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May 9, 2018

## Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

Company name: SRG TAKAMIYA CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 2445 URL: <http://www.srg.jp/>  
 Representative: President and Representative Director KAZUMASA TAKAMIYA  
 Inquiries: Executive Officer and General Manager,  
 Finance & Accounting Department TOMOYA TATSUMI TEL: 81-6-6375-3918  
 Scheduled date of ordinary general meeting of shareholders: June 27, 2018  
 Scheduled date to file Securities Report: June 27, 2018  
 Scheduled date to commence dividend payments: June 12, 2018  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

#### (1) Consolidated operating results

Percentages indicate year-on-year changes

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2018	36,114	(1.8)	1,690	(30.4)	1,610	(31.1)	1,252	(17.4)
Year ended March 31, 2017	36,763	7.0	2,429	(18.6)	2,337	(14.4)	1,516	(29.6)

(Note) Comprehensive income Year ended March 31, 2018: 1,271 million yen ((17.4)%  
 Year ended March 31, 2017: 1,538 million yen ( 1.1%)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	yen	yen	%	%	%
Year ended March 31, 2018	29.26	28.38	9.8	3.1	4.7
Year ended March 31, 2017	35.14	34.08	12.6	4.5	6.6

(Reference) Equity in earnings of affiliated companies Year ended March 31, 2018: 109 million yen  
 Year ended March 31, 2017: 60 million yen

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2018	52,813	13,552	25.0	307.89
As of March 31, 2017	52,760	12,699	23.4	288.97

(Reference) Shareholders equity As of March 31, 2018: 13,190 million yen  
 As of March 31, 2017: 12,338 million yen

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2018	1,714	(1,909)	(222)	4,750
Year ended March 31, 2017	1,163	(1,093)	879	5,187

### 2. Cash dividends

	Annual dividends per share					Total cash dividends	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2017	—	3.50	—	6.50	10.00	428	28.5	3.6
Year ended March 31, 2018	—	4.00	—	7.00	11.00	471	37.6	3.7
Year ending March 31, 2019 (forecasts)	—	4.00	—	7.00	11.00		35.4	

### 3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2018	19,500	9.1	900	11.9	780	(7.2)	393	(35.4)	9.17
Full year	41,000	13.5	2,500	47.8	2,230	38.5	1,333	6.5	31.11

FOR TRANSLATION PURPOSE ONLY

Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2018	45,447,600 shares	As of March 31, 2017	45,304,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	2,606,863 shares	As of March 31, 2017	2,606,631 shares
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Average number of shares during the period

Year ended March 31, 2018	42,794,451 shares	Year ended March 31, 2017	43,147,296 shares
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(Reference) Unconsolidated financial results

1. Unconsolidated financial results for the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(1) Unconsolidated operating results

Percentages indicate year-on-year changes

	Net Sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2018	28,723	(4.1)	706	(64.8)	1,014	(55.0)	3,894	133.4
Year ended March 31, 2017	29,947	22.7	2,005	(13.2)	2,254	(14.0)	1,668	(24.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended March 31, 2018	90.99		88.27	
Year ended March 31, 2017	38.67		37.50	

(2) Unconsolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
Year ended March 31, 2018	47,808		13,212		27.1		302.15	
Year ended March 31, 2017	42,866		9,697		22.0		220.77	

(Reference) Shareholders equity As of March 31, 2018: 12,944 million yen  
As of March 31, 2017: 9,426 million yen

\* Summary of financial results is not audited.

\* Explanation regarding appropriate use of the earnings forecast and other special notes

(notes on descriptions about the future, etc.)

Descriptions about the future such as performance forecasts contained in this document are based on information currently available to the Company and certain presumptions considered as reasonable, and those are not intended to indicate the Company should assure that it would realize such forecasts. Meanwhile, actual performance in the future may differ substantially, influenced by a wide variety of factors. For preconditions for performance forecasts and precaution statements in using such forecasts, please see the appendix, page 3, "1. Overall operating results, etc., (4) Forecasts for the future".

