

**Consolidated Financial Results  
for the FY2013  
Ended March 31, 2014**



## 1. Analysis of Operating Results and Financial Position

### (1) Analysis of Operating Results

#### 1) Operating Results for the Fiscal Year ended March 31, 2014

The Japanese economy underwent a gradual recovery during the fiscal year ended March 31, 2014, as evidenced by improvements in areas such as capital investments, the employment environment, and personal consumption. In the construction industry, there was a significant increase in both public sector construction and private sector construction as a result of factors including reconstruction demand from the Great East Japan earthquake and the last-minute rise in demand before the increase in the consumption tax. Nonetheless, the operating environment remains difficult overall as a result of deepening concerns towards soaring prices for materials and shortage of construction workers.

Under these circumstances, the results for the Group on a consolidated basis were as follows.

Consolidated net sales decreased 9.7% year on year to ¥448.9 billion mainly due to the decrease in completed construction contracts by the Company and domestic subsidiaries.

In terms of operating income and loss, while the business environment for the Group's core construction business remained challenging, the gross profit margin grew 10.6 points year on year to 5.7% as result of an improvement in the gross profit margin on completed construction contracts achieved through a shift to a policy of focusing on getting profitable orders and making careful estimates to ensure profitable construction. As a result, a gross profit of ¥25.4 billion was recorded (compared to a gross loss of ¥24.6 billion during the previous fiscal year). In addition, selling, general and administrative expenses declined 7.7% year on year to ¥20.6 billion due to reductions in administrative expenses. As a result of these above factors, the Group recorded operating income of ¥4.7 billion (compared to an operating loss of ¥46.9 billion during the previous fiscal year).

In terms of ordinary income and loss, the Group posted ordinary income of ¥6.5 billion (compared to an operating loss of ¥45.5 billion during the previous fiscal year) owing to factors including the receipt of interest income and the receipt of dividend income on investment securities held.

The Group recorded net income of ¥10.2 billion (compared to a net loss of ¥65.2 billion during the previous fiscal year) as a result of the posting of ¥4.1 billion in gains on sales of investment securities as extraordinary income as a result of sales of investment securities after a review of holdings.

The results for each segment were as follows. Segment result include internal sales or transfers between segments.

#### **Architectural Construction Business**

The segment recorded net sales of ¥347.0 billion (down 13.0% year on year) and operating income of ¥5.8 billion (compared to an operating loss of ¥41.8 billion during the previous fiscal year).

On a non-consolidated basis, segment orders received increased by 46.3% year on year for the private sector (domestic), and overall orders received (including overseas) grew by 39.6% year on year to ¥357.2 billion.

#### **Civil Engineering Business**

The segment recorded net sales of ¥90.6 billion (up 2.4% year on year) and operating income of ¥3.9 billion (compared to an operating loss of ¥0.9 billion during the previous fiscal year).

On a non-consolidated basis, segment orders received were strong for both the private sector (domestic) and public sector (domestic), increasing overall orders received (including overseas) by 16.8% year on year to ¥97.1 billion.

#### **Real Estate Business**

The segment recorded net sales of ¥14.6 billion (up 3.5% year on year) and operating income of ¥2.4 billion (up 60.4% year on year).

## Other Businesses

The segment recorded net sales of ¥1.0 billion (down 12.7% year on year) and operating income of ¥0.006 billion (compared to an operating loss of ¥0.03 billion during the previous fiscal year).

## 2) Outlook for the Fiscal Year ending March 31, 2015

In terms of the future economic outlook, while there is expected to be a rebound from the last-minute rise in demand before the increase in the consumption tax, it is believed that this effect will gradually fade and that a gentle recovery will continue. On the other hand, there are concerns that issues such as materials prices and labor shortages that the construction industry is faced with will become more serious.

In consideration of these factors, the forecast for the next fiscal year is as follows.

We expect consolidated net sales of ¥427.0 billion (down 4.9% year on year). In terms of profits, we expect operating income of ¥3.9 billion (down 18.5% year on year), ordinary income of ¥5.3 billion (down 19.5% year on year), and net income of ¥4.7 billion (down 54.1% year on year).

On a non-consolidated basis, we expect orders received of ¥366.5 billion (down 20.8% year on year), net sales of ¥390.0 billion (down 4.8% year on year), operating income of ¥3.0 billion (down 36.0% year on year), ordinary income of ¥4.3 billion (down 31.4% year on year), and net income of ¥4.2 billion (down 54.5% year on year).

## (2) Analysis of Financial Position

### 1) Assets, liabilities, and net assets

#### Assets

Total assets as of March 31, 2014 were ¥473.5 billion, down by ¥26.6 billion compared with the end of the previous fiscal year. This was due to an increase in securities by ¥8.1 billion and an increase in investment securities by ¥4.2 billion being outweighed by a decrease in notes receivable, accounts receivable from completed construction contracts and other by ¥40.6 billion and a decrease in real estate for sale by ¥3.4 billion.

#### Liabilities

Total liabilities as of March 31, 2014 were ¥331.6 billion, down by ¥40.4 billion compared with the end of the previous fiscal year. This was due to an increase in advances received on uncompleted construction contracts by ¥3.1 billion and an increase in deferred tax liabilities by ¥2.7 billion being outweighed by a decrease in notes payable, accounts payable for construction contracts and other by ¥37.4 billion, interest-bearing debt by ¥7.8 billion and a ¥7.6 billion reversal in a provision for loss on construction contracts.

#### Net assets

Total net assets as of March 31, 2014 were ¥141.8 billion, up by ¥13.7 billion compared with the end of the previous fiscal year, and the equity capital ratio was 29.1%. This was due to factors including the recording of net income of ¥10.2 billion and an increase in valuation difference on available-for-sale securities of ¥5.4 billion as a result of an increase in the market value of shares held.

