

## Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Year Ended December 31, 2017

February 14, 2018

Company name: Okabe Co., Ltd. Stock exchange listing: First Section of the Tokyo Stock Exchange  
 Stock code: 5959 URL: <http://www.okabe.co.jp/>  
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 Scheduled date of Annual General Meeting of Shareholders: March 29, 2018  
 Scheduled date of commencement of dividend payment: March 30, 2018  
 Scheduled date of filing of Annual Securities Report: March 29, 2018  
 Supplementary materials for annual financial results: None  
 Information meeting for annual financial results: Yes (for institutional investors and analysts)

(Figures are rounded down to the nearest one million yen.)

## 1. Consolidated Financial Results for the Current Fiscal Year Ended December 31, 2017 (January 1, 2017 – December 31, 2017)

## (1) Consolidated Results of Operations

(Percentages represent year-on-year changes.)

|                   | Net sales   |       | Operating profit |        | Ordinary profit |        | Profit attributable to owners of parent |        |
|-------------------|-------------|-------|------------------|--------|-----------------|--------|---|--------|
|                   | Million yen | %     | Million yen      | %      | Million yen     | %      | Million yen                             | %      |
| Year ended        |             |       |                  |        |                 |        |   |        |
| December 31, 2017 | 60,917      | (3.6) | 4,844            | (12.3) | 5,068           | (12.3) | 3,485                                   | (55.7) |
| December 31, 2016 | 63,190      | (8.4) | 5,527            | (12.6) | 5,780           | (11.6) | 7,861                                   | 85.7   |

(Note) Comprehensive income:

6,193 million yen (negative 14.2%) for the year ended December 31, 2017

7,218 million yen (78.7%) for the year ended December 31, 2016

|                   | Profit per share (basic) |   | Profit per share (diluted) |   | Return on equity | Ordinary profit to total assets | Operating profit to net sales |
|-------------------|--------------------------|---|----------------------------|---|------------------|---------------------------------|-------------------------------|
|                   | Yen                      | % | Yen                        | % | %                | %                               | %                             |
| Year ended        |                          |   |                            |   |                  |                                 |                               |
| December 31, 2017 | 69.95                    | – | –                          | – | 6.5              | 5.9                             | 8.0                           |
| December 31, 2016 | 155.10                   | – | –                          | – | 15.7             | 7.0                             | 8.7                           |

(Reference) Equity in earnings (losses) of affiliates:

Year ended December 31, 2017: – million yen

Year ended December 31, 2016: – million yen

## (2) Consolidated Financial Position

|                         | Total assets |   | Net assets  |   | Equity ratio | Net assets per share |
|-------------------------|--------------|---|-------------|---|--------------|----------------------|
|                         | Million yen  | % | Million yen | % | %            | Yen                  |
| As of December 31, 2017 | 89,346       | – | 56,251      | – | 63.0         | 1,128.93             |
| As of December 31, 2016 | 81,919       | – | 51,404      | – | 62.8         | 1,031.65             |

(Reference) Shareholders' equity:

As of December 31, 2017: 56,251 million yen

As of December 31, 2016: 51,404 million yen

## (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                                |
| Year ended        |   |   |   |   |   |   |  |
| December 31, 2017 | 2,107   | – | (3,213)   | – | (705)   | – | 21,082                                     |
| December 31, 2016 | 5,703   | – | 3,797   | – | (711)   | – | 22,694                                     |

## 2. Dividends

|                               | Dividend per share   |                       |                      |          |        | Total amounts of dividends | Payout ratio (consolidated) | Dividends to net assets (consolidated) |
|-------------------------------|----------------------|-----------------------|----------------------|----------|--------|----------------------------|-----------------------------|--|
|                               | End of first quarter | End of second quarter | End of third quarter | Year-end | Annual |                            |                             |  |
| Year ended                    | Yen                  | Yen                   | Yen                  | Yen      | Yen    | Million yen                | %                           | %                                      |
| December 31, 2016             | –                    | 12.00                 | –                    | 12.00    | 24.00  | 1,209                      | 15.5                        | 2.4                                    |
| December 31, 2017             | –                    | 15.00                 | –                    | 15.00    | 30.00  | 1,497                      | 42.9                        | 2.8                                    |
| Year ending                   |                      |                       |                      |          |        |                            |                             |  |
| December 31, 2018 (forecasts) | –                    | 13.00                 | –                    | 13.00    | 26.00  |                            | 35.0                        |  |

(Note) Breakdown of dividends at the end of the second quarter of the fiscal year ended December 31, 2017:

Ordinary dividend 12.00 yen and commemorative dividend 3.00 yen

Breakdown of dividends at the end of the fiscal year ended December 31, 2017:

Ordinary dividend 12.00 yen and commemorative dividend 3.00 yen

## 3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2018 (January 1, 2018 – December 31, 2018)

(Percentages represent year-on-year changes)

|            | Net sales   |     | Operating profit |     | Ordinary profit |     | Profit attributable to owners of parent |      | Profit per share |
|------------|-------------|-----|------------------|-----|-----------------|-----|---|------|------------------|
|            | Million yen | %   | Million yen      | %   | Million yen     | %   | Million yen                             | %    | Yen              |
| First half | 29,800      | 3.3 | 2,300            | 9.7 | 2,300           | 8.7 | 1,550                                   | 21.2 | 31.11            |
| Full year  | 63,000      | 3.4 | 5,300            | 9.4 | 5,400           | 6.6 | 3,700                                   | 6.2  | 74.26            |

\* Notes

(1) Changes in important subsidiaries during the period  
(changes of specific subsidiaries in accordance with changes in the scope of consolidation): None

(2) Changes in accounting policies, accounting estimates and restatement  
 (i) Changes in accounting policies caused by revision of accounting standards: None  
 (ii) Changes in accounting policies other than (i): None  
 (iii) Changes in accounting estimates: None  
 (iv) Restatement: None

(3) Number of shares outstanding (common shares):  
 (i) Number of shares outstanding at end of period (including treasury shares)  
 As of December 31, 2017: 53,790,632 shares  
 As of December 31, 2016: 53,790,632 shares  
 (ii) Number of treasury shares at end of period  
 As of December 31, 2017: 3,963,010 shares  
 As of December 31, 2016: 3,963,082 shares  
 (iii) Average number of shares outstanding during the period  
 Fiscal year ended December 31, 2017: 49,827,576 shares  
 Fiscal year ended December 31, 2016: 50,687,636 shares

(Note) The number of treasury shares at the end of each period includes the shares of the Company held by the stock-granting ESOP trust (98,128 shares as of December 31, 2017, and 0 as of December 31, 2016). The shares of the Company held by the stock-granting ESOP trust are also included in treasury shares that are deducted in the calculation of the average number of shares outstanding during the period (75,512 shares as of December 31, 2017, and 0 shares as of December 31, 2016).