(how to obtain supplementary references regarding financial results and materials for financial results briefing)

The Company will hold its financial results briefing for institutional investors and analysts on May 30, 2018 (Wed.). Supplementary references regarding financial results provided at the time of this briefing will be posted on our website immediately thereafter.

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## 1. Overall operating results, etc.

## (1) Overall operating results of the current period

During the current consolidated fiscal year, Japanese economy has shown gradual upswing thanks to improvement in overall corporate profit and employment environment. Overseas, however, global economic prospects have still been under unpredictable and unclear situation, especially geopolitical risks in some foreign countries.

In the construction industry in which the Group operates, our environment for receiving orders has largely been steadily growing, including large-scale redevelopment work around Tokyo metropolitan area and those related to the upcoming Olympic/Paralympic Games in Tokyo. At the same time, however, there remain some concerns about delay in commencement of work due to, for example, shortage of construction workers and rise in material prices.

In such an environment, the Group has put its efforts to promotion of both domestic sales business and rental business aiming at achieving de facto standards with its own next-generation scaffolding called "Iq System". Furthermore, it has developed proactive sales activities overseas mainly in ASEAN region.

During the current consolidated fiscal year, domestically, the Group tried to build up its structure for mobilizing inventory of assets for rent so that it could respond to the full-swing demands for temporary equipment from customers involved in commencement of various big projects including stretching work of the Hokuriku Shinkansen (bullet train). Besides, the Group merged Hory Corporation, one of its subsidiaries, for the purpose of enhancing its consistent structure for development, manufacture, sales and rental business of highly-focused products such as those for ASEAN market and agriculture sector. Moreover, it acquired almost all shares of Nakaya Kizai Co., Ltd. (Matsue City, Shimane Pref.) to build up its supply structure of temporary equipment in Chugoku region, and proceeded with market development of the "Iq System". In addition, overseas subsidiaries in the Philippines and Korea have completed their foundations of internal control that had been an outstanding issue for them since the previous consolidated fiscal year, leading to start proactive sales activities.

As a result, consolidated performance of the current consolidated fiscal year was as follows: net sales of 36,114,817,000 yen (decrease by 1.8% YoY); operating income of 1,690,989,000 yen (decrease by 30.4% YoY); ordinary income of 1,610,200,000 yen (decrease by 31.1% YoY); and net profit attributable to owners of parent of 1,252,168,000 yen (decrease by 17.4% YoY). Operating results of individual business segments are as follows.

## (Sales business)

With respect to the "Iq System", since the Group has seen steady growth of its environment for receiving many inquiries and orders from customers, it continued to proactively promote recommending solutions in response to a wide variety of customers' needs. However, in the current consolidated fiscal year, the Group unfortunately showed lower performance than the previous year because, despite of increasing number of companies selling the Iq System, in practice there were not so many large-scale projects. In addition, inter-segment sales decreased substantially by 54.9% YoY, and decreased net sales caused decrease in operating income as well.

These operations resulted in net sales of 12,449,975,000 yen (decrease by 24.5% YoY) and operating income of 1,192,210,000 yen (decrease by 49.4% YoY).

## (Rental business)

Regarding private construction work, the Group has, in an environment where demands rise steadily, proposed highly value-added services together with scaffolding set-up services to its customers, in addition to safety and easiness to set-up temporary equipment centered on the "Iq System", leading to maintaining high level of utilization. At the same time, it has just started shipment of temporary equipment in the field of civil engineering and bridge construction where prominent delay in commencement of work had been observed, and therefore overall shipment quantities of temporary equipment have exceeded those of the previous year since the second half of the current consolidated fiscal year, but such exceedance was not enough to supplement the decline in shipment during the first half. In terms of profitability, proactive enhancement of temporary equipment carried out during the previous consolidated fiscal year and earlier caused increase in depreciation, leading to suppressed profitability.