### 2) Cash Flows

Cash and cash equivalents at the end of the fiscal year (hereinafter “cash”) increased by ¥14.0 billion (29.3%) from the previous fiscal year-end to ¥62.0 billion.

#### Cash Flows from Operating Activities

Net cash provided by operating activities was ¥12.1 billion (compared to net cash used in operating activities of ¥17.7 billion during the previous fiscal year). This was due to income before income taxes of ¥11.0 billion as well as proceeds from a ¥41.0 billion decrease in notes and accounts receivable-trade and a ¥3.0 billion increase in advances received on uncompleted construction contracts, and despite expenditures for a ¥2.4 billion increase in costs on uncompleted construction contracts and a ¥37.9 billion decrease in notes and accounts payable-trade.

### Cash Flows from Investing Activities

Net cash provided by investing activities was ¥11.4 billion (compared to net cash used in investing activities of ¥0.4 billion during the previous fiscal year). This was due to proceeds from sales of property, plant and equipment of ¥3.1 billion yen, proceeds from sales and redemption of investment securities of ¥10.1 billion yen, and despite expenditures for purchases of property, plant and equipment of ¥1.6 billion yen.

### Cash Flows from Financing Activities

Net cash used in financing activities was ¥10.2 billion (compared to net cash provided by investing activities of ¥13.8 billion during the previous fiscal year). This was due to expenditures for the repayment of commercial paper of ¥11.0 billion and cash dividends paid of ¥1.5 billion, and despite proceeds from an increase in loans payable of ¥3.1 billion.

The Group's cash flow indices are as follows.

For the years ended March 31	2010	2011	2012	2013	2014
Equity ratio	38.1%	37.3%	34.4%	24.7%	29.1%
Equity ratio on a market price basis	20.8%	20.4%	17.8%	13.8%	22.3%
Number of years to redeem debt	1.9	5.6	—	—	5.4
Interest coverage ratio	33.4 times	13.2 times	—	—	14.1 times

Notes: Equity ratio = shareholders' equity / total assets

Equity ratio on a market price basis = market capitalization / total assets

Number of years to redeem debt = interest-bearing debt / cash flows

Interest coverage ratio = cash flows / interest payments

\*The indices are calculated based on consolidated financial figures.

\* Market capitalization is calculated by multiplying the stock price at the end of the fiscal year by the number of outstanding shares at the end of the fiscal year excluding treasury stock.

\*Cash flows from operating activities are used for cash flows.

\*Interest-bearing debt is all of the liabilities recorded on the consolidated balance sheets for which the Company is paying interest.

### (3) Basic Policy on Profit Distribution and Dividends in the Fiscal Year ended March 31, 2014 and the Fiscal Year ending March 31, 2015

The Company's basic policy is to distribute profit based on business results and the business environment after giving consideration to the provision of continuous and stable dividends to shareholders while securing sufficient retained earnings essential for improving the Company's competitiveness and its financial position.

In consideration of the policy above, the Company will pay an annual dividend of ¥5 per share. The Company plans to continue paying an annual dividend of ¥5 per share for the following fiscal year based on this policy above.

### (4) Business Risks

The major risks affecting the Group's business that are believed likely to have a material impact on the decisions of investors are described below. Note that matters related to future developments that are mentioned in this section are judgments of the Group that were made as of the end of the fiscal year under review.

**1) Trends in Construction Investments and Prices**

The Group's business could be affected in the event of a significant decrease in construction investments as a result of a deterioration in economic conditions or the occurrence of unexpected events. In addition, the Group's business could be affected in the event of the supply prices of major construction materials rising drastically and it being difficult to incorporate this in contract price.

**2) Construction Work Risks**

The Group's business could be affected in the event of major defects caused by flaws in properties designed or constructed by the Group. In addition, the Group's business could be affected in the event of a major unexpected accident during construction.

**3) Counterparty Credit Risk**

In the construction business, in some cases there are construction work payments that remain uncollected when the constructed property is delivered. For this reason, the Group's business could be affected in the event of the counterparty undergoing credit uncertainties and it becoming impossible to collect the construction work payment. In addition, the Group's business could be affected in the event of suppliers or subcontractors undergoing credit uncertainties.

**4) Legal and Compliance Risk**

The Group's business is subject to legal restrictions such as the Construction Industry Act, the Building Standards Act, the City Planning Act, the Companies Act, the Financial Instruments and Exchange Act, and the Antimonopoly Act. The Group's business could be affected in the event of violations of these legal restrictions or in the event of the amendment or abolishment of legislations, the establishment of new legal regulations, or changes to application standards.

**5) Disaster Risk**

The Group's business could be affected in the event of a natural disaster such as an earthquake or a man-made disaster causing a severe impediment making it difficult for the Group to continue its business.

**6) Country Risk**

The Group conducts business in various countries overseas, and as a result the Group's business could be affected in the event of cases such as drastic changes to political or economic conditions, significant fluctuations in exchange rates, and unexpected changes to legal restrictions.

**2. Management Policy****(1) The Company's Basic Management Policy**

Since foundation, the Company's guiding precepts have been quality, construction time frames, and safety. In addition, the Company's management policy is to increase its corporate value for customers, society, shareholders, business partners, and employees through sound management and to expand its business based on the trust gained.

Based on this policy, the Company and Group companies provide services throughout the life cycle of buildings with a focus on construction and under an adequate risk management system. In the expansion of its business, the Company aims to utilize the abundant experience and technologies it has developed over many years while it works to improve its engineering capabilities in order to contribute to the resolution of diversifying issues. In addition, the Company seeks to deliver the highest quality buildings and service to customers while giving sufficient consideration to the environment.

**(2) Medium and Long-term Corporate Management Strategy and Issues to be Addressed**

The Group established a Medium-term Management Plan in May 2012 based on the pillars of improving profits from construction work and achieving a Group-wide growth strategy, and it has since implemented business structural reforms in line with this plan. The Group especially views improving profits from construction work to be a current priority item, and in November 2012 the Group revised performance targets and major policies in an effort to ensure the recovery of business performance.