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Current Fiscal Year Ended December 31, 2017 (January 1, 2017 – December 31, 2017)

(1) Non-Consolidated Results of Operations (Percentages represent year-on-year changes.)

|                   | Net sales   |       | Operating profit |        | Ordinary profit |        | Profit      |        |
|-------------------|-------------|-------|------------------|--------|-----------------|--------|-------------|--------|
|                   | Million yen | %     | Million yen      | %      | Million yen     | %      | Million yen | %      |
| Year ended        |             |       |                  |        |                 |        |             |        |
| December 31, 2017 | 45,438      | 5.0   | 3,679            | 9.3    | 4,303           | (48.3) | 3,095       | (69.8) |
| December 31, 2016 | 43,272      | (8.2) | 3,366            | (19.7) | 8,318           | 71.2   | 10,264      | 231.8  |

|                   | Profit per share (basic) |  | Profit per share (diluted) |  |
|-------------------|--------------------------|--|----------------------------|--|
|                   | Yen                      |  | Yen                        |  |
| Year ended        |                          |  |                            |  |
| December 31, 2017 | 62.12                    |  | -                          |  |
| December 31, 2016 | 202.51                   |  | -                          |  |

(2) Non-Consolidated Financial Position

|                         | Total assets |  | Net assets  |  | Equity ratio |  | Net assets per share |  |
|-------------------------|--------------|--|-------------|--|--------------|--|----------------------|--|
|                         | Million yen  |  | Million yen |  | %            |  | Yen                  |  |
| As of December 31, 2017 | 79,885       |  | 49,413      |  | 61.9         |  | 991.70               |  |
| As of December 31, 2016 | 74,583       |  | 46,304      |  | 62.1         |  | 929.30               |  |

(Reference) Shareholders' equity: As of December 31, 2017: 49,413 million yen  
 As of December 31, 2016: 46,304 million yen

\* Summaries of consolidated financial results are not subject to audit.

\* Explanations and other special notes concerning the appropriate use of business performance forecasts

The forward-looking statements in these materials, including financial prospects included in this report, are based on information available to the Company when this report was prepared and assumptions that the management considers reasonable, which do not guarantee the achievement of such projected results. Actual results may differ significantly from these statements for a number of reasons.

○ Index for Supplementary Information

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## 1. Overview of Results of Operations, Etc.

### (1) Overview of Results of Operations for the Fiscal Year under Review (January 1, 2017 to December 31, 2017)

In the fiscal year under review, the Japanese economy showed a gradual recovery trend with a pickup in capital expenditure and consumer spending against a backdrop of improving corporate earnings and employment. Nonetheless, concerns remained over policy trends in Europe and the U.S. and the rising geopolitical risk.

In the Japanese construction industry, which includes the core customers for the Okabe Group, the floor area of construction that commenced during the fiscal year under review increased year on year as construction, including large redevelopment projects, etc., particularly in the Tokyo metropolitan area, gradually got underway.

In this business environment, the Okabe Group established the medium-term management plan “NEXT 100: Exciting Future” covering the three years starting from the fiscal year under review, which marks its centennial anniversary, and worked to build the foundation for its success in the next 100 years.

Results of operations by business segment are as follows:

#### [Construction-related products]

A breakdown of sales of construction-related products by product shows that sales of temporary building and formwork products fell 1.1% year on year as a result of a fall in demand for large system formworks, etc., despite the strong sales of round bar separators.

Sales of civil engineering products increased 9.3% year on year, mainly reflecting sales of products for slope protection construction method, such as lock bolts, which remained higher than the year-ago level and the incorporation of demand for earthquake retrofitting in urban civil engineering.

Sales of building structural products rose 7.7% year on year as a result of strong sales of core earthquake resistant products, mainly due to an increase in the number of customers using a cloud service that started as a tool for promoting sales of the One Side Ring, a building structural product.

Sales of building materials in Japan climbed 3.5% year on year due to the purchase and sale of high value-added products.

Sales of building materials overseas rose 9.3% year on year as a result of higher sales of OCM, Inc., a consolidated subsidiary in the U.S.

As a result, sales in the construction-related products segment increased 5.6% year on year, to 50,404 million yen, and operating profit rose 4.2% year on year, to 4,105 million yen.

#### [Automotive products]

While sales increased 4.4% year on year, to 9,370 million yen, as a result of strong sales of the mainstay automobile battery terminal products due to the exports to Europe and other regions, operating profit declined 25.5% year on year, to 761 million yen, mainly due to a rise in raw material prices and an increase in related expenses associated with the aging of machinery and equipment.

#### [Other businesses]

Sales declined 12.1% year on year, to 1,142 million yen, reflecting weak orders in the marine business, and the segment recorded an operating loss of 22 million yen (compared with operating profit of 63 million yen in the previous fiscal year).

As a result, while the business performance of the construction-related products segment remained strong, profits declined primarily due to the absence of sales and operating profit in the hotel business which was transferred in the previous fiscal year and the non-recording of extraordinary income due to the transfer of the hotel business. Consequently, consolidated net sales for the fiscal year under review decreased 3.6% year on year, to 60,917 million yen, and consolidated operating profit declined 12.3% year on year, to 4,844 million yen. Consolidated ordinary profit dropped 12.3%, to 5,068 million yen, and profit attributable to owners of parent fell 55.7% year on year, to 3,485 million yen.

(For reference 1)

Results of the hotel business in the previous fiscal year (January 1, 2016 to December 31, 2016)

|                   |                   |
|-------------------|-------------------|
| Net sales:        | 5,204 million yen |
| Operating profit: | 501 million yen   |

(For reference 2)

Extraordinary income due to the transfer of the hotel business in the previous fiscal year (January 1, 2016 to December 31, 2016)

|                       |                   |
|-----------------------|-------------------|
| Extraordinary income: | 6,266 million yen |
|-----------------------|-------------------|

(For reference)

Net sales by business segments and product category (consolidated)

(Yen in millions, rounded down)

|                               |  | Previous fiscal year<br>(Jan. 1, 2016 – Dec. 31, 2016) |                | Fiscal Year under review<br>(Jan. 1, 2017 – Dec. 31, 2017) |                | Change (%) |
|-------------------------------|--|--|----------------|--|----------------|------------|
|                               |  | Amount   | Proportion (%) | Amount   | Proportion (%) |            |
| Construction-related products | Temporary building and formwork products | 7,093  | 11.2           | 7,013  | 11.5           | (1.1)      |
|                               | Civil engineering products               | 5,553  | 8.8            | 6,073  | 10.0           | 9.3        |
|                               | Building structural products             | 18,342   | 29.0           | 19,751   | 32.4           | 7.7        |
|                               | Building materials (Japan) (Note 2)      | 12,224   | 19.4           | 12,651   | 20.8           | 3.5        |
|                               | Subtotal – Japan                         | 43,214   | 68.4           | 45,489   | 74.7           | 5.3        |
|                               | Building materials (Overseas) (Note 2)   | 4,496  | 7.1            | 4,915  | 8.0            | 9.3        |
|                               | Subtotal – overseas                      | 4,496  | 7.1            | 4,915  | 8.0            | 9.3        |
|                               | Subtotal – segment                       | 47,711   | 75.5           | 50,404   | 82.7           | 5.6        |
| Automotive products           |  | 8,975  | 14.2           | 9,370  | 15.4           | 4.4        |
| Hotel business (Note 3)       |  | 5,204  | 8.2            | –  | –              | (100.0)    |
| Other businesses (Note 4)     |  | 1,299  | 2.1            | 1,142  | 1.9            | (12.1)     |
| Total                         |  | 63,190   | 100.0          | 60,917   | 100.0          | (3.6)      |

(Notes) 1. For information about the main operations of each business segment, please refer to “Segment information” on page 16.

