cash dividends paid, and valuation difference on available-for-sale securities increased ¥515 million.

## (3) Overview of Cash Flows in the Fiscal Year under Review

Cash and cash equivalents (hereinafter, “funds,” referring to cash and deposits minus time deposits with deposit terms of over three months) as of March 31, 2017, grew ¥549 million from the end of the previous fiscal year to ¥8,836 million.

### (Cash flows from operating activities)

Funds provided by operating activities during the fiscal year ended March 31, 2017, declined by ¥712 million year on year to ¥1,855 million. The primary factors included a ¥1,978 million increase in profit before income taxes and minority interests, a ¥1,909 million increase in notes and accounts receivable – trade and a ¥1,886 million increase in notes and accounts payable - trade.

### (Cash flows from investing activities)

Funds used in investing activities during the fiscal year ended March 31, 2017, increased by ¥71 million year on year to ¥699 million. The primary factors included a ¥657 million outflow due to the purchase of fixed assets, including manufacturing equipment.

### (Cash flows from financing activities)

Funds used in financing activities during the fiscal year ended March 31, 2017, declined by ¥541 million year on year to ¥607 million. The primary factors included ¥419 million in cash dividend payments and an outflow of ¥194 million due to the purchase of treasury shares.

## (4) Future Outlook

Challenging conditions are expected to persist in the business environment surrounding the Company as we continue to face fierce competition on orders and prices, among other factors. However, we believe that our concrete precast products and construction technologies enable us to offer optimal solutions to problems in the domestic construction market, such as labor shortages, as well as for the creation of a safe and secure social infrastructure. We will actively tackle these issues in line with the basic strategy set out in our medium-term

management plan, “Evolution All Japan.”

With regard to our financial results for the fiscal year ending March 31, 2018, the Company expects a turnover of ¥35,000 million, operating income of ¥1,800 million, ordinary income of ¥2,200 million, and profit attributable to owners of parent of ¥1,600 million.

## 2. Basic Approach Concerning Selection of Accounting Standards

The Group’s policy is to prepare its consolidated financial statements based on Japanese-GAAP for the time being, considering comparability with other companies in the same industry in Japan.

Our policy for the future is to review the application of International Accounting Standards in light of factors including application trends by companies Japan.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2016	As of March 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	8,343,375	8,892,925
Notes and accounts receivable - trade	11,807,820	13,711,307
Merchandise and finished goods	1,579,806	2,026,699
Raw materials and supplies	411,776	476,714
Deferred tax assets	76,552	103,102
Other	344,707	186,557
Provision for doubtful accounts	(13,903)	(14,662)
Total current assets	22,550,135	25,382,645
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,678,504	11,882,764
Accumulated depreciation	(8,579,721)	(8,786,142)
Buildings and structures, net	3,098,782	3,096,622
Machinery, equipment and vehicles	14,411,651	14,849,178
Accumulated depreciation	(12,418,260)	(12,789,991)
Machinery, equipment and vehicles, net	1,993,390	2,059,187
Land	3,697,405	3,692,743
Construction in progress	302,748	54,397
Other	678,964	712,192
Accumulated depreciation	(611,701)	(627,276)
Other, net	67,262	84,916
Total property, plant and equipment	9,159,590	8,987,867
Intangible assets		
Other	141,008	137,543
Total intangible assets	141,008	137,543
Investments and other assets		
Investment securities	11,759,521	12,750,556
Long-term accounts receivable - other	243,134	193,108
Deferred tax assets	6,406	6,276
Other	277,642	272,887
Provision for doubtful accounts	(280,165)	(229,530)
Total investments and other assets	12,006,540	12,993,299
Total non-current assets	21,307,138	22,118,709
Total assets	43,857,273	47,501,354