**[Performance targets]**

	FY 2015
Consolidated net sales	Approximately ¥400 billion
Operating income ratio	At least 2%

**[Major Policies (summary)]**
**1) Improve Profits from Construction Work**

Ensure that profits are achieved by improving profitability through selecting orders received, improving construction management structure, and revising the cost structure.

**2) Group-wide Growth Strategy**

Shift from an individual project-oriented approach of pursuing business scale to a solution-oriented approach of deepening relationships with customers to secure earnings continuously from every stage of the construction life cycle.

**(Basic Strategies)**

- Concentrate management resources on medium-sized projects.
- Reinforce aftercare business for completed construction (maintenance and management, renovation, and other services).
- Build an earnings base to complement the domestic architectural construction business.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	38,782	44,296
Notes receivable, accounts receivable from completed construction contracts and other	164,719	124,056
Securities	9,900	18,050
Real estate for sale	24,845	21,385
Costs on uncompleted construction contracts	20,179	22,629
Other inventories	463	801
Deferred tax assets	61	72
Other	13,878	13,517
Allowance for doubtful accounts	(1,018)	(795)
Total current assets	271,811	244,014
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	16,354	14,022
Machinery, vehicles, tools, furniture and fixtures, net	724	765
Land	60,878	60,613
Lease assets, net	185	191
Construction in progress	53	10
Total property, plant and equipment	78,196	75,602
Intangible assets		
Goodwill	316	—
Other	2,721	2,868
Total intangible assets	3,037	2,868
Investments and other assets		
Investment securities	143,300	147,572
Long-term loans receivable	1,336	1,325
Deferred tax assets	213	169
Other	3,786	3,184
Allowance for doubtful accounts	(1,483)	(1,227)
Total investments and other assets	147,154	151,024
Total noncurrent assets	228,387	229,495
Total assets	500,199	473,510

As of March 31, 2013 As of March 31, 2014

Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	155,148	117,656
Short-term loans payable	41,765	52,353
Commercial paper	11,000	—
Income taxes payable	607	798
Advances received on uncompleted construction contracts	34,341	37,455
Provision for bonuses	1,072	2,863
Provision for warranties for completed construction	1,471	2,773
Provision for loss on construction contracts	23,195	15,545
Provision for loss on litigation	985	435
Deposits received	11,589	15,936
Other	12,814	12,933
Total current liabilities	293,993	258,752
Noncurrent liabilities		
Long-term loans payable	20,652	13,206
Deferred tax liabilities	22,372	25,102
Deferred tax liabilities for land revaluation	9,557	9,418
Provision for retirement benefits	21,355	—
Provision for directors' retirement benefits	181	172
Net defined benefit liability	—	21,824
Asset retirement obligations	145	149
Other	3,844	3,004
Total noncurrent liabilities	78,110	72,877
Total liabilities	372,103	331,629
Net assets		
Shareholders' equity		
Capital stock	23,001	23,001
Capital surplus	25,502	25,504
Retained earnings	36,723	45,472
Treasury stock	(5,987)	(6,007)
Total shareholders' equity	79,240	87,971
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	40,046	45,477
Deferred gains or losses on hedges	1	—
Revaluation reserve for land	5,940	5,722
Foreign currency translation adjustment	(1,611)	(700)
Remeasurements of defined benefit plans	—	(522)
Total accumulated other comprehensive income	44,376	49,977
Minority interests	4,478	3,930
Total net assets	128,095	141,880
Total liabilities and net assets	500,199	473,510



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

	(Millions of yen)	
	Year ended March 31, 2013 (April 1, 2012 through March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 through March 31, 2014)
<b>Net sales</b>		
Net sales of completed construction contracts	483,649	434,958
Net sales of real estate business and other	13,399	14,028
<b>Total net sales</b>	<b>497,048</b>	<b>448,987</b>
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	510,774	412,916
Cost of sales on real estate business and other	10,917	10,644
<b>Total cost of sales</b>	<b>521,691</b>	<b>423,561</b>
<b>Gross profit</b>		
Gross profit (loss) on completed construction contracts	(27,124)	22,042
Gross profit on real estate business and other	2,481	3,383
<b>Total gross profit (loss)</b>	<b>(24,643)</b>	<b>25,425</b>
<b>Selling, general and administrative expenses</b>	<b>22,354</b>	<b>20,643</b>
<b>Operating income (loss)</b>	<b>(46,997)</b>	<b>4,782</b>
<b>Non-operating income</b>		
Interest income	263	272
Dividend income	1,856	1,928
Dividend income of insurance	221	269
Other	317	426
<b>Total non-operating income</b>	<b>2,657</b>	<b>2,897</b>
<b>Non-operating expenses</b>		
Interest expenses	785	855
Commission fee	155	188
Provision of allowance for doubtful accounts	227	—
Other	73	51
<b>Total non-operating expenses</b>	<b>1,242</b>	<b>1,095</b>
<b>Ordinary income (loss)</b>	<b>(45,581)</b>	<b>6,584</b>
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	242	490
Gain on sales of investment securities	1,812	4,161
Reversal of provision for loss on litigation	—	550
Gain on bargain purchase	—	133
Other	51	1
<b>Total extraordinary income</b>	<b>2,107</b>	<b>5,336</b>

(Millions of yen)

	Year ended March 31, 2013 (April 1, 2012 through March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 through March 31, 2014)
<b>Extraordinary loss</b>		
Loss on sales of noncurrent assets	95	15
Impairment loss	919	684
Loss on sales of investment securities	454	2
Loss on valuation of investment securities	1,822	139
Provision for loss on litigation	985	—
Other	125	36
Total extraordinary losses	4,402	879
Income (loss) before income taxes	(47,876)	11,041
Income taxes-current	713	732
Income taxes-deferred	16,420	(194)
Total income taxes	17,134	538
Income (loss) before minority interests	(65,010)	10,503
Minority interests in income	274	274
Net income (loss)	(65,285)	10,228