2. Beginning the fiscal year under review, building materials in the construction-related product business is divided into Japan and overseas segments in the report.

3. The hotel business was sold and the process was completed in the previous fiscal year.

4. Other businesses include those for diversification that do not form part of the Company’s core businesses, i.e. construction related products and automotive products. This segment includes, among others, the manufacture and sale of marine materials and the manufacture and sale of fishing sinkers in the U.S.

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

### [Assets]

Current assets at the end of the fiscal year amounted to 53,539 million yen, an increase of 2,294 million yen from the previous fiscal year-end, due mainly to an increase in notes and accounts receivable - trade.

Non-current assets increased 5,135 million yen from the previous fiscal year-end to 35,788 million yen, primarily owing to an increase in buildings and structures.

As a result, total assets increased 7,427 million yen from the previous fiscal year-end to 89,346 million yen.

### [Liabilities]

Current liabilities at the end of the fiscal year amounted to 19,348 million yen, an increase of 1,775 million yen from the previous fiscal year-end, due mainly to increases in electronically recorded obligations - operating and short-term loans payable.

Non-current liabilities increased by 804 million yen from the previous fiscal year-end to 13,746 million yen, largely due to an increase in deferred tax liabilities.

As a result, total liabilities increased 2,579 million yen from the previous fiscal year-end to 33,094 million yen.

### [Net assets]

Net assets increased 4,847 million yen from the previous fiscal year-end to 56,251 million yen. The shareholders’ equity ratio was 63.0%, up 0.2 percentage points from the end of the previous fiscal year.

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

Cash and cash equivalents at the end of the fiscal year totaled 21,082 million yen, a decrease of 1,612 million yen from the end of the previous fiscal year.

The following is a summary of cash flows and major factors for the fiscal year under review.

#### (Cash flows from operating activities)

Net cash provided by operating activities during the fiscal year came to 2,107 million yen (compared with net cash provided by operating activities of 5,703 million yen in the previous fiscal year). The major factor was a decrease in profit before income taxes.

#### (Cash flows from investing activities)

Net cash used in investing activities during the fiscal year amounted to 3,213 million yen (compared with net cash provided by investing activities of 3,797 million yen in the previous fiscal year). The major factor was a decrease in proceeds from sales of shares of subsidiaries resulting in a change in the scope of consolidation.

#### (Cash flows from financing activities)

Net cash used in financing activities during the fiscal year was 705 million yen (compared with net cash used in financing activities of 711 million yen in the previous fiscal year). This was mainly due to a decline in purchases of treasury shares.

### (4) Future Outlook

While the Japanese economy is expected to recover moderately, chiefly reflecting the effects of various policies by the government and the Bank of Japan, the future outlook is expected to remain unclear, given concerns about uncertain overseas economies.

In the Japanese construction industry, the Okabe Group's core customer, investments in construction are likely to remain firm, given large redevelopment projects, particularly in the Tokyo metropolitan area, and construction works related to the Tokyo 2020 Olympic and Paralympic Games. However, in light of concerns about downward pressure on earnings due to rising steel prices, a business environment that requires redoubled corporate efforts for increasing added value and productivity through proposal-type sales and product development is anticipated.

Recognizing this, the Company has made the following consolidated results forecasts for the fiscal year ending December 31, 2018. The Company has also revised some of its three-year medium-term management plan "NEXT100: Exciting Future" and announced it. For further details, please refer to the "Notice regarding review of performance target under the mid-term management plan" released today (February 14, 2018).

(Yen in millions, rounded down)

|   | Net sales | Operating profit | Ordinary profit | Profit attributable to owners of parent |
|---|-----------|------------------|-----------------|---|
| Fiscal year ended December 31, 2017 (Actual)    | 60,917    | 4,844            | 5,068           | 3,485                                   |
| Fiscal year ending December 31, 2018 (Estimate) | 63,000    | 5,300            | 5,400           | 3,700                                   |
| Change (%)                                      | 3.4%      | 9.4%             | 6.6%            | 6.2%                                    |

### (5) Basic Policy for Dividends and Dividends for the Fiscal Year under Review and the Next Fiscal Year

The Group's basic policy is to maintain stable dividends to enhance the return of profits to shareholders. The dividend is also linked to consolidated business results and reflects the need to bolster internal reserves to strengthen the Group's financial condition and fund future business operations.

In accordance with this basic policy, the Company plans to pay a year-end dividend for the fiscal year under review of 15 yen per share (ordinary dividend of 12 yen and commemorative dividend of 3 yen). With the interim dividend of 15 yen per share (ordinary dividend of 12 yen and commemorative dividend of 3 yen) that has already been paid, this will result in an annual dividend for the fiscal year under review of 30 yen per share (ordinary dividend of 24 yen and commemorative dividend of 6 yen).

For the next fiscal year, the Company plans to pay a dividend of 26 yen per share, the sum of interim and year-end dividends of 13 yen each.

## 2. Corporate Group

The Okabe Group (Okabe Co., Ltd. and its associated companies) consists of Okabe Co., Ltd. (“the Company”), 13 subsidiaries (8 of which are consolidated) and 4 affiliated companies. These companies are engaged primarily in the manufacture and sale of construction materials and equipment. The Group is also focusing on expanding operations in other business fields.

The positioning of the Company and its key associated companies and their relationship with the business segments are as follows.

### Construction-related products

#### (Temporary building and formwork products)

The Company develops associated construction methods and develops, manufactures and sells products used with these methods. Subsidiary OMM Co., Ltd. manufactures temporary building and formwork products ordered by the Company. Fukuoka Form Tie Co., Ltd. purchases temporary building and formwork products mainly from the Company and sells them in Kyushu. In addition, the Company sells products in China by using its sales subsidiary Okabe China Co., Ltd.

Okabe Industry Co., Ltd. had been engaged in the development, manufacture and marketing of temporary building and formwork products, but the Company absorbed Okabe Industry Co., Ltd. in an absorption-type merger, with January 1, 2018 as the date of merger.

#### (Civil engineering products)

The Company develops associated construction methods and develops, manufactures and sells products used with these methods.

#### (Building structural products)

The Company develops associated construction methods and develops, manufactures and sells products used with these methods.