(Thousand yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,612,889	11,348,157
Short-term loans	1,214,430	1,212,269
Income taxes payable	181,150	476,049
Provision for bonuses	187,230	185,557
Provision for loss on construction contracts	—	30,223
Provision for environmental measures	1,334	—
Other	996,282	859,127
Total current liabilities	12,193,318	14,111,384
Non-current liabilities		
Deferred tax liabilities	363,487	562,518
Provision for directors' retirement benefits	36,017	36,017
Provision for environmental measures	21,584	17,014
Net defined benefit liability	2,547,786	2,612,372
Long-term lease and guarantee deposited	620,236	599,580
Other	1,098	3,681
Total non-current liabilities	3,590,210	3,831,184
Total liabilities	15,783,528	17,942,569
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,251,400	5,251,400
Share premium	4,736,508	4,736,508
Retained earnings	19,309,786	20,272,825
Treasury shares	(1,317,293)	(1,511,453)
Total shareholders' equity	27,980,401	28,749,280
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	241,061	756,093
Difference in foreign exchange	77,730	220,308
Remeasurements of defined benefit	(415,129)	(371,835)
Total accumulated other comprehensive income	(96,337)	604,565
Non-controlling interests	189,681	204,938
Total net assets	28,073,745	29,558,785
Total liabilities and net assets	43,857,273	47,501,354

(2) Consolidated Statements of Income and Comprehensive Income  
Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31, 2016	For the fiscal year ended March 31, 2017
Turnover	33,750,621	32,072,030
Cost of sales	27,950,357	26,609,258
Gross profit	5,800,264	5,462,772
Selling, general and administrative expenses	3,906,184	3,963,819
Operating income	1,894,080	1,498,952
Non-operating income		
Interest income	971	352
Dividend income	82,445	92,612
Share of income of associates	431,027	371,772
Technical support fee	81,047	84,299
Other	85,427	78,480
Total non-operating income	680,920	627,517
Non-operating expenses		
Interest expenses	30,642	23,398
Foreign exchange losses	181,234	112,694
Other	36,952	31,653
Total non-operating expenses	248,829	167,747
Ordinary income	2,326,170	1,958,722
Extraordinary income		
Gain on sales of fixed assets	5,381	383
State subsidy	66,179	1,424
Insurance income	—	18,128
Total extraordinary income	71,560	19,936
Extraordinary losses		
Loss on disposal of fixed assets	2,680	0
Structural reform expenses	86,224	—
Total extraordinary losses	88,904	0
Profit before income taxes and minority interests	2,308,826	1,978,659
Income taxes - current	509,322	650,295
Income taxes - deferred	(16,624)	(70,424)
Total income taxes	492,698	579,870
Profit after income taxes	1,816,128	1,398,788
Profit attributable to non-controlling interests	14,044	15,256
Profit attributable to owners of parent company	1,802,083	1,383,531

## Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2016	For the fiscal year ended March 31, 2017
Profit after income taxes	1,816,128	1,398,788
Other comprehensive income		
Valuation difference on available-for-sale securities	(637,178)	492,782
Difference in foreign exchange	62,297	142,577
Remeasurements of defined benefit	(267,879)	57,292
Share of other comprehensive income of associates	(91,650)	8,251
Total other comprehensive income	(934,411)	700,903
Comprehensive income	881,717	2,099,692
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent company	867,672	2,084,435
Comprehensive income attributable to non-controlling interests	14,044	15,256

(3) Consolidated Statements of Changes in Net Assets  
For the fiscal year ended March 31, 2016

(Thousand yen)

	Shareholders' equity				
	Share capital	Share premium	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,251,400	4,739,426	17,955,480	(912,998)	27,033,308
Cumulative effects of changes in accounting policies			(45,184)		(45,184)
Restated balance	5,251,400	4,739,426	17,910,296	(912,998)	26,988,124
Changes of items during period					
Dividends of surplus			(402,594)		(402,594)
Profit attributable to owners of parent company			1,802,083		1,802,083
Purchase of treasury shares				(404,318)	(404,318)
Disposal of treasury shares		52		23	75
Increase of treasury shares of associate company				(0)	(0)
Purchase of shares of consolidated subsidiaries		(2,969)			(2,969)
Other changes of shareholders' equity					
Total changes during current period		(2,917)	1,399,489	(404,295)	992,276
Balance at end of current period	5,251,400	4,736,508	19,309,786	(1,317,293)	27,980,401