These operations resulted in net sales of 21,382,042,000 yen (decrease by 3.7% YoY) and operating income of 1,705,934,000 yen (decrease by 24.8% YoY).

## (Overseas business)

DIMENSION-ALL INC. (Philippines) and Hory Korea Co., Ltd. have strengthened their foundations of internal control schemes such as operational management and inventory control, being issues carried over since the previous consolidated fiscal year. Especially in the Philippines, proactive sales activities have been rolled out in the context of construction demands rising vigorously, continuously making new records of high utilization. Also in Korea, rental business of temporary equipment keeps growing.

These operations resulted in net sales of 5,832,250,000 yen (increase by 38.9% YoY) and operating income of 149,805,000 yen (as opposed to operating loss of 189,518,000 yen in the same period of the previous year).

## (2) Overall financial position of the current period

Total assets at the end of the current consolidated fiscal year was 52,813,589,000 yen, namely increase by 53,096,000 yen since the end of the previous consolidated fiscal year. This is mainly due to decrease in notes and accounts receivable - trade by 641,419,000 yen, increase in merchandise and finished goods by 305,586,000 yen, decrease in assets for rent by 460,765,000 yen, increase in buildings and structures by 335,067,000 yen, increase in land by 402,500,000 yen, and increase in goodwill by 233,842,000 yen.

Total liabilities was 39,261,474,000 yen, i.e. decrease by 799,313,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to increase in income short-term loans payable by 1,481,658,000 yen, and decrease in long-term loans payable (including current portion) by 1,861,246,000 yen.

Total net assets was 13,552,115,000 yen, i.e. increase by 852,410,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to increase in retained earnings by 803,432,000 yen.

## (3) Overall cash flows of the current term

Cash and deposits of the current consolidated fiscal year was 4,750,160,000 yen, namely decreased by 437,748,000 yen (8.4%) since the end of the previous consolidated fiscal year, due mainly to decrease in profit before income taxes, increase in purchase of assets for rent and increase in inventories.

Each cash flow status and factors thereof in the current consolidated fiscal year are as follows.

## (Cash flows from operating activities)

Cash flows from operating activities resulted in revenue of 1,714,341,000 yen (for comparison, it was 1,163,377,000 yen in the previous consolidated fiscal year). This is mainly due to purchase of assets for lease of 1,628,879,000 yen and increase in inventories of 2,862,972,000 yen, and on the other hand, profit before income taxes of 1,782,164,000 yen and depreciation of 4,662,948,000 yen.

## (Cash flows from investing activities)

Cash flows from investing activities resulted in expenditure of 1,909,924,000 yen (for comparison, it was 1,093,175,000 yen in the previous consolidated fiscal year). This is mainly due to purchase of property, plant and equipment of 1,382,022,000 yen.

## (Cash flows from financing activities)

Cash flows from financing activities resulted in expenditure of 222,181,000 yen (as opposed to revenue of 879,261,000 yen in the previous consolidated fiscal year). This is mainly due to increase in short-term loans payable by 1,529,726,000 yen and proceeds from long-term loans payable of 3,873,000,000 yen, and on the other hand, repayments of long-term loans payable of 5,781,998,000 yen.

## (4) Forecasts for the future

Our industry expects continuously steady growth of investment in construction thanks to large-scale redevelopment work around Tokyo metropolitan area and those related to the upcoming Olympic/Paralympic Games in Tokyo. In addition, capital investment in the private sector in the context of improved corporate performance and public investment such as rehabilitation projects of aging infrastructure are expected to be facilitated, and business environment surrounding the Group would show steady growth.

Under such circumstances, the Group still expects high utilization of the next-generation scaffolding "Iq System" to support building construction work in its rental business, and also expects significantly higher utilization of equipment used for civil engineering / bridge construction because it has at last started shipping equipment to the sites of civil engineering / bridge construction work, for which orders had already been received but delay in shipment had caused poor business performance.