On September 29, 2017, the Company acquired all of the shares of FUJI BOLT Manufacturing Co., Ltd. and converted FUJI BOLT Manufacturing Co., Ltd. and its subsidiaries FUJI KIZAI Co., Ltd. and PT Fujibolt Indonesia into subsidiaries of the Company. FUJI BOLT Manufacturing Co., Ltd. is engaged in the development, manufacture and marketing of building structural products, and the Company sells products sourced from FUJI BOLT Manufacturing Co., Ltd. FUJI KIZAI Co., Ltd. executes seismic reinforcement work. PT Fujibolt Indonesia, which is a local subsidiary of FUJI BOLT Manufacturing Co., Ltd. in Indonesia, is engaged in the development, manufacture and marketing of building structural products, and FUJI BOLT Manufacturing Co., Ltd. purchases, processes and sells products from PT Fujibolt Indonesia.

#### (Building materials)

The Company uses its sales network to sell building materials that are purchased from other companies. In addition, U.S. subsidiary OCM, Inc. purchases products sold by the Company in Japan and products compatible with local construction methods in and outside the U.S. and sells them in the U.S.

### Automotive products

U.S. subsidiary Okabe Co., Inc. is engaged mainly in the design and sale of automotive bolts and screw nuts in the U.S. Another U.S. subsidiary Water Gremlin Co. develops, manufactures, and sells automotive battery parts in the U.S. market. Italian subsidiary Water Gremlin Aquila Co. S.p.A. develops, manufactures, and sells automotive battery parts in Europe. Chinese local subsidiary Changxing Water Gremlin Non-Ferrous Co. manufactures and sells automotive battery parts in China.

Okabe Holding USA, Inc. is a holding company that owns all the shares of Water Gremlin Co., Water Gremlin Aquila Co. S.p.A. and Changxing Water Gremlin Non-Ferrous Co.

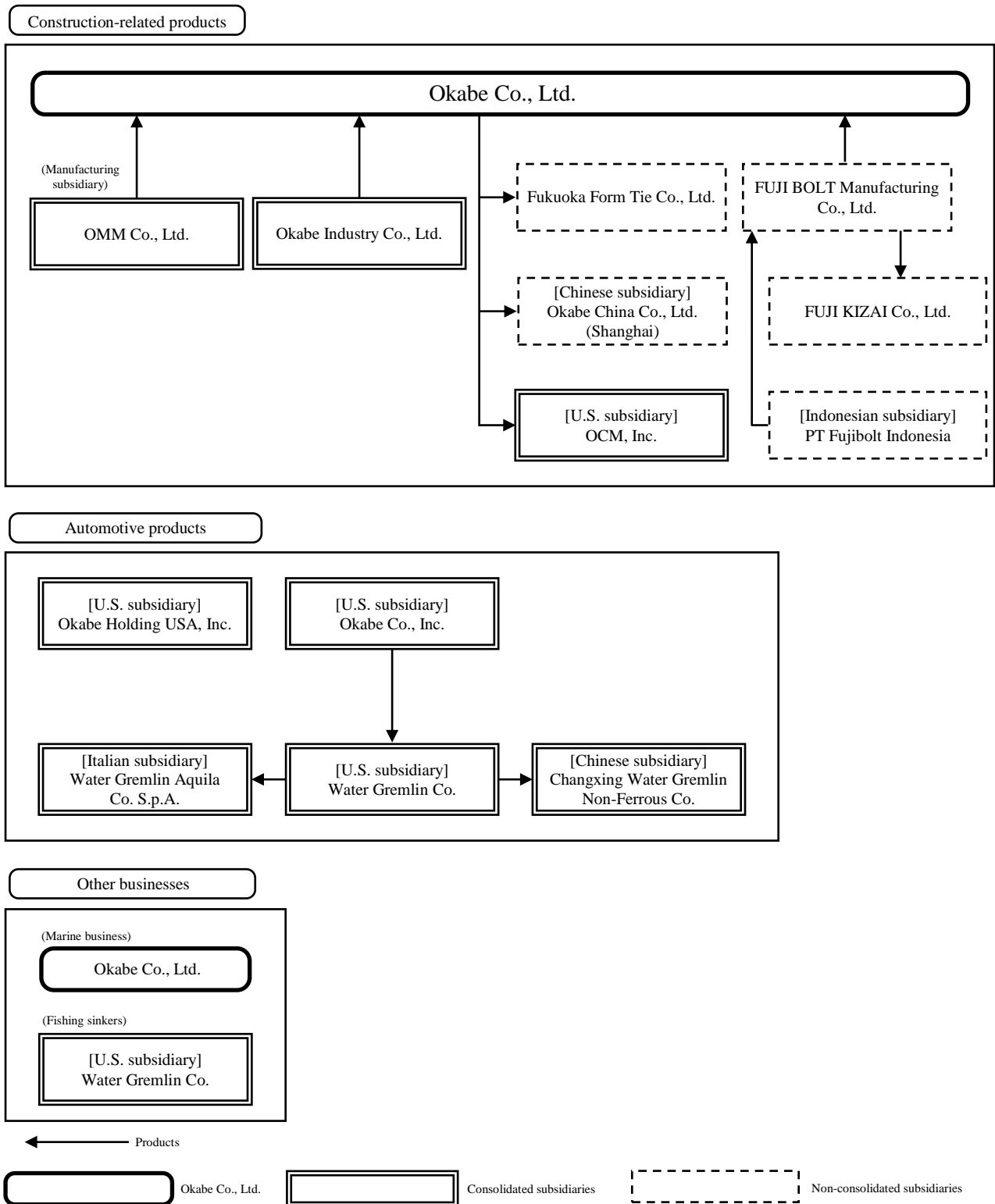
### Other businesses

The Company’s marine business involves the development, manufacture and sale of marine materials.

Water Gremlin Co., which is engaged mainly in the manufacture and sale of automotive products, also manufactures and sells fishing sinkers, which are non-automotive products.

[Business Flow Diagram]

The following diagram summarizes the business operations listed above.



(Notes) 1. On September 29, 2017, the Company acquired all of the shares of FUJI BOLT Manufacturing Co., Ltd. and converted FUJI BOLT Manufacturing Co., Ltd. and its subsidiaries FUJI KIZAI Co., Ltd. and PT Fujibolt Indonesia into subsidiaries of the Company.

2. The Company absorbed Okabe Industry Co., Ltd. in an absorption-type merger, with January 1, 2018 as the date of the merger.



### 3. Basic Approach to Selection of Accounting Standards

The Okabe Group's policy is to prepare its consolidated financial statements based on Japanese Accounting Standards for the present time by taking the comparability of the consolidated financial statements between terms and between companies into consideration.

The Group plans to examine application of the International Financial Reporting Standards (IFRS) in the future, based on consideration of a number of factors in Japan and overseas.