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Difference in foreign exchange	Remeasurements of defined benefit	Total accumulated other comprehensive income		
Balance at beginning of current period	940,031	15,434	(117,392)	838,073	175,637	28,047,019
Cumulative effects of changes in accounting policies						(45,184)
Restated balance	940,031	15,434	(117,392)	838,073	175,637	28,001,835
Changes of items during period						
Dividends of surplus						(402,594)
Profit attributable to owners of parent company						1,802,083
Purchase of treasury shares						(404,318)
Disposal of treasury shares						75
Increase of treasury shares of associate company						(0)
Purchase of shares of consolidated subsidiaries						(2,969)
Other changes of shareholders' equity	(698,969)	62,295	(297,737)	(934,411)	14,044	(920,366)
Total changes during current period	(698,969)	62,295	(297,737)	(934,411)	14,044	71,910
Balance at end of current period	241,061	77,730	(415,129)	(96,337)	189,681	28,073,745

For the fiscal year ended March 31, 2017

(Thousand yen)

	Shareholders' equity				
	Share capital	Share premium	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,251,400	4,736,508	19,309,786	(1,317,293)	27,980,401
Cumulative effects of changes in accounting policies					
Restated balance	5,251,400	4,736,508	19,309,786	(1,317,293)	27,980,401
Changes of items during period					
Dividends of surplus			(419,820)		(419,820)
Profit attributable to owners of parent company			1,383,531		1,383,531
Purchase of treasury shares				(194,159)	(194,159)
Disposal of treasury shares					
Increase of treasury shares of associate company				(0)	(0)
Purchase of shares of consolidated subsidiaries					
Change of scope of equity method			(671)		(671)
Other changes of shareholders' equity					
Total changes during current period			963,039	(194,159)	768,879
Balance at end of current period	5,251,400	4,736,508	20,272,825	(1,511,453)	28,749,280

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Difference in foreign exchange	Remeasurements of defined benefit	Total accumulated other comprehensive income		
Balance at beginning of current period	241,061	77,730	(415,129)	(96,337)	189,681	28,073,745
Cumulative effects of changes in accounting policies						
Restated balance	241,061	77,730	(415,129)	(96,337)	189,681	28,073,745
Changes of items during period						
Dividends of surplus						(419,820)
Profit attributable to owners of parent company						1,383,531
Purchase of treasury shares						(194,159)
Disposal of treasury shares						
Increase of treasury shares of associate company						(0)
Purchase of shares of consolidated subsidiaries						
Change of scope of equity method						(671)
Other changes of shareholders' equity	515,032	142,577	43,293	700,903	15,256	716,160
Total changes during current period	515,032	142,577	43,293	700,903	15,256	1,485,040
Balance at end of current period	756,093	220,308	(371,835)	604,565	204,938	29,558,785

## (4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2016	For the fiscal year ended March 31, 2017
<b>Cash flows from operating activities</b>		
Profit before income taxes and minority interests	2,308,826	1,978,659
Depreciation	699,884	689,322
Increase (decrease) in provision for doubtful accounts	(51,589)	(49,671)
Increase (decrease) in provision for bonuses	(5,052)	(1,672)
Increase (decrease) in net defined benefit liability	168,413	135,020
Increase (decrease) in provision for directors' retirement benefits	(14,750)	—
Increase (decrease) in provision for loss on construction contracts	—	30,223
Increase (decrease) in provision for environmental measures	—	(5,904)
Interest and dividend income	(83,417)	(92,964)
Interest expenses	30,642	23,398
Foreign exchange losses (gains)	12,736	145,478
Share of (income) loss of associates	(431,027)	(371,772)
Loss (gain) on sales of fixed assets	(5,381)	(383)
Loss on disposal of fixed assets	2,680	0
State subsidy	(66,179)	(1,424)
Insurance income	—	(18,128)
Decrease (increase) in notes and accounts receivable - trade	1,156,940	(1,909,852)
Decrease (increase) in inventories	750,408	(513,974)
Decrease (increase) in other current assets	68,511	156,669
Increase (decrease) in notes and accounts payable - trade	(1,414,112)	1,886,944
Increase (decrease) in accrued consumption taxes	273,210	(222,581)
Increase (decrease) in other current liabilities	(314,300)	81,466
Increase (decrease) in other non-current liabilities	(3,590)	(18,088)
Subtotal	3,082,854	1,920,764
Interest and dividend income received	286,247	295,895
Interest expenses paid	(31,277)	(23,482)
Proceeds from insurance income	—	18,128
Income taxes paid	(768,981)	(355,396)
Net cash provided by (used in) operating activities	2,568,843	1,855,909

(Thousand yen)