In the sales business segment related to temporary equipment, the whole industry would likely to move forward further to the next-generation scaffolding, and the Group is in anticipation of promoting sales of the "Iq System" by new style of proposal-based sales activities. In the environment-related business segment, development of products related to agriculture business has been continuously in progress, and demands would be efficiently attracted by regionally targeted sales activities and properly established supply structure. Also, production items at each factory including overseas factories will be reconsidered, and new production system will be built up focusing on cost reduction.

In the overseas business segment, DIMENSION-ALL INC., a subsidiary in the Philippines, will expand its investment in equipment and areas of sales activities in order to respond to the vigorously rising demands for infrastructure construction and urban development. In Korea, solar-related business is expected to keep steady growth as there are some plans for large-scale projects, so our business structure will be strengthened in order to attract domestic demands in the rental/sales business of temporary equipment as well. Moreover, the Group will develop its business in view of sale activities for rental/sales of temporary equipment in ASEAN region, establishment of supply structure, and creation of alliance with local powerful companies.

With these activities, consolidated performance forecasts for the fiscal year ending March 31, 2019 would be as follows: net sales of 41,000,000,000 yen; operating income of 2,500,000,000 yen; ordinary income of 2,230,000,000 yen; and profit attributable to owners of parent of 1,333,000,000 yen.

## 2. Basic idea for the selection of accounting standards

The Group has decided to produce its consolidated financial statements in accordance with Japanese standards for the time being, considering year-on-year comparability of consolidated financial statements and comparability with other companies.

Meanwhile, the Group also considers the possibility of applying International Financial Reporting Standards as appropriate, taking various domestic/international situations into account.

## 3. Consolidated financial statements and principal notes

## (1) Consolidated balance sheets

	(Thousand yen)	
	As of March 31, 2017	As of March 31, 2018
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	5,587,909	5,150,160
Notes and accounts receivable - trade	10,189,280	9,547,860
Merchandise and finished goods	2,745,211	3,050,797
Work in process	623,679	805,016
Raw materials and supplies	831,797	848,357
Deferred tax assets	148,540	164,762
Other	588,403	747,353
Allowance for doubtful accounts	(157,578)	(178,162)
<b>Total current assets</b>	<b>20,557,244</b>	<b>20,136,146</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Assets for rent	38,284,023	39,645,483
Accumulated depreciation-Assets for rent	(19,560,884)	(21,383,108)
Assets for rent, net	18,723,139	18,262,374
Buildings and structures	5,542,443	6,102,671
Accumulated depreciation and impairment loss	(2,868,075)	(3,093,236)
Buildings and structures, net	2,674,367	3,009,435
Machinery, equipment and vehicles	1,896,008	2,057,439
Accumulated depreciation	(770,006)	(931,122)
Machinery, equipment and vehicles, net	1,126,002	1,126,316
Land	5,277,847	5,680,348
Leased assets	882,272	926,609
Accumulated depreciation	(427,554)	(471,143)
Leased assets, net	454,717	455,465
Construction in progress	118,562	122,917
Other	910,328	967,774
Accumulated depreciation	(562,797)	(657,917)
Other, net	347,530	309,856
<b>Total property, plant and equipment</b>	<b>28,722,168</b>	<b>28,966,714</b>
<b>Intangible assets</b>		
Leasehold right	327,821	327,821
Goodwill	110,950	344,792
Leased assets	51,197	22,515
Other	149,694	158,943
<b>Total intangible assets</b>	<b>639,664</b>	<b>854,073</b>
<b>Investments and other assets</b>		
Investment securities	421,491	489,662
Guarantee deposits	582,842	589,381
Membership	46,206	39,356
Net defined benefit asset	84,070	85,768
Deferred tax assets	799,448	755,189
Other	969,007	942,141
Allowance for doubtful accounts	(61,649)	(44,844)
<b>Total investments and other assets</b>	<b>2,841,416</b>	<b>2,856,654</b>
<b>Total non-current assets</b>	<b>32,203,248</b>	<b>32,677,442</b>
<b>Total assets</b>	<b>52,760,493</b>	<b>52,813,589</b>