#### 4. Consolidated Financial Statements and Key Notes

##### (1) Consolidated Balance Sheets

(Thousand yen)

|  | Previous fiscal year<br>(As of December 31, 2016) | Fiscal year under review<br>(As of December 31, 2017) |
|--|---|---|
| <b>ASSETS</b>                              |   |   |
| Current assets                             |   |   |
| Cash and deposits                          | 22,694,593  | 22,311,193  |
| Notes and accounts receivable - trade      | 20,048,397  | 21,799,454  |
| Securities                                 | 500,000   | –   |
| Lease receivables and investment assets    | 26  | –   |
| Merchandise and finished goods             | 4,724,418   | 5,632,000   |
| Work in process                            | 874,016   | 945,644   |
| Raw materials and supplies                 | 1,411,755   | 1,519,184   |
| Deferred tax assets                        | 308,732   | 184,257   |
| Other                                      | 708,965   | 1,173,428   |
| Allowance for doubtful accounts            | (25,767)  | (25,342)  |
| <b>Total current assets</b>                | <b>51,245,139</b>                                 | <b>53,539,820</b>                                     |
| Non-current assets                         |   |   |
| Property, plant and equipment              |   |   |
| Buildings and structures                   | 13,248,215  | 14,395,431  |
| Accumulated depreciation                   | (4,503,408)                                       | (4,781,859)   |
| Buildings and structures, net              | 8,744,807   | 9,613,572   |
| Machinery, equipment and vehicles          | 11,796,431  | 13,368,358  |
| Accumulated depreciation                   | (8,426,638)                                       | (9,174,437)   |
| Machinery, equipment and vehicles, net     | 3,369,792   | 4,193,920   |
| Land                                       | 3,529,121   | 3,645,454   |
| Leased assets                              | 737,563   | 949,782   |
| Accumulated depreciation                   | (421,644)   | (361,112)   |
| Leased assets, net                         | 315,919   | 588,670   |
| Construction in progress                   | 715,974   | 1,828,463   |
| Other                                      | 1,483,784   | 1,565,514   |
| Accumulated depreciation                   | (1,207,971)                                       | (1,268,531)   |
| Other, net                                 | 275,812   | 296,983   |
| <b>Total property, plant and equipment</b> | <b>16,951,428</b>                                 | <b>20,167,063</b>                                     |
| Intangible assets                          |   |   |
| Goodwill                                   | 305,971   | 270,117   |
| Leased assets                              | 14,553  | 9,935   |
| Other                                      | 361,322   | 293,183   |
| <b>Total intangible assets</b>             | <b>681,847</b>                                    | <b>573,236</b>  |
| Investments and other assets               |   |   |
| Investment securities                      | 8,581,193   | 9,611,751   |
| Long-term loans receivable                 | –   | 1,000,000   |
| Deferred tax assets                        | 28,574  | 5,541   |
| Other                                      | 4,563,692   | 4,534,514   |
| Allowance for doubtful accounts            | (154,042)   | (103,726)   |
| <b>Total investments and other assets</b>  | <b>13,019,419</b>                                 | <b>15,048,080</b>                                     |
| <b>Total non-current assets</b>            | <b>30,652,695</b>                                 | <b>35,788,381</b>                                     |
| Deferred assets                            |   |   |
| Bond issuance cost                         | 21,504  | 18,278  |
| <b>Total deferred assets</b>               | <b>21,504</b>                                     | <b>18,278</b>   |
| <b>Total assets</b>                        | <b>81,919,339</b>                                 | <b>89,346,481</b>                                     |

(Thousand yen)

|   | Previous fiscal year<br>(As of December 31, 2016) | Fiscal year under review<br>(As of December 31, 2017) |
|---|---|---|
| <b>LIABILITIES</b>                                    |   |   |
| Current liabilities                                   |   |   |
| Notes and accounts payable - trade                    | 3,387,368   | 4,069,861   |
| Electronically recorded obligations - operating       | 8,217,219   | 9,301,850   |
| Short-term loans payable                              | 453,078   | 1,528,742   |
| Lease obligations                                     | 130,360   | 149,289   |
| Income taxes payable                                  | 1,742,437   | 209,822   |
| Provision for bonuses                                 | 72,422  | 72,637  |
| Other   | 3,570,537   | 4,016,281   |
| Total current liabilities                             | 17,573,424  | 19,348,483  |
| Non-current liabilities                               |   |   |
| Bonds payable   | 1,000,000   | 1,000,000   |
| Long-term loans payable                               | 8,338,000   | 8,278,000   |
| Lease obligations                                     | 223,623   | 443,059   |
| Deferred tax liabilities                              | 790,544   | 1,419,032   |
| Provision for stock-granting                          | –   | 22,058  |
| Net defined benefit liability                         | 1,675,377   | 1,684,082   |
| Asset retirement obligations                          | 40,167  | 40,513  |
| Other   | 873,427   | 859,318   |
| Total non-current liabilities                         | 12,941,140  | 13,746,065  |
| Total liabilities                                     | 30,514,565  | 33,094,549  |
| <b>NET ASSETS</b>                                     |   |   |
| Shareholders' equity                                  |   |   |
| Capital stock   | 6,911,700   | 6,911,700   |
| Capital surplus                                       | 6,039,545   | 6,062,754   |
| Retained earnings                                     | 39,694,256  | 41,832,933  |
| Treasury shares                                       | (2,693,524)                                       | (2,716,668)   |
| Total shareholders' equity                            | 49,951,977  | 52,090,720  |
| Accumulated other comprehensive income                |   |   |
| Valuation difference on available-for-sale securities | 1,992,179   | 3,352,412   |
| Foreign currency translation adjustment               | (505,554)   | 787,752   |
| Remeasurements of defined benefit plans               | (33,827)  | 21,046  |
| Total accumulated other comprehensive income          | 1,452,797   | 4,161,211   |
| Total net assets                                      | 51,404,774  | 56,251,931  |
| Total liabilities and net assets                      | 81,919,339  | 89,346,481  |

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

(Thousand yen)