	For the fiscal year ended March 31, 2016	For the fiscal year ended March 31, 2017
<b>Cash flows from investing activities</b>		
Payments into time deposits	(2,923)	(423)
Purchase of fixed assets	(717,719)	(657,941)
Proceeds from sales of fixed assets	6,154	2,508
Payments for disposal of fixed assets	(37,726)	—
Proceeds from state subsidy	66,179	1,424
Purchase of shares of associated companies	—	(99,777)
Decrease (increase) in other investments	58,000	54,589
Net cash provided by (used in) investing activities	(628,036)	(699,620)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans	(339,323)	6,289
Purchase of treasury shares	(404,318)	(194,159)
Proceeds from sales of treasury shares	75	—
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2,969)	—
Cash dividends paid	(402,412)	(419,757)
Net cash provided by (used in) financing activities	(1,148,948)	(607,626)
Net foreign exchange on cash and cash equivalents	(639)	465
Net increase (decrease) in cash and cash equivalents	791,219	549,126
Cash and cash equivalents at the beginning of the period	7,496,372	8,287,591
Cash and cash equivalents at the end of the period	8,287,591	8,836,718

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

No relevant items.

(Changes in accounting policies)

Following a revision of the Corporation Tax Act, the Company has applied “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (ASBJ Practical Issues Task Force No. 32, June 17, 2016) to the fiscal year ending March 31, 2017. Accordingly, the depreciation method for building-attached facilities and structures acquired on and after April 1, 2016, was changed from the declining-balance method to the straight-line method.

Please note that, for the fiscal year under review, the effect on the consolidated financial statements is minimal.

(Segment information, etc.)

(Segment information)

1. Description of reportable segments

The Company’s reportable segments represent units for which discrete financial information is available. Regular reviews are also carried out by the Board of Directors for the purpose of determining the allocation of management resources and evaluating business performance.

The Company has business divisions by type of business established in the head office. Each business division formulates comprehensive strategies for its domestic and overseas operations, thereby deploying its business activities.

Accordingly, the Company comprises segments by type of business, with three reportable segments, namely Concrete Products, Construction and Real Estate Development.

The Concrete Products segment engages in manufacturing and sales of concrete products, manufacturing of formwork, sales of accessories, etc. The Construction segment engages in the undertaking of various contracted construction. The Real Estate Development segment engages in leasing, management and development of real estate.

2. Method for calculating turnover, income (loss), assets, liabilities and other items by reportable segment

The accounting methods for reported business segments are generally the same as those stated in “Basic significant matters for the preparation of consolidated financial statements.”

The reportable segment income is based on operating income. Inter-segment turnover and transfers are based on current market prices.

Effective from the fiscal year ended March 31, 2017, in order to assess the results of each segment more appropriately, the method of proportionally allocating selling, general and administrative expenses has been changed.

For segment information of the previous fiscal year, the results calculated using the method before change is disclosed.



## 3. Information on calculating turnover, income (loss), assets, liabilities and other items by reportable segment

For the fiscal year ended March 31, 2016 (April 1, 2014 to March 31, 2015)

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on the consolidated financial statements (Note 3)
	Concrete Products	Construction	Real Estate Development	Total				
Turnover								
Turnover to external customers	19,957,280	12,213,038	975,885	33,146,204	604,417	33,750,621	—	33,750,621
Inter-segment turnover or transfers	13,596	—	42,804	56,401	10,491	66,892	(66,892)	—
Total	19,970,877	12,213,038	1,018,690	33,202,606	614,908	33,817,514	(66,892)	33,750,621
Segment income	760,438	542,279	427,768	1,730,486	163,593	1,894,080	—	1,894,080
Segment assets	19,016,772	7,880,404	2,278,731	29,175,908	1,746,038	30,921,947	12,935,325	43,857,273
Other items								
Depreciation	402,632	63,678	100,912	567,224	109,918	677,142	41,833	718,975
Increase in property, plant and equipment and intangible assets	710,135	115,416	30,479	856,031	1,196	857,227	10,095	867,322

(Notes) 1. The “Others” segment includes businesses not included in reportable segments, such as the environmental equipment sales business, the sport facility management business, the rental business, and solar power generation business.