**Consolidated Statements of Comprehensive Income**

	(Millions of yen)	
	Year ended March 31, 2013 (April 1, 2012 through March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 through March 31, 2014)
Income (loss) before minority interests	(65,010)	10,503
Other comprehensive income		
Valuation difference on available-for-sale securities	23,063	5,423
Deferred gains or losses on hedges	(56)	(1)
Foreign currency translation adjustment	486	948
Total other comprehensive income	23,494	6,370
Comprehensive income	(41,516)	16,874
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(41,847)	16,569
Comprehensive income attributable to minority interests	330	305

**(3) Consolidated Statements of Changes in Net Assets**

Year ended March 31, 2013 (April 1, 2012 through March 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	23,001	25,502	103,746	(5,956)	146,293
Changes during period					
Dividends from surplus			(1,868)		(1,868)
Net income (loss)			(65,285)		(65,285)
Purchase of treasury stock				(30)	(30)
Reversal of revaluation reserve for land			133		133
Other			(2)		(2)
Net changes other than shareholders' equity					
Total changes during period	—	—	(67,022)	(30)	(67,052)
Balance at end of period	23,001	25,502	36,723	(5,987)	79,240

	Accumulated other comprehensive income						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	17,007	57	6,073	(2,066)	—	21,071	4,172	171,537
Changes during period								
Dividends from surplus								(1,868)
Net income(loss)								(65,285)
Purchase of treasury stock								(30)
Reversal of revaluation reserve for land								133
Other								(2)
Net changes other than shareholders' equity	23,039	(56)	(133)	455	—	23,305	306	23,611
Total changes during period	23,039	(56)	(133)	455	—	23,305	306	(43,441)
Balance at end of period	40,046	1	5,940	(1,611)	—	44,376	4,478	128,095

Year ended March 31, 2014 (April 1, 2013 through March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	23,001	25,502	36,723	(5,987)	79,240
Changes during period					
Dividends from surplus			(1,556)		(1,556)
Net income (loss)			10,228		10,228
Purchase of treasury stock				(19)	(19)
Reversal of revaluation reserve for land			217		217
Other		1	(140)		(138)
Net changes other than shareholders' equity					
Total changes during period	—	1	8,749	(19)	8,731
Balance at end of period	23,001	25,504	45,472	(6,007)	87,971

	Accumulated other comprehensive income						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	40,046	1	5,940	(1,611)	—	44,376	4,478	128,095
Changes during period								
Dividends from surplus								(1,556)
Net income(loss)								10,228
Purchase of treasury stock								(19)
Reversal of revaluation reserve for land								217
Other								(138)
Net changes other than shareholders' equity	5,431	(1)	(217)	910	(522)	5,600	(547)	5,053
Total changes during period	5,431	(1)	(217)	910	(522)	5,600	(547)	13,784
Balance at end of period	45,477	—	5,722	(700)	(522)	49,977	3,930	141,880

**(4) Consolidated Statements of Cash Flows**

	(Millions of yen)	
	Year ended March 31, 2013 (April 1, 2012 through March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 through March 31, 2014)
Net cash provided by (used in) operating activities	(17,757)	12,171
Net cash provided by (used in) investing activities	(445)	11,441
Net cash provided by (used in) financing activities	13,834	(10,248)
Effect of exchange rate change on cash and cash equivalents	360	680
Net increase (decrease) in cash and cash equivalents	(4,008)	14,045
Cash and cash equivalents at beginning of period	52,024	48,015
Cash and cash equivalents at end of period	48,015	62,061

## 4. Non-consolidated Financial Statements

### (1) Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	21,433	30,394
Notes receivable-trade	3,545	2,199
Accounts receivable from completed construction contracts	154,798	115,010
Securities	9,900	18,050
Real estate for sale	23,235	19,794
Costs on uncompleted construction contracts	19,294	20,950
Costs on real estate business	11	10
Raw materials and supplies	301	413
Accounts receivable-other	4,901	1,657
Advances paid	9,495	9,780
Other	1,076	1,872
Allowance for doubtful accounts	(2,768)	(988)
<b>Total current assets</b>	<b>245,226</b>	<b>219,147</b>
Noncurrent assets		
Property, plant and equipment		
Buildings	33,709	31,626
Accumulated depreciation	(19,638)	(20,007)
Buildings, net	14,071	11,618
Structures	1,430	1,429
Accumulated depreciation	(1,193)	(1,224)
Structures, net	236	204
Machinery and equipment	8,174	8,065
Accumulated depreciation	(7,723)	(7,577)
Machinery and equipment, net	451	487
Vehicles	106	102
Accumulated depreciation	(99)	(98)
Vehicles, net	7	4
Tools, furniture and fixtures	1,506	1,536
Accumulated depreciation	(1,346)	(1,362)
Tools, furniture and fixtures, net	160	174
Land	57,543	56,888
Lease assets	369	398
Accumulated depreciation	(190)	(211)
Lease assets, net	179	186
Construction in progress	53	5
<b>Total property, plant and equipment</b>	<b>72,704</b>	<b>69,570</b>
Intangible assets		
Leasehold right	2,055	2,055
Software	684	794
Other	13	8
<b>Total intangible assets</b>	<b>2,752</b>	<b>2,858</b>

(Millions of yen)