|  | Previous fiscal year<br>(Jan. 1, 2016 – Dec. 31, 2016) | Fiscal year under review<br>(Jan. 1, 2017 – Dec. 31, 2017) |
|--|--|--|
| Net sales  | 63,190,466   | 60,917,571   |
| Cost of sales  | 45,548,075   | 43,895,196   |
| Gross profit   | 17,642,390   | 17,022,374   |
| Selling, general and administrative expenses           | 12,114,901   | 12,177,430   |
| Operating profit                                       | 5,527,489  | 4,844,944  |
| Non-operating income                                   |  |  |
| Interest income  | 32,731   | 24,014   |
| Dividend income  | 124,934  | 165,948  |
| Foreign exchange gains                                 | 44,494   | –  |
| Proceeds from sale of scrap                            | 36,926   | 76,229   |
| Reversal of allowance for doubtful accounts            | 38,169   | 49,913   |
| Other  | 106,399  | 89,419   |
| Total non-operating income                             | 383,657  | 405,525  |
| Non-operating expenses                                 |  |  |
| Interest expenses                                      | 83,134   | 53,330   |
| Commission for syndicate loan                          | 35,800   | 35,800   |
| Litigation expenses                                    | –  | 74,729   |
| Other  | 11,817   | 18,610   |
| Total non-operating expenses                           | 130,751  | 182,470  |
| Ordinary profit  | 5,780,395  | 5,068,000  |
| Extraordinary income                                   |  |  |
| Gain on sales of non-current assets                    | 244,268  | 35,324   |
| Gain on sales of shares of subsidiaries and associates | 6,266,617  | –  |
| State subsidy  | –  | 411,394  |
| Other  | –  | 17,614   |
| Total extraordinary income                             | 6,510,885  | 464,332  |
| Extraordinary losses                                   |  |  |
| Loss on disposal of non-current assets                 | 244,795  | 140,017  |
| Loss on valuation of investment securities             | 80,150   | –  |
| Factory transfer expenses                              | 842  | 31,309   |
| Other  | 65,865   | 21,810   |
| Total extraordinary losses                             | 391,654  | 193,137  |
| Profit before income taxes                             | 11,899,625   | 5,339,195  |
| Income taxes - current                                 | 4,254,273  | 1,748,020  |
| Income taxes - deferred                                | (216,462)  | 105,680  |
| Total income taxes                                     | 4,037,811  | 1,853,701  |
| Profit   | 7,861,814  | 3,485,493  |
| Profit attributable to owners of parent                | 7,861,814  | 3,485,493  |

(Consolidated statements of comprehensive income)

(Thousand yen)

|   | Previous fiscal year<br>(Jan. 1, 2016 – Dec. 31, 2016) | Fiscal year under review<br>(Jan. 1, 2017 – Dec. 31, 2017) |
|---|--|--|
| Profit  | 7,861,814  | 3,485,493  |
| Other comprehensive income                            |  |  |
| Valuation difference on available-for-sale securities | 260,083  | 1,360,233  |
| Foreign currency translation adjustment               | (905,068)  | 1,293,306  |
| Remeasurements of defined benefit plans, net of tax   | 2,021  | 54,874   |
| Total other comprehensive income                      | (642,962)  | 2,708,414  |
| Comprehensive income                                  | 7,218,852  | 6,193,908  |
| Comprehensive income attributable to                  |  |  |
| Comprehensive income attributable to owners of parent | 7,218,852  | 6,193,908  |

## (3) Consolidated Statements of Changes in Equity

Previous fiscal year (from January 1, 2016 to December 31, 2016)

(Thousand yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at the beginning of period                   | 6,911,700            | 6,039,545       | 35,248,014        | (1,693,473)     | 46,505,786                 |
| Changes of items during period                       |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (1,222,976)       |                 | (1,222,976)                |
| Profit attributable to owners of parent              |                      |                 | 7,861,814         |                 | 7,861,814                  |
| Purchase of treasury shares                          |                      |                 |                   | (1,000,051)     | (1,000,051)                |
| Disposal of treasury shares                          |                      |                 |                   |                 | –                          |
| Change of scope of consolidation                     |                      |                 | (2,192,595)       |                 | (2,192,595)                |
| Net changes of items other than shareholders' equity |                      |                 |                   |                 | –                          |
| Total changes of items during period                 | –                    | –               | 4,446,242         | (1,000,051)     | 3,446,190                  |
| Balance at end of period                             | 6,911,700            | 6,039,545       | 39,694,256        | (2,693,524)     | 49,951,977                 |

|  | Accumulated other comprehensive income                |   |   |  | Total net assets |
|--|---|---|---|--|------------------|
|  | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                  |
| Balance at the beginning of period                   | 1,732,095   | 399,513                                 | (35,849)                                | 2,095,759                                    | 48,601,546       |
| Changes of items during period                       |   |   |   |  |                  |
| Dividends of surplus                                 |   |   |   | –  | (1,222,976)      |
| Profit attributable to owners of parent              |   |   |   | –  | 7,861,814        |
| Purchase of treasury shares                          |   |   |   | –  | (1,000,051)      |
| Disposal of treasury shares                          |   |   |   | –  | –                |
| Change of scope of consolidation                     |   |   |   | –  | (2,192,595)      |
| Net changes of items other than shareholders' equity | 260,083   | (905,068)                               | 2,021                                   | (642,962)                                    | (642,962)        |
| Total changes of items during period                 | 260,083   | (905,068)                               | 2,021                                   | (642,962)                                    | 2,803,228        |
| Balance at end of period                             | 1,992,179   | (505,554)                               | (33,827)                                | 1,452,797                                    | 51,404,774       |

Fiscal year under review (from January 1, 2017 to December 31, 2017)

(Thousand yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at the beginning of period                   | 6,911,700            | 6,039,545       | 39,694,256        | (2,693,524)     | 49,951,977                 |
| Changes of items during period                       |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (1,346,816)       |                 | (1,346,816)                |
| Profit attributable to owners of parent              |                      |                 | 3,485,493         |                 | 3,485,493                  |
| Purchase of treasury shares                          |                      |                 |                   | (89,951)        | (89,951)                   |
| Disposal of treasury shares                          |                      | 23,209          |                   | 66,807          | 90,017                     |
| Change of scope of consolidation                     |                      |                 |                   |                 | –                          |
| Net changes of items other than shareholders' equity |                      |                 |                   |                 | –                          |
| Total changes of items during period                 | –                    | 23,209          | 2,138,676         | (23,143)        | 2,138,742                  |
| Balance at end of period                             | 6,911,700            | 6,062,754       | 41,832,933        | (2,716,668)     | 52,090,720                 |

|  | Accumulated other comprehensive income                |   |   |  | Total net assets |
|--|---|---|---|--|------------------|
|  | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                  |
| Balance at the beginning of period                   | 1,992,179   | (505,554)                               | (33,827)                                | 1,452,797                                    | 51,404,774       |
| Changes of items during period                       |   |   |   |  |                  |
| Dividends of surplus                                 |   |   |   | –  | (1,346,816)      |
| Profit attributable to owners of parent              |   |   |   | –  | 3,485,493        |
| Purchase of treasury shares                          |   |   |   | –  | (89,951)         |
| Disposal of treasury shares                          |   |   |   | –  | 90,017           |
| Change of scope of consolidation                     |   |   |   | –  | –                |
| Net changes of items other than shareholders' equity | 1,360,233   | 1,293,306                               | 54,874                                  | 2,708,414                                    | 2,708,414        |
| Total changes of items during period                 | 1,360,233   | 1,293,306                               | 54,874                                  | 2,708,414                                    | 4,847,157        |
| Balance at end of period                             | 3,352,412   | 787,752                                 | 21,046                                  | 4,161,211                                    | 56,251,931       |