2. Adjustments are as follows:

- (1) An adjustment to turnover of ¥(66,892) thousand is the elimination of inter-segment transactions.
- (2) An adjustment to segment assets of ¥12,935,325 thousand is corporate assets not allocated to reportable segments, comprising investment securities of ¥11,759,521 thousand and assets associated with administration divisions, etc. of ¥1,175,804 thousand.
- (3) The adjustment to the increase in property, plant and equipment and intangible assets of ¥10,095 thousand accounts for capital expenditure for the head office building, etc.

3. Total segment income corresponds to operating income on the Consolidated Statements of Income.

4. Depreciation and increase in property, plant and equipment and intangible assets include long-term prepaid expenses and the related amortization.

For the fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on the consolidated financial statements (Note 3)
	Concrete Products	Construction	Real Estate Development	Total				
Turnover								
Turnover to external customers	16,859,590	13,644,157	977,811	31,481,559	590,471	32,072,030	—	32,072,030
Inter-segment turnover or transfers	15,304	—	42,652	57,956	381	58,337	(58,337)	—
Total	16,874,894	13,644,157	1,020,463	31,539,515	590,852	32,130,368	(58,337)	32,072,030
Segment income	482,019	458,099	410,083	1,350,202	148,749	1,498,952	—	1,498,952
Segment assets	19,384,714	10,203,114	2,540,541	32,128,369	1,651,622	33,779,991	13,721,362	47,501,354
Other items								
Depreciation	397,822	67,381	102,976	568,180	103,899	672,080	36,737	708,818
Increase in property, plant and equipment and intangible assets	589,756	97,310	132,163	819,230	1,837	821,068	46,775	867,844

(Notes) 1. The “Others” segment includes businesses not included in reportable segments, such as the environmental equipment sales business, the sport facility management business, the rental business, and solar power generation business.

2. Adjustments are as follows:

(1) An adjustment to turnover of ¥(58,337) thousand is the elimination of inter-segment transactions.

(2) An adjustment to segment assets of ¥13,721,362 thousand is corporate assets not allocated to reportable segments, comprising investment securities of ¥12,750,556 thousand and assets associated with administration divisions, etc. of ¥970,805 thousand.

(3) The adjustment to the increase in property, plant and equipment and intangible assets of ¥46,775 thousand accounts for capital expenditure for the head office building, etc.

3. Total segment income corresponds to operating income on the Consolidated Statements of Income.

4. Depreciation and increase in property, plant and equipment and intangible assets include long-term prepaid expenses and the related amortization.

(Per share information)

	For the fiscal year ended March 31, 2016	For the fiscal year ended March 31, 2017
Net assets per share	¥1,095.70	¥1,166.30
Earnings per share	¥69.89	¥54.54

(Notes) 1. Diluted earnings per share is not presented due to the absence of residual shares.

2. Basis for calculating earnings per share is as follows.

Items	For the fiscal year ended March 31, 2016	For the fiscal year ended March 31, 2017
Profit attributable to owners of parent company (Thousand yen)	1,802,083	1,383,531
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit attributable to owners of parent company relating to common stock (Thousand yen)	1,802,083	1,383,531
Average number of common stock during the period (Shares)	25,783,634	25,368,851

3. Basis for calculating net assets per share is as follows.

Items	As of March 31, 2016	As of March 31, 2017
Total net assets (Thousand yen)	28,073,745	29,558,785
Amount to be subtracted from the total net assets (Thousand yen)	189,681	204,938
[Non-controlling interest of the above (Thousand yen)]	[189,681]	[204,938]
Net assets at year-end relating to common stock (Thousand yen)	27,884,063	29,353,846
Number of common stock at year-end used for calculating earnings per share (Shares)	25,448,560	25,168,320

(Significant subsequent events)

No relevant items.