(Thousand yen)

	As of March 31, 2017	As of March 31, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	5,971,664	5,349,587
Short-term loans payable	5,163,530	6,645,188
Current portion of bonds	62,500	62,500
Current portion of long-term loans payable	5,762,166	5,651,675
Lease obligations	202,507	170,624
Income taxes payable	776,202	355,330
Provision for bonuses	229,602	188,904
Notes payable - facilities	241,378	246,061
Other	2,196,593	2,322,007
Total current liabilities	20,606,144	20,991,878
Non-current liabilities		
Bonds payable	612,500	1,450,000
Long-term loans payable	15,403,972	13,653,216
Lease obligations	354,502	337,059
Provision for directors' retirement benefits	47,365	—
Net defined benefit liability	853,787	883,169
Asset retirement obligations	12,457	15,504
Other	2,170,058	1,930,646
Total non-current liabilities	19,454,643	18,269,595
Total liabilities	40,060,788	39,261,474
<b>Net assets</b>		
Shareholders' equity		
Capital stock	714,770	731,097
Capital surplus	1,208,857	1,225,185
Retained earnings	11,425,631	12,229,063
Treasury shares	(1,232,951)	(1,233,095)
Total shareholders' equity	12,116,307	12,952,251
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46,873	80,629
Deferred gains or losses on hedges	(48,354)	(38,496)
Foreign currency translation adjustment	241,387	209,100
Remeasurements of defined benefit plans	(17,842)	(13,462)
Total accumulated other comprehensive income	222,063	237,770
Subscription rights to shares	271,176	268,274
Non-controlling interests	90,157	93,817
Total net assets	12,699,704	13,552,115
Total liabilities and net assets	52,760,493	52,813,589

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

	(Thousand yen)	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	36,763,472	36,114,817
Cost of sales	25,771,702	25,683,352
Gross profit	10,991,769	10,431,465
Selling, general and administrative expenses	8,561,991	8,740,475
Operating income	2,429,778	1,690,989
Non-operating income		
Interest income	13,978	11,465
Dividend income	11,306	25,517
Rent income	51,508	51,974
Contribution for Assets for rent	20,110	22,824
Gain on sales of Scrap	46,326	77,653
Share of profit of entities accounted for using equity method	60,226	109,544
Gain on valuation of derivatives	4,520	3,335
Other	121,647	131,635
Total non-operating income	329,624	433,951
Non-operating expenses		
Interest expenses	209,277	217,574
Commission fee	89,708	89,858
Bond issuance cost	17,789	16,502
Foreign exchange losses	54,156	136,020
Other	51,423	54,783
Total non-operating expenses	422,355	514,740
Ordinary income	2,337,047	1,610,200
Extraordinary income		
Gain on sales of non-current assets	10,204	5,739
Gain on sales of investment securities	—	26,759
Surrender value of insurance	—	169,960
Total extraordinary income	10,204	202,459
Extraordinary losses		
Loss on sales of non-current assets	242	—
Loss on retirement of non-current assets	6,551	18,002
Impairment loss	16,441	12,492
Total extraordinary losses	23,235	30,495
Profit before income taxes	2,324,016	1,782,164
Income taxes - current	1,069,342	527,391
Income taxes - deferred	(263,135)	(1,040)
Total income taxes	806,207	526,351
Profit	1,517,808	1,255,813
Profit attributable to non-controlling interests	1,788	3,644
Profit attributable to owners of parent	1,516,020	1,252,168



(Consolidated statements of comprehensive income)