## (4) Consolidated Statement of Cash Flows

(Thousand yen)

|   | Previous fiscal year<br>(Jan. 1, 2016 – Dec. 31, 2016) | Fiscal year under review<br>(Jan. 1, 2017 – Dec. 31, 2017) |
|---|--|--|
| <b>Cash flows from operating activities</b>   |  |  |
| Profit before income taxes  | 11,899,625   | 5,339,195  |
| Depreciation  | 1,680,772  | 1,422,563  |
| Increase (decrease) in allowance for doubtful accounts                                      | (30,279)   | (53,683)   |
| Increase (decrease) in net defined benefit liability  | 88,296   | 86,545   |
| Interest and dividend income  | (157,666)  | (189,963)  |
| Interest expenses   | 83,134   | 53,330   |
| Loss (gain) on valuation of investment securities   | 80,150   | –  |
| Loss on valuation of shares of subsidiaries and associates                                  | 18,963   | –  |
| Loss (gain) on sales of shares of subsidiaries and associates                               | (6,266,617)  | –  |
| Subsidy income  | –  | (411,394)  |
| Loss on retirement of non-current assets  | 241,829  | 132,801  |
| Loss (gain) on sales of non-current assets  | (241,301)  | (28,108)   |
| Decrease (increase) in notes and accounts receivable - trade                                | 903,109  | (1,495,134)  |
| Decrease (increase) in other current assets   | 268,465  | 9,135  |
| Decrease (increase) in inventories  | (132,205)  | (720,513)  |
| Increase (decrease) in notes and accounts payable - trade                                   | (780,576)  | 1,418,170  |
| Increase (decrease) in other current liabilities  | 540,478  | 117,463  |
| Increase (decrease) in other non-current liabilities  | 21,065   | (14,108)   |
| Increase (decrease) in accrued consumption taxes  | 510,530  | (303,925)  |
| Other, net  | 155,408  | 153,141  |
| Subtotal  | 8,883,184  | 5,515,514  |
| Income taxes paid   | (3,179,561)  | (3,407,722)  |
| Net cash provided by (used in) operating activities   | 5,703,622  | 2,107,792  |
| <b>Cash flows from investing activities</b>   |  |  |
| Payments into time deposits   | (50,000)   | (1,229,140)  |
| Proceeds from withdrawal of time deposits   | 456,385  | –  |
| Purchase of securities  | (500,000)  | –  |
| Proceeds from redemption of securities  | –  | 500,000  |
| Purchase of property, plant and equipment   | (2,823,026)  | (2,859,235)  |
| Proceeds from sales of property, plant and equipment  | 546,017  | 86,839   |
| Purchase of intangible assets   | (67,867)   | (48,664)   |
| Purchase of investment securities   | (1,500,000)  | (700,000)  |
| Proceeds from sales of investment securities  | 4,852  | 1,520,430  |
| Proceeds from redemption of investment securities   | –  | 200,000  |
| Purchase of shares of subsidiaries  | (30,000)   | –  |
| Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation | 10,787,460   | –  |
| Purchase of insurance funds   | (99,276)   | (115,036)  |
| Proceeds from maturity of insurance funds   | 125,514  | 168,801  |
| Payments of loans receivable  | (72,755)   | (1,038,858)  |
| Collection of loans receivable  | 77,735   | 38,177   |
| Payments into long-term deposits  | (3,110,472)  | –  |
| Interest and dividend income received   | 153,003  | 196,123  |
| Other, net  | (100,551)  | 67,416   |
| Net cash provided by (used in) investing activities   | 3,797,020  | (3,213,147)  |



(Thousand yen)

|   | Previous fiscal year<br>(Jan. 1, 2016 – Dec. 31, 2016) | Fiscal year under review<br>(Jan. 1, 2017 – Dec. 31, 2017) |
|---|--|--|
| Cash flows from financing activities  |  |  |
| Increase in short-term loans payable  | 6,932,043  | 4,708,598  |
| Decrease in short-term loans payable  | (8,641,394)  | (4,631,153)  |
| Proceeds from long-term loans payable   | 5,831,353  | 1,000,000  |
| Repayments of long-term loans payable   | (3,350,000)  | (92,000)   |
| Purchase of treasury shares   | (1,000,051)  | (89,951)   |
| Proceeds from sales of treasury shares  | –  | 89,951   |
| Proceeds from issuance of bonds   | 977,420  | –  |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | –  | (75,700)   |
| Cash dividends paid   | (1,224,923)  | (1,346,886)  |
| Interest expenses paid  | (88,870)   | (52,950)   |
| Repayments of lease obligations   | (147,320)  | (215,163)  |
| Net cash provided by (used in) financing activities   | (711,742)  | (705,255)  |
| Effect of exchange rate change on cash and cash equivalents   | (539,510)  | 198,070  |
| Net increase (decrease) in cash and cash equivalents  | 8,249,389  | (1,612,540)  |
| Cash and cash equivalents at beginning of period  | 14,445,204   | 22,694,593   |
| Cash and cash equivalents at end of period  | 22,694,593   | 21,082,053   |

(5) Notes to Consolidated Financial Statements

(Note to ongoing concern assumptions)

None

(Additional information)

(Application of the Implementation Guidance on Recoverability of Deferred Tax Assets)

The Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016) has been applied to the consolidated results since the consolidated fiscal year under review.

(Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts)

At the meeting held on February 14, 2017, the Board of Directors of the Company passed a resolution to introduce the stock-granting ESOP trust system, a trust-type employee incentive plan under which the Company's own shares are issued to its employees for the purpose of encouraging the motivation of the employees of the Company and the Okabe Group and enhancing the welfare program.

(1) Transaction overview

This program adopts the system called the stock-granting employee stock ownership plan ("ESOP Trust"). The ESOP Trust is an employee incentive plan inspired by the U.S. ESOP system, under which shares bought back by the ESOP Trust are issued to employees who have met the requirements prescribed in the Shares Issuance Regulations established in advance.

The "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts (ASBJ Practical Issue Task Force (PITF) No. 30, March 26, 2015)" applies to the accounting treatment of this program.

(2) Treasury shares remaining in the trust

The Company's shares remaining in the trust are recorded at the book value (excluding all incidental expenses) in the section of net assets as treasury shares in the trust. The book value and the number of such treasury shares outstanding are 89,885 thousand yen and 98,128 shares, respectively, at the end of the consolidated fiscal year under review.

(Segment information)

(Segment information)

1. Description of reporting segments

Reporting segments of the Okabe Group are individual units for which separate financial information is available and that are subject to a periodic review by the Board of Directors for the purposes of evaluating performance and determining the allocation of resources.

The Group is engaged in the construction-related products business and business activities in several other industries. Comprehensive strategies are established and business activities conducted for products and services in Japan and other countries for each major business that is categorized based on the type of industry.

Consequently, there are three reporting segments for major business activities categorized by industry: construction-related products, automotive products and other businesses.

Construction-related products includes manufacture and sales of temporary building and formwork products, civil engineering products and building structural products and sale of building materials.

Automotive products includes manufacture and sales of automotive products.

Other businesses includes manufacture and sales of marine materials products, and manufacture and sales of fishing sinkers in the United States.

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

Accounting methods for the reported business segments are almost the same as those used for the preparation of consolidated financial statements.