## 4. Non-consolidated Financial Statements

## (1) Non-consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2016	As of March 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	7,663,878	8,056,663
Notes receivable - trade	3,453,088	4,792,736
Accounts receivable - trade	7,815,883	8,365,013
Lease receivables	11,722	5,780
Merchandise and finished goods	1,476,574	1,869,812
Raw materials and supplies	292,545	341,868
Prepaid expenses	24,971	20,907
Deferred tax assets	70,655	99,542
Accounts receivable - other	117,096	99,869
Other	123,182	18,366
Provision for doubtful accounts	(11,116)	(12,631)
Total current assets	21,038,483	23,657,928
Non-current assets		
Property, plant and equipment		
Buildings	2,918,615	2,860,053
Structures	151,067	210,977
Machinery and equipment	1,856,216	1,927,160
Vehicles	5,670	14,410
Tools, furniture and fixtures	42,609	66,995
Land	3,681,909	3,681,909
Construction in progress	300,995	51,147
Total property, plant and equipment	8,957,083	8,812,654
Intangible assets		
Software	24,453	122,311
Telephone subscription right	7,701	7,701
Software in progress	106,800	5,100
Total intangible assets	138,954	135,113
Investments and other assets		
Investment securities	2,844,766	3,658,722
Shares of subsidiaries and associates	2,748,412	3,049,046
Long-term loans receivable from subsidiaries and associates	400,000	—
Long-term accounts receivable from subsidiaries and associates	789,779	197,262
Claims provable in bankruptcy, claims provable in rehabilitation and other	2,431	1,823
Long-term prepaid expenses	13,434	6,277
Long-term accounts receivable - other	237,032	189,032
Other	258,972	262,743
Provision for doubtful accounts	(1,326,160)	(306,726)
Total investments and other assets	5,968,669	7,058,182
Total non-current assets	15,064,707	16,005,950
Total assets	36,103,190	39,663,878

(Thousand yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes payable - trade	5,558,875	6,710,450
Accounts payable - trade	3,725,493	4,188,060
Short-term loans	500,000	500,000
Accounts payable - other	450,804	283,025
Accrued expenses	48,243	51,695
Income taxes payable	155,291	463,396
Advance payments - other	161,809	136,858
Deposits received	64,901	67,201
Provision for bonuses	179,684	177,586
Provision for loss on construction contracts	—	30,223
Provision for environmental measures	1,334	—
Other	1,317	1,096
Total current liabilities	10,847,758	12,609,595
Non-current liabilities		
Deferred tax liabilities	496,610	658,245
Provision for retirement benefits	1,939,411	2,066,397
Provision for directors' retirement benefits	32,710	32,710
Provision for loss on guarantees	224,564	233,985
Provision for environmental measures	20,968	16,398
Long-term lease and guarantee deposited	611,478	590,892
Other	—	3,681
Total non-current liabilities	3,325,742	3,602,310
<b>Total liabilities</b>	<b>14,173,500</b>	<b>16,211,906</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,251,400	5,251,400
Share premium		
Legal capital surplus	1,312,850	1,312,850
Other capital surplus	3,430,218	3,430,218
Total share premium	4,743,068	4,743,068
Retained earnings		
Other retained earnings		
Reserve for advanced depreciation of fixed assets	2,076,035	2,028,949
Reserve for reduction entry of gain on insurance adjustment	5,865	5,417
General reserve	6,000,000	6,500,000
Retained earnings brought forward	4,635,336	5,406,530
Other retained earnings	12,717,237	13,940,897
Total retained earnings	12,717,237	13,940,897
Treasury shares	(1,054,407)	(1,248,566)
Total shareholders' equity	21,657,298	22,686,799
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	272,390	765,173
Total valuation and translation adjustments	272,390	765,173
<b>Total net assets</b>	<b>21,929,689</b>	<b>23,451,972</b>
<b>Total liabilities and net assets</b>	<b>36,103,190</b>	<b>39,663,878</b>

## (2) Non-consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31, 2016	For the fiscal year ended March 31, 2017
Turnover	31,743,410	30,490,824
Cost of sales	26,364,567	25,474,739
Gross profit	5,378,842	5,016,084
Selling, general and administrative expenses	3,540,939	3,534,218
Operating income	1,837,903	1,481,865
Non-operating income		
Interest income	6,594	2,648
Dividend income	285,276	295,542
Reversal of provision for doubtful accounts	39,285	284,193
Technical support fee	81,047	88,459
Other	152,540	74,231
Total non-operating income	564,743	745,076
Non-operating expenses		
Interest expenses	4,020	2,779
Foreign exchange losses	25,946	31,989
Provision for loss on guarantees	—	9,421
Real estate development maintenance and management expenses	8,726	7,908
Contribution	7,249	6,119
Other	13,445	14,913
Total non-operating expenses	59,388	73,130
Ordinary income	2,343,259	2,153,811
Extraordinary income		
Gain on sales of fixed assets	5,381	383
State subsidy	66,179	1,424
Insurance income	—	18,128
Total extraordinary income	71,560	19,936
Extraordinary losses		
Loss on disposal of fixed assets	2,680	0
Structural reform expenses	171,892	—
Total extraordinary losses	174,572	0
Profit before income taxes	2,240,246	2,173,747
Income taxes - current	469,553	618,914
Income taxes - deferred	(31,951)	(88,646)
Total income taxes	437,602	530,267
Profit after income taxes	1,802,644	1,643,479