As of March 31, 2013    As of March 31, 2014

Investments and other assets		
Investment securities	138,849	143,479
Stocks of subsidiaries and affiliates	3,846	3,770
Investments in other securities of subsidiaries and affiliates	1,055	1,055
Investments in capital	2	50
Long-term loans receivable	549	549
Long-term loans receivable from employees	13	12
Long-term loans receivable from subsidiaries and affiliates	723	736
Claims provable in bankruptcy, claims provable in rehabilitation and other	146	71
Long-term prepaid expenses	71	35
Long-term non-operating accounts receivable	830	542
Other	2,022	1,793
Allowance for doubtful accounts	(1,472)	(1,224)
Total investments and other assets	146,639	150,872
Total noncurrent assets	222,096	223,301
Total assets	467,322	442,449
Liabilities		
Current liabilities		
Notes payable-trade	17,031	12,963
Electronically recorded obligations - operating	—	10,211
Accounts payable for construction contracts	132,300	87,973
Short-term loans payable	31,298	46,611
Commercial paper	11,000	—
Lease obligations	64	57
Accounts payable-other	1,678	1,047
Income taxes payable	512	560
Advances received on uncompleted construction contracts	33,349	35,612
Deposits received	10,675	14,964
Provision for bonuses	873	2,704
Provision for warranties for completed construction	1,440	2,669
Provision for loss on construction contracts	23,143	15,502
Provision for loss on litigation	985	435
Deposits received from employees	5,479	5,298
Other	4,917	5,994
Total current liabilities	274,752	242,606



	As of March 31, 2013	As of March 31, 2014
<b>Noncurrent liabilities</b>		
Long-term loans payable	20,652	13,106
Lease obligations	127	135
Deferred tax liabilities	22,132	24,935
Deferred tax liabilities for land revaluation	9,557	9,418
Provision for retirement benefits	20,555	20,513
Provision for directors' retirement benefits	99	89
Provision for loss on business of subsidiaries and affiliates	199	132
Asset retirement obligations	114	115
Other	2,976	2,144
<b>Total noncurrent liabilities</b>	<b>76,416</b>	<b>70,591</b>
<b>Total liabilities</b>	<b>351,168</b>	<b>313,197</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	23,001	23,001
<b>Capital surplus</b>		
Legal capital surplus	25,573	25,573
<b>Total capital surplus</b>	<b>25,573</b>	<b>25,573</b>
<b>Retained earnings</b>		
Legal retained earnings	5,750	5,750
<b>Other retained earnings</b>		
General reserve	83,274	18,774
Retained earnings brought forward	(61,432)	10,964
<b>Total retained earnings</b>	<b>27,592</b>	<b>35,489</b>
Treasury stock	(5,987)	(6,007)
<b>Total shareholders' equity</b>	<b>70,180</b>	<b>78,056</b>
<b>Valuation and translation adjustment</b>		
Valuation difference on available-for-sale securities	40,032	45,471
Deferred gains or losses on hedges	1	—
Revaluation reserve for land	5,940	5,722
<b>Total valuation and translation adjustments</b>	<b>45,974</b>	<b>51,194</b>
<b>Total net assets</b>	<b>116,154</b>	<b>129,251</b>
<b>Total liabilities and net assets</b>	<b>467,322</b>	<b>442,449</b>

**(2) Non-consolidated Statements of Income**

	(Millions of yen)	
	Year ended March 31, 2013 (April 1, 2012 through March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 through March 31, 2014)
<b>Net sales</b>		
Net sales of completed construction contracts	452,585	401,293
Net sales of real estate business	7,708	8,220
<b>Total net sales</b>	<b>460,293</b>	<b>409,513</b>
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	481,533	380,638
Cost of sales on real estate business	6,133	5,869
<b>Total cost of sales</b>	<b>487,666</b>	<b>386,507</b>
<b>Gross profit</b>		
Gross profit (loss) on completed construction contracts	(28,947)	20,655
Gross profit on real estate business	1,574	2,350
<b>Total gross profit (loss)</b>	<b>(27,373)</b>	<b>23,005</b>
<b>Selling, general and administrative expenses</b>		
Directors' compensations	217	212
Employees' salaries and allowances	9,626	8,254
Provision for bonuses	288	1,574
Provision for directors' retirement benefits	42	41
Retirement benefit expenses	881	885
Legal welfare expenses	1,293	1,202
Welfare expenses	680	722
Repair and maintenance	226	225
Stationery expenses	765	653
Correspondence and transportation expenses	854	710
Power utilities expenses	90	92
Research study expenses	627	489
Advertising expenses	241	142
Provision of allowance for doubtful accounts	(155)	(466)
Entertainment expenses	497	420
Contribution	85	31
Rents	662	632
Depreciation	305	298
Taxes and dues	736	654
Insurance expenses	26	23
Miscellaneous expenses	2,113	1,516
<b>Total selling, general and administrative expenses</b>	<b>20,109</b>	<b>18,318</b>
<b>Operating income (loss)</b>	<b>(47,482)</b>	<b>4,687</b>

(Millions of yen)

	Year ended March 31, 2013 (April 1, 2012 through March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 through March 31, 2014)
<b>Non-operating income</b>		
Interest income	65	72
Interest on securities	30	5
Dividend income	1,894	1,956
Dividend income of insurance	221	269
Miscellaneous income	258	307
<b>Total non-operating income</b>	<b>2,471</b>	<b>2,610</b>
<b>Non-operating expenses</b>		
Interest expenses	815	798
Commission fee	155	188
Provision of allowance for doubtful accounts	231	—
Miscellaneous expenses	56	41
<b>Total non-operating expenses</b>	<b>1,259</b>	<b>1,028</b>
<b>Ordinary income (loss)</b>	<b>(46,270)</b>	<b>6,270</b>
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	229	488
Gain on sales of investment securities	1,812	4,118
Reversal of provision for loss on litigation	—	550
Other	100	68
<b>Total extraordinary income</b>	<b>2,142</b>	<b>5,224</b>
<b>Extraordinary loss</b>		
Impairment loss	919	396
Loss on sales of investment securities	454	—
Loss on valuation of investment securities	1,937	114
Loss on valuation of stocks of subsidiaries and affiliates	—	1,465
Provision for loss on litigation	985	—
Loss on business of subsidiaries and affiliates	415	—
Other	180	231
<b>Total extraordinary losses</b>	<b>4,893</b>	<b>2,207</b>
<b>Income (loss) before income taxes</b>	<b>(49,021)</b>	<b>9,287</b>
<b>Income taxes-current</b>	<b>300</b>	<b>192</b>
<b>Income taxes-deferred</b>	<b>17,015</b>	<b>(140)</b>
<b>Total income taxes</b>	<b>17,315</b>	<b>52</b>
<b>Net income (loss)</b>	<b>(66,337)</b>	<b>9,235</b>