(Thousand yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	1,517,808	1,255,813
Other comprehensive income		
Valuation difference on available-for-sale securities	28,358	33,753
Deferred gains (losses) on hedges	30,423	9,858
Foreign currency translation adjustment	(50,933)	(32,286)
Remeasurements of defined benefit plans, net of tax	13,239	4,379
Total other comprehensive income	21,088	15,705
Comprehensive income	1,538,897	1,271,518
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,537,053	1,267,876
Comprehensive income attributable to non-controlling interests	1,844	3,641

## (3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	714,770	1,208,857	10,344,515	(703,066)	11,565,075
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares					—
Dividends of surplus			(434,904)		(434,904)
Profit attributable to owners of parent			1,516,020		1,516,020
Purchase of treasury shares				(529,884)	(529,884)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,081,116	(529,884)	551,232
Balance at end of current period	714,770	1,208,857	11,425,631	(1,232,951)	12,116,307

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	18,571	(78,778)	292,320	(31,081)	201,030	243,498	88,312	12,097,917
Changes of items during period								
Issuance of new shares - exercise of subscription rights to shares								—
Dividends of surplus								(434,904)
Profit attributable to owners of parent								1,516,020
Purchase of treasury shares								(529,884)
Net changes of items other than shareholders' equity	28,302	30,423	(50,933)	13,239	21,032	27,677	1,844	50,554
Total changes of items during period	28,302	30,423	(50,933)	13,239	21,032	27,677	1,844	601,786
Balance at end of current period	46,873	(48,354)	241,387	(17,842)	222,063	271,176	90,157	12,699,704

Fiscal year ended March 31, 2018

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	714,770	1,208,857	11,425,631	(1,232,951)	12,116,307
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	16,327	16,327			32,655
Dividends of surplus			(448,736)		(448,736)
Profit attributable to owners of parent			1,252,168		1,252,168
Purchase of treasury shares				(144)	(144)
Net changes of items other than shareholders' equity					
Total changes of items during period	16,327	16,327	803,432	(144)	835,943
Balance at end of current period	731,097	1,225,185	12,229,063	(1,233,095)	12,952,251

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	46,873	(48,354)	241,387	(17,842)	222,063	271,176	90,157	12,699,704
Changes of items during period								
Issuance of new shares - exercise of subscription rights to shares								32,655
Dividends of surplus								(448,736)
Profit attributable to owners of parent								1,252,168
Purchase of treasury shares								(144)
Net changes of items other than shareholders' equity	33,756	9,858	(32,286)	4,379	15,707	(2,901)	3,660	16,466
Total changes of items during period	33,756	9,858	(32,286)	4,379	15,707	(2,901)	3,660	852,410
Balance at end of current period	80,629	(38,496)	209,100	Δ13,462	237,770	268,274	93,817	13,552,115

## (4) Consolidated statements of cash flows

(Thousand yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,324,016	1,782,164
Depreciation	4,502,566	4,662,948
Impairment loss	16,441	12,492
Amortization of goodwill	32,773	32,928
Loss on retirement of Assets for rent	204,159	125,288
Loss on sales of Assets for rent	114,186	276,946
Purchase of assets for lease	(2,237,714)	(1,628,879)
Contribution for Assets for rent	(20,110)	(22,824)
Increase (decrease) in allowance for doubtful accounts	(16,802)	6,542
Increase (decrease) in provision for bonuses	2,516	(43,510)
Increase (decrease) in net defined benefit liability	107,633	26,457
Increase (decrease) in provision for directors' retirement benefits	3,455	(47,365)
Loss (gain) on valuation of derivatives	(4,520)	(3,335)
Share-based compensation expenses	27,677	25,530
Interest and dividend income	(25,284)	(36,983)
Interest expenses	209,277	217,574
Foreign exchange losses (gains)	101,061	(2,173)
Loss (gain) on sales of property, plant and equipment	(10,204)	(5,739)
Loss on retirement of property, plant and equipment	4,642	16,902
Loss (gain) on sales of investment securities	(2,215)	(26,759)
Share of (profit) loss of entities accounted for using equity method	60,226	(109,544)
Decrease (increase) in notes and accounts receivable - trade	(827,360)	716,735
Decrease (increase) in inventories	(2,201,099)	(2,862,972)
Increase (decrease) in notes and accounts payable - trade	(61,047)	(644,534)
Other	270,008	387,412
<b>Subtotal</b>	<b>2,453,830</b>	<b>2,855,301</b>
Interest and dividend income received	25,499	10,114
Interest expenses paid	(213,144)	(209,375)
Income taxes paid	(1,102,807)	(941,699)
<b>Net cash provided by (used in) operating activities</b>	<b>1,163,377</b>	<b>1,714,341</b>