## (3) Non-consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2016

(Thousand yen)

	Shareholders' equity								
	Share capital	Share premium			Retained earnings				Total retained earnings
		Legal capital surplus	Other capital surplus	Total share premium	Other retained earnings				
					Reserve for advanced depreciation of fixed assets	Reserve for reduction entry of gain on insurance adjustment	General reserve	Retained earnings brought forward	
Balance at beginning of current period	5,251,400	1,312,850	3,430,166	4,743,016	2,094,154	6,216	5,500,000	3,716,815	11,317,187
Changes of items during period									
Reversal of reserve for advanced depreciation of fixed assets					(18,118)			18,118	—
Reversal of reserve for reduction entry of gain on insurance adjustment						(350)		350	—
Provision of general reserve							500,000	(500,000)	—
Dividends of surplus								(402,594)	(402,594)
Profit after income taxes								1,802,644	1,802,644
Purchase of treasury shares									
Disposal of treasury shares			51	51					
Other changes of shareholders' equity									
Total changes during current period			51	51	(18,118)	(350)	500,000	918,520	1,400,050
Balance at end of current period	5,251,400	1,312,850	3,430,218	4,743,068	2,076,035	5,865	6,000,000	4,635,336	12,717,237

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(650,113)	20,661,490	909,568	909,568	21,571,059
Changes of items during period					
Reversal of reserve for advanced depreciation of fixed assets					
Reversal of reserve for reduction entry of gain on insurance adjustment					
Provision of general reserve					
Dividends of surplus		(402,594)			(402,594)
Profit after income taxes		1,802,644			1,802,644
Purchase of treasury shares	(404,318)	(404,318)			(404,318)
Disposal of treasury shares	24	75			75
Other changes of shareholders' equity			(637,177)	(637,177)	(637,177)
Total changes during current period	(404,294)	995,807	(637,177)	(637,177)	358,630
Balance at end of current period	(1,054,407)	21,657,298	272,390	272,390	21,929,689

For the fiscal year ended March 31, 2017

(Thousand yen)

	Shareholders' equity								
	Share capital	Share premium			Retained earnings				
		Legal capital surplus	Other capital surplus	Total share premium	Other retained earnings			Retained earnings brought forward	Total retained earnings
				Reserve for advanced depreciation of fixed assets	Reserve for reduction entry of gain on insurance adjustment	General reserve			
Balance at beginning of current period	5,251,400	1,312,850	3,430,218	4,743,068	2,076,035	5,865	6,000,000	4,635,336	12,717,237
Changes of items during period									
Reversal of reserve for advanced depreciation of fixed assets					(47,086)			47,086	—
Reversal of reserve for reduction entry of gain on insurance adjustment						(448)		448	—
Provision of general reserve							500,000	(500,000)	—
Dividends of surplus								(419,820)	(419,820)
Profit after income taxes								1,643,479	1,643,479
Purchase of treasury shares									
Disposal of treasury shares									
Other changes of shareholders' equity									
Total changes during current period					(47,086)	(448)	500,000	771,194	1,223,659
Balance at end of current period	5,251,400	1,312,850	3,430,218	4,743,068	2,028,949	5,417	6,500,000	5,406,530	13,940,897

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(1,054,407)	21,657,298	272,390	272,390	21,929,689
Changes of items during period					
Reversal of reserve for advanced depreciation of fixed assets					
Reversal of reserve for reduction entry of gain on insurance adjustment					
Provision of general reserve					
Dividends of surplus		(419,820)			(419,820)
Profit after income taxes		1,643,479			1,643,479
Purchase of treasury shares	(194,159)	(194,159)			(194,159)
Disposal of treasury shares					
Other changes of shareholders' equity			492,782	492,782	492,782
Total changes during current period	(194,159)	1,029,500	492,782	492,782	1,522,283
Balance at end of current period	(1,248,566)	22,686,799	765,173	765,173	23,451,972