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

Year ended March 31, 2013 (April 1, 2012 through March 31, 2013)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus	Retained earnings				Total retained earnings	Treasury stock	Total shareholders' equity
		Legal capital surplus	Legal retained earnings	Other Retained earnings					
				Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward			
Balance at beginning of period	23,001	25,573	5,750	3,893	104,274	(18,239)	95,679	(5,956)	138,297
Changes during period									
Reversal of general reserve					(21,000)	21,000	—		—
Dividends from surplus						(1,868)	(1,868)		(1,868)
Reversal of reserve for advanced depreciation of noncurrent assets				(3,893)		3,893	—		—
Net income (loss)						(66,337)	(66,337)		(66,337)
Purchase of treasury stock							—	(30)	(30)
Reversal of revaluation reserve for land						133	133		133
Other						(15)	(15)		(15)
Net changes other than shareholders' equity									
Total changes during period	—	—	—	(3,893)	(21,000)	(43,193)	(68,087)	(30)	(68,117)
Balance at end of period	23,001	25,573	5,750	—	83,274	(61,432)	27,592	(5,987)	70,180

	Valuation and translation adjustments				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	17,017	57	6,073	23,149	161,447
Changes during period					
Reversal of general reserve					—
Dividends from surplus					(1,868)
Reversal of reserve for advanced depreciation of noncurrent assets					
Net income (loss)					(66,337)
Purchase of treasury stock					(30)
Reversal of revaluation reserve for land					133
Other					(15)
Net changes other than shareholders' equity	23,014	(56)	(133)	22,825	22,825
Total changes during period	23,014	(56)	(133)	22,825	(45,292)
Balance at end of period	40,032	1	5,940	45,974	116,154

Year ended March 31, 2014 (April 1, 2013 through March 31, 2014)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus	Retained earnings				Total retained earnings	Treasury stock	Total shareholders' equity
		Legal capital surplus	Legal retained earnings	Other Retained earnings					
				Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward			
Balance at beginning of period	23,001	25,573	5,750	—	83,274	(61,432)	27,592	(5,987)	70,180
Changes during period									
Reversal of general reserve					(64,500)	64,500	—		—
Dividends from surplus						(1,556)	(1,556)		(1,556)
Net income (loss)						9,235	9,235		9,235
Purchase of treasury stock							—	(19)	(19)
Reversal of revaluation reserve for land						217	217		217
Net changes other than shareholders' equity									
Total changes during period	—	—	—	—	(64,500)	72,396	7,896	(19)	7,876
Balance at end of period	23,001	25,573	5,750	—	18,774	10,964	35,489	(6,007)	78,056

	Valuation and translation adjustments				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	40,032	1	5,940	45,974	116,154
Changes during period					
Reversal of general reserve					—
Dividends from surplus					(1,556)
Net income (loss)					9,235
Purchase of treasury stock					(19)
Reversal of revaluation reserve for land					217
Net changes other than shareholders' equity	5,439	(1)	(217)	5,220	5,220
Total changes during period	5,439	(1)	(217)	5,220	13,096
Balance at end of period	45,471	—	5,722	51,194	129,251

5. Other

(1) Summary of Consolidated Results and Forecasts

(Millions of yen)

	Six-month Period from April			YoY (b)-(a)	
	FY2012	FY2013	FY2014		
	Actual	Actual (a)	Forecast (b)	Amount	Percentage (%)
Net sales	212,830	208,387	186,000	-22,387	-10.7
Construction business	205,952	200,434	180,000	-20,434	-10.2
Domestic	196,439	189,115	170,700	-18,415	-9.7
Overseas	9,513	11,319	9,300	-2,019	-17.8
Real estate business	6,877	7,953	6,000	-1,953	-24.6
Domestic	6,643	7,654	5,688	-1,966	-25.7
Overseas	234	299	312	12	4.3
Gross profit	(3,145)	15,640	10,500	-5,140	-32.9
Profit margin	-1.5 %	7.5 %	5.6 %		
Construction business	(4,748)	13,691	9,000	-4,691	-34.3
Real estate business	1,602	1,948	1,500	-448	-23.0
SG&A expenses	11,269	9,747	11,000	1,252	12.8
Operating income (loss)	(14,415)	5,892	(500)	-6,392	-
Non-operating income (loss)	807	772	600	-172	-22.3
Ordinary income (loss)	(13,608)	6,665	100	-6,565	-98.5
Extraordinary income (loss)	(3,129)	4,623	-	-4,623	-
Income (loss) before income taxes	(16,737)	11,288	100	-11,188	-99.1
Income taxes and minority interests	17,086	178	240	61	34.4
Net income (loss)	(33,824)	11,109	(140)	-11,249	-

(Millions of yen)

	Full Year							
	FY2012	FY2013	FY2013	YoY (b)-(a)		FY2014	YoY (c)-(b)	
	Actual (a)	Revised forecast as of Feb. 12, 2014	Actual (b)	Amount	Percentage (%)	Forecast (c)	Amount	Percentage (%)
Net sales	497,048	450,000	448,987	-48,061	-9.7	427,000	-21,987	-4.9
Construction business	483,649	437,300	434,958	-48,690	-10.1	413,000	-21,958	-5.0
Domestic	463,042	411,900	411,549	-51,493	-11.1	393,500	-18,049	-4.4
Overseas	20,606	25,400	23,409	2,802	13.6	19,500	-3,909	-16.7
Real estate business	13,399	12,700	14,028	629	4.7	14,000	-28	-0.2
Domestic	12,924	12,100	13,420	495	3.8	13,375	-45	-0.3
Overseas	474	600	607	133	28.1	625	17	2.8