(Thousand yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
<b>Cash flows from investing activities</b>		
Payments into time deposits	(540,000)	(540,000)
Proceeds from withdrawal of time deposits	540,000	540,000
Purchase of property, plant and equipment	(1,169,247)	(1,382,022)
Proceeds from sales of property, plant and equipment	19,281	20,367
Purchase of intangible assets	(29,018)	(38,127)
Proceeds from sales of intangible assets	—	1,844
Purchase of investment securities	(102,752)	(2,744)
Proceeds from sales of investment securities	20,375	219
Payments for asset retirement obligations	(15,200)	—
Purchase of memberships	(3,600)	(3,144)
Proceeds from sales of membership	150	13,000
Proceeds from sales of investments in capital of subsidiaries and associates	22,920	200,159
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(395,466)
Payments of loans receivable	(43,000)	(17,300)
Collection of loans receivable	206,915	64,589
Purchase of long-term prepaid expenses	—	(371,299)
Net cash provided by (used in) investing activities	(1,093,175)	(1,909,924)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	21,635	1,529,726
Repayments of lease obligations	(243,559)	△218,280
Proceeds from long-term loans payable	7,891,450	3,873,000
Repayments of long-term loans payable	(5,696,271)	(5,781,998)
Proceeds from issuance of bonds	482,210	882,177
Redemption of bonds	(632,500)	(62,500)
Proceeds from issuance of common shares	—	4,223
Purchase of treasury shares	(529,884)	(144)
Cash dividends paid	(433,808)	(448,385)
Net cash provided by (used in) financing activities	879,261	(222,181)
Effect of exchange rate change on cash and cash equivalents	(4,067)	(19,984)
Net increase (decrease) in cash and cash equivalents	945,395	(437,748)
Cash and cash equivalents at beginning of period	4,242,513	5,187,909
Cash and cash equivalents at end of period	5,187,909	4,750,160

- (5) Notes on consolidated financial statements  
(Going concern assumption)  
Not applicable.

## (Segment information)

## 1. Overview of reportable segments

The Group's reportable segments are those being its constituent units for which separated financial information is available and are subject to periodic review by the board of directors for determining allocation of management resources and for evaluating business performance.

The Group has established three reportable segments: "Sales business" that centers on manufacturing and selling temporary equipment for construction work; "Rental business" that centers on renting temporary equipment for construction work; and "Overseas business" that centers on selling and renting temporary equipment for construction work to overseas customers.

## 2. How to calculate amount of net sales and profit/loss for each reportable segment

Accounting treatment methods for the business segments as reported herein are basically identical to those employed for producing the consolidated financial statements.

Figures of segment income of individual reportable segments are based on their operating income.

Inter-segment revenue and transfer are based on actual market prices.

It should be noted that while assets are not allocated to the business segments, depreciation values are allocated.