Gross profit	(24,643)	26,100	25,425	50,068	-	26,400	974	3.8
Profit margin	-5.0 %	5.8 %	5.7 %			6.2		
Construction business	(27,124)	22,800	22,042	49,166	-	22,800	757	3.4
Real estate business	2,481	3,300	3,383	902	36.4	3,600	216	6.4
SG&A expenses	22,354	21,400	20,643	-1,710	-7.7	22,500	1,856	9.0
Operating income (loss)	(46,997)	4,700	4,782	51,779	-	3,900	-882	-18.5
Non-operating income (loss)	1,415	1,300	1,802	386	27.3	1,400	-402	-22.3
Ordinary income (loss)	(45,581)	6,000	6,584	52,166	-	5,300	-1,284	-19.5
Extraordinary income (loss)	(2,295)	4,500	4,457	6,752	-	-	-4,457	-
Income (loss) before income taxes	(47,876)	10,500	11,041	58,918	-	5,300	-5,741	-52.0
Income taxes and minority interests	17,408	500	812	-16,596	-95.3	600	-212	-26.2
Net income (loss)	(65,285)	10,000	10,228	75,514	-	4,700	-5,528	-54.1

Note: These statements include Toda Corporation's forecasts based on information currently available as of the announcement date, which are subject to a number of risks and uncertainties. Therefore, the actual results of developments may differ from those presented in these forward-looking statements due to the changes in various factors.

(2) Summary of Non-consolidated Results and Forecasts

(Millions of yen)

	Six-month Period from April				
	FY2012	FY2013	FY2014	YoY (b)-(a)	
	Actual	Actual (a)	Forecast (b)	Amount	Percentage (%)
Orders Received	154,092	322,733	162,500	-160,233	-49.6
Domestic	154,088	322,719	162,000	-160,719	-49.8
Overseas	3	14	500	485	-
Construction business	149,964	317,605	160,000	-157,605	-49.6
Architectural construction	115,371	288,028	120,000	-168,028	-58.3
Civil engineering	34,593	29,577	40,000	10,422	35.2
Real estate business	4,127	5,128	2,500	-2,628	-51.2
Net sales	197,250	191,886	170,500	-21,386	-11.1
Construction business	193,122	186,758	168,000	-18,758	-10.0
Architectural construction	157,508	143,937	128,000	-15,937	-11.1
Domestic	156,939	143,573	128,000	-15,573	-10.8
Overseas	569	364	-	-364	-
Civil engineering	35,614	42,820	40,000	-2,820	-6.6
Domestic	35,522	42,739	39,800	-2,939	-6.9
Overseas	91	81	200	118	145.7
Real estate business	4,127	5,128	2,500	-2,628	-51.2
Gross profit	(4,531)	15,081	8,700	-6,381	-42.3
Profit margin	-2.3 %	7.9 %	5.1 %		
Construction business	(5,746)	13,602	8,000	-5,602	-41.2
Architectural construction	(7,361)	10,545	6,000	-4,545	-43.1
Civil engineering	1,614	3,057	2,000	-1,057	-34.6
Real estate business	1,214	1,478	700	-778	-52.7
SG&A expenses	10,237	8,591	9,500	908	10.6
Operating income (loss)	(14,769)	6,489	(800)	-7,289	-
Non-operating income (loss)	727	739	600	-139	-18.9
Ordinary income (loss)	(14,042)	7,229	(200)	-7,429	-
Extraordinary income (loss)	(3,094)	3,707	-	-3,707	-
Income (loss) before income taxes	(17,136)	10,936	(200)	-11,136	-
Income taxes and minority interests	17,410	22	50	27	121.8
Net income (loss)	(34,547)	10,914	(250)	-11,164	-
Dividend per share (yen)	-	-	-	-	-



(Millions of yen)

	Full Year							
	FY2012	FY2013	FY2013	YoY (b)-(a)		FY2014	YoY (c)-(b)	
	Actual (a)	Revised forecast as of Feb. 12, 2014	Actual (b)	Amount	Percentage (%)	Forecast (c)	Amount	Percentage (%)
Orders Received	346,775	422,000	462,626	115,850	33.4	366,500	-96,126	-20.8
Domestic	346,734	420,900	461,949	115,214	33.2	365,000	-96,949	-21.0
Overseas	40	1,100	676	635	-	1,500	823	121.7
Construction business	339,067	415,000	454,405	115,338	34.0	360,000	-94,405	-20.8
Architectural construction	255,882	335,000	357,231	101,349	39.6	280,000	-77,231	-21.6
Civil engineering	83,185	80,000	97,174	13,988	16.8	80,000	-17,174	-17.7
Real estate business	7,708	7,000	8,220	512	6.6	6,500	-1,720	-20.9
Net sales	460,293	408,000	409,513	-50,779	-11.0	390,000	-19,513	-4.8
Construction business	452,585	401,000	401,293	-51,292	-11.3	383,500	-17,793	-4.4
Architectural construction	368,725	316,000	314,871	-53,854	-14.6	298,000	-16,871	-5.4
Domestic	367,367	315,510	314,393	-52,973	-14.4	298,000	-16,393	-5.2
Overseas	1,358	490	477	-881	-64.9	-	-477	-
Civil engineering	83,859	85,000	86,422	2,562	3.1	85,500	-922	-1.1
Domestic	83,630	84,890	86,340	2,709	3.2	85,000	-1,340	-1.6
Overseas	228	110	81	-147	-64.4	500	418	514.3
Real estate business	7,708	7,000	8,220	512	6.6	6,500	-1,720	-20.9
Gross profit	(27,373)	23,000	23,005	50,379	-	22,500	-505	-2.2
Profit margin	-5.9 %	5.6 %	5.6 %			5.8 %		
Construction business	(28,947)	21,000	20,655	49,602	-	20,500	-155	-0.8
Architectural construction	(30,992)	16,000	14,021	45,013	-	14,500	478	3.4
Civil engineering	2,044	5,000	6,634	4,589	224.5	6,000	-634	-9.6
Real estate business	1,574	2,000	2,350	776	49.3	2,000	-350	-14.9
SG&A expenses	20,109	18,500	18,318	-1,791	-8.9	19,500	1,181	6.5
Operating income (loss)	(47,482)	4,500	4,687	52,170	-	3,000	-1,687	-36.0
Non-operating income (loss)	1,211	1,300	1,582	371	30.6	1,300	-282	-17.9
Ordinary income (loss)	(46,270)	5,800	6,270	52,541	-	4,300	-1,970	-31.4
Extraordinary income (loss)	(2,750)	3,750	3,016	5,767	-	-	-3,016	-
Income (loss) before income taxes	(49,021)	9,550	9,287	58,308	-	4,300	-4,987	-53.7
Income taxes and minority interests	17,315	50	52	-17,263	-99.7	100	47	91.7
Net income (loss)	(66,337)	9,500	9,235	75,572	-	4,200	-5,035	-54.5
Dividend per share (yen)	5.0	5.0	5.0	-	-	5.0	-	-

Note: These statements include Toda Corporation's forecasts based on information currently available as of the announcement date, which are subject to a number of risks and uncertainties. Therefore, the actual results of developments may differ from those presented in these forward-looking statements due to the changes in various factors.

(3) Orders Received, Net Sales and Balance Brought Forward (non-consolidated)

1) Orders Received

(Millions of yen)

Business segment/Classification	FY2012 (From April 1, 2012, to March 31, 2013)		FY2013 (From April 1, 2013, to March 31, 2014)		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Percentage
I Construction business						
(A) Architectural construction						
Domestic public sector	43,675	12.6	46,781	10.1	3,105	7.1
Domestic private sector	212,173	61.2	310,431	67.1	98,258	46.3
Overseas	33	0.0	18	0.0	-14	-43.9
Subtotal	255,882	73.8	357,231	77.2	101,349	39.6
(B) Civil engineering						
Domestic public sector	68,352	19.7	77,525	16.8	9,173	13.4
Domestic private sector	14,825	4.3	18,990	4.1	4,165	28.1
Overseas	7	0.0	658	0.1	650	8,414.2
Subtotal	83,185	24.0	97,174	21.0	13,988	16.8
(C) Total (A)+(B)						
Domestic public sector	112,027	32.3	124,306	26.9	12,278	11.0
Domestic private sector	226,998	65.5	329,422	71.2	102,423	45.1
Overseas	40	0.0	676	0.1	635	1,551.4
Subtotal	339,067	97.8	454,405	98.2	115,338	34.0
II Real estate business	7,708	2.2	8,220	1.8	512	6.6
III Total (I + II)	346,775	100.0	462,626	100.0	115,850	33.4

2) Net Sales

(Millions of yen)

Business segment/Classification	FY2012 (From April 1, 2012, to March 31, 2013)		FY2013 (From April 1, 2013, to March 31, 2014)		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Percentage
I Construction business						
(A) Architectural construction						
Domestic public sector	86,034	18.7	57,830	14.1	-28,204	-32.8
Domestic private sector	281,333	61.1	256,670	62.7	-24,662	-8.8
Overseas	1,358	0.3	370	0.1	-988	-72.7
Subtotal	368,725	80.1	314,871	76.9	-53,854	-14.6
(B) Civil engineering						
Domestic public sector	65,787	14.3	68,609	16.8	2,822	4.3
Domestic private sector	17,843	3.9	17,730	4.3	-112	-0.6
Overseas	228	0.0	81	0.0	-147	-64.4
Subtotal	83,859	18.2	86,422	21.1	2,562	3.1
(C) Total (A)+(B)						
Domestic public sector	151,821	33.0	126,439	30.9	-25,381	-16.7
Domestic private sector	299,176	65.0	274,401	67.0	-24,774	-8.3
Overseas	1,587	0.3	451	0.1	-1,135	-71.5
Subtotal	452,585	98.3	401,293	98.0	-51,292	-11.3
II Real estate business	7,708	1.7	8,220	2.0	512	6.6
III Total (I + II)	460,293	100.0	409,513	100.0	-50,779	-11.0

3) Balance Brought Forward

(Millions of yen)

Business segment/Classification	FY2012 (As of March 31, 2013)		FY2013 (As of March 31, 2014)		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Percentage
I Construction business						
(A) Architectural construction						
Domestic public sector	61,687	13.7	55,132	10.9	-6,555	-10.6
Domestic private sector	263,736	58.5	313,003	62.1	49,267	18.7
Overseas	351	0.1	—	—	-351	—
Subtotal	325,775	72.3	368,135	73.1	42,360	13.0
(B) Civil engineering						
Domestic public sector	98,171	21.8	107,299	21.3	9,127	9.3
Domestic private sector	26,708	5.9	27,755	5.5	1,047	3.9
Overseas	79	0.0	655	0.1	576	728.7
Subtotal	124,959	27.7	135,710	26.9	10,751	8.6
(C) Total (A)+(B)						
Domestic public sector	159,859	35.5	162,431	32.2	2,572	1.6
Domestic private sector	290,444	64.4	340,759	67.6	50,314	17.3
Overseas	430	0.1	655	0.1	224	52.2
Subtotal	450,734	100.0	503,846	100.0	53,112	11.8
II Real estate business	—	—	—	—	—	—
III Total (I + II)	450,734	100.0	503,846	100.0	53,112	11.8