## 3. Information on amount of net sales and profit/loss for each reportable segment

Fiscal year ended March 31, 2017

(Thousand yen)						
	Sales business	Rental business	Overseas business	Total	Adjustment (see Notes 1&2)	Amount allocated on consolidated statements of income (see Note 3)
Net sales						
Sales from external customers	12,535,963	21,897,992	2,329,516	36,763,472	—	36,763,472
Inter-segment sales or transfer	3,953,069	315,870	1,869,032	6,137,972	(6,137,972)	—
Total	16,489,032	22,213,862	4,198,549	42,901,445	(6,137,972)	36,763,472
Segment profit	2,357,596	2,267,895	(189,518)	4,435,973	(2,006,194)	2,429,778
Other items						
Depreciation	254,652	3,871,354	309,059	4,435,066	67,499	4,502,566
Amortization of goodwill	—	4,207	28,566	32,773	—	32,773

- Notes
- Adjusted segment profit (loss) of (2,006,194) thousand yen includes inter-segment transaction elimination of (636,106) thousand yen and corporate expenses not allocated to individual reportable segments of (1,370,087) thousand yen. Corporate expenses comprises mainly of general and administrative expenses not attributable to reportable segments.
  - Adjusted depreciation of 67,499 thousand yen refers to depreciation of corporate assets not attributable to individual reportable segments.
  - Segment profit corresponds to operating income as shown in the consolidated statements of income.

Fiscal year ended March 31, 2018

(Thousand yen)						
	Sales business	Rental business	Overseas business	Total	Adjustment (see Notes 1&2)	Amount allocated on consolidated statements of income (see Note 3)
Net sales						
Sales from external customers	10,667,459	21,226,845	4,220,511	36,114,817	—	36,114,817
Inter-segment sales or transfer	1,782,516	155,196	1,611,738	3,549,451	(3,549,451)	—
Total	12,449,975	21,382,042	5,832,250	39,664,269	(3,549,451)	36,114,817
Segment profit (loss)	1,192,210	1,705,934	149,805	3,047,949	(1,356,960)	1,690,989
Other items						
Depreciation	254,609	3,963,339	391,533	4,609,482	53,465	4,662,948
Amortization of goodwill	—	5,110	27,818	32,928	—	32,928

- Notes
- Adjusted segment profit (loss) of (1,356,960) thousand yen includes inter-segment transaction elimination of 118,174 thousand yen and corporate expenses not allocated to individual reportable segments of (1,475,135) thousand yen. Corporate expenses comprises mainly of general and administrative expenses not attributable to reportable segments.
  - Adjusted depreciation of 53,465 thousand yen refers to depreciation of corporate assets not attributable to individual reportable segments.
  - Segment profit corresponds to operating income as shown in the consolidated statements of income.

(Per share data)

	Year ended March 31, 2017	Year ended March 31, 2018
Net assets per share	288.97 yen	307.89 yen
Net income per share	35.14 yen	29.26 yen
Diluted earnings per share	34.08 yen	28.38 yen

Notes: 1. Calculation bases of net income per share and diluted earnings per share are as follows.

	Year ended March 31, 2017	Year ended March 31, 2018
Net income per share		
Profit attributable to owners of parent (thousand yen)	1,516,020	1,252,168
Amount not attributable to common stockholders (thousand yen)	—	—
Profit attributable to owners of parent applicable to common stock (thousand yen)	1,516,020	1,252,168
Average number of (thousand) shares outstanding during the period (common stock)	43,147	42,794
Diluted earnings per share		
Adjusted profit attributable to owners of parent (thousand yen)	—	—
Increased number of common stock (thousand shares)	1,338	1,320
(number of (thousand) shares with subscription rights)	(1,338)	(1,320)
Summary of residual securities not included in calculating diluted earnings per share, because of having no dilution effect	—	—

2. Calculation bases of net assets per share are as follows.

	Year ended March 31, 2017	Year ended March 31, 2018
Total net assets (thousand yen)	12,699,704	13,552,115
Deduction from total net assets (thousand yen)	361,333	362,092
(with subscription rights (thousand yen))	(271,176)	(268,274)
(for non-controlling shareholders (thousand yen))	(90,157)	(93,817)
End-of-period net assets applicable to common stock (thousand yen)	12,338,371	13,190,022
End-of-period number of (thousand) shares used for calculating net assets per share	42,697	42,840

(Significant post-balance sheet events)

Not applicable.