Reportable segment income is presented based on operating profit (loss).

Intersegment sales or transfers of funds are presented based on actual market prices.

3 Information regarding sales, income (loss), assets, liabilities and other items for each reportable business segment  
Previous fiscal year (from January 1, 2016 to December 31, 2016)

(Thousand yen)

|   | Reportable segments                  |                        |                   |                     |            | Adjustment<br>(Note 1) | Amounts in<br>consolidated<br>financial<br>statements<br>(Note 2) |
|---|--------------------------------------|------------------------|-------------------|---------------------|------------|------------------------|---|
|   | Construction-<br>related<br>products | Automotive<br>products | Hotel<br>business | Other<br>businesses | Total      |                        |   |
| Net sales   |                                      |                        |                   |                     |            |                        |   |
| Sales to external<br>customers  | 47,711,004                           | 8,975,670              | 5,204,026         | 1,299,765           | 63,190,466 | –                      | 63,190,466  |
| Intersegment internal<br>sales and transfers                          | –                                    | –                      | 1,705             | –                   | 1,705      | (1,705)                | –   |
| Total   | 47,711,004                           | 8,975,670              | 5,205,732         | 1,299,765           | 63,192,172 | (1,705)                | 63,190,466  |
| Segment income  | 3,940,147                            | 1,021,753              | 501,863           | 63,725              | 5,527,489  | –                      | 5,527,489   |
| Segment assets  | 53,710,645                           | 10,176,745             | –                 | 786,747             | 64,674,138 | 17,245,201             | 81,919,339  |
| Other items   |                                      |                        |                   |                     |            |                        |   |
| Depreciation  | 864,879                              | 398,946                | 380,339           | 37,487              | 1,681,653  | (1,049)                | 1,680,603   |
| Amortization of<br>goodwill   | –                                    | 77,720                 | –                 | –                   | 77,720     | –                      | 77,720  |
| Increase in property,<br>plant and equipment<br>and intangible assets | 849,029                              | 664,765                | 65,384            | 6,416               | 1,585,595  | –                      | 1,585,595   |

(Notes)

1. The adjustment consists of the following items.

(a) The adjustment of 17,245,201 thousand yen for segment assets consists of a deduction of 456,071 thousand yen for intersegment transactions and an addition of 17,701,272 thousand yen for corporate assets that cannot be allocated to a particular segment.

The main components of corporate assets are investments of unused funds (deposits and securities) and long-term investments (investment securities).

(b) The depreciation adjustment of negative 1,049 thousand yen is for the write-off of unrealized gains and losses associated with non-current assets.

2. Segment income matches the operating profit in the consolidated statements of income.

Fiscal year under review (from January 1, 2017 to December 31, 2017)

(Thousand yen)

|   | Reportable segments                  |                        |                     |            | Adjustment<br>(Note 1) | Amounts in<br>consolidated<br>financial<br>statements<br>(Note 2) |
|---|--------------------------------------|------------------------|---------------------|------------|------------------------|---|
|   | Construction-<br>related<br>products | Automotive<br>products | Other<br>businesses | Total      |                        |   |
| Net sales   |                                      |                        |                     |            |                        |   |
| Sales to external<br>customers  | 50,404,800                           | 9,370,357              | 1,142,414           | 60,917,571 | –                      | 60,917,571  |
| Intersegment internal<br>sales and transfers                          | –                                    | –                      | –                   | –          | –                      | –   |
| Total   | 50,404,800                           | 9,370,357              | 1,142,414           | 60,917,571 | –                      | 60,917,571  |
| Segment income  | 4,105,666                            | 761,610                | (22,332)            | 4,844,944  | –                      | 4,844,944   |
| Segment assets  | 57,716,222                           | 13,199,325             | 877,629             | 71,793,177 | 17,553,303             | 89,346,481  |
| Other items   |                                      |                        |                     |            |                        |   |
| Depreciation  | 959,643                              | 419,870                | 43,028              | 1,422,542  | (5)                    | 1,422,536   |
| Amortization of<br>goodwill   | –                                    | 77,152                 | –                   | 77,152     | –                      | 77,152  |
| Increase in property,<br>plant and equipment<br>and intangible assets | 2,786,746                            | 1,392,782              | 1,119               | 4,180,649  | –                      | 4,180,649   |

(Notes)

1. The adjustment consists of the following items.

(a) The adjustment of 17,553,303 thousand yen for segment assets consists of a deduction of 502,830 thousand yen for intersegment transactions and an addition of 18,056,133 thousand yen for corporate assets that cannot be allocated to a particular segment.

The main components of corporate assets are investments of unused funds (deposits) and long-term investments (investment securities).

(b) The depreciation adjustment of negative 5 thousand yen is for the write-off of unrealized gains and losses associated with non-current assets.

2. Segment income matches the operating profit in the consolidated statements of income.

3. Matters related to changes in the reportable business segment

The hotel business has been excluded from the reported segments due to the sale of the segment during the previous fiscal year.

(Related information)

Previous fiscal year (from January 1, 2016 to December 31, 2016)

1. Information by products and services

Omitted because similar information is presented in segment information

2. Information by geographical areas

(1) Net sales

(Thousand yen)

| Japan      | North America | Others    | Total      |
|------------|---------------|-----------|------------|
| 43,765,821 | 15,635,754    | 3,788,890 | 63,190,466 |

(Note) Net sales are based on the locations of customers and categorized in accordance with countries or regions.

(2) Property, plant and equipment

(Thousand yen)

| Japan      | North America | Others    | Total      |
|------------|---------------|-----------|------------|
| 12,490,524 | 2,569,951     | 1,890,953 | 16,951,428 |

3. Information by a major customer

(Thousand yen)

| Name of customer        | Net sales | Name of relevant segment      |
|-------------------------|-----------|-------------------------------|
| MM & KENZAI Corporation | 6,591,423 | Construction-related products |

Fiscal year under review (from January 1, 2017 to December 31, 2017)

1. Information by product and service

Omitted because similar information is presented in segment information

2. Information by geographical area

(1) Net sales

(Thousand yen)

| Japan      | North America | Others    | Total      |
|------------|---------------|-----------|------------|
| 45,910,483 | 10,852,335    | 4,154,752 | 60,917,571 |

(Note) Net sales are based on the locations of customers and categorized in accordance with countries or regions.

(2) Property, plant and equipment

(Thousand yen)

| Japan      | North America | Others    | Total      |
|------------|---------------|-----------|------------|
| 14,195,894 | 3,764,550     | 2,206,618 | 20,167,063 |

3. Information by major customer

(Thousand yen)

| Name of customer        | Net sales | Name of relevant segment      |
|-------------------------|-----------|-------------------------------|
| MM & KENZAI Corporation | 6,894,006 | Construction-related products |

(Per-share information)

(Yen)

|                      | Previous fiscal year<br>(Jan. 1, 2016 – Dec. 31, 2016) | Fiscal Year under review<br>(Jan. 1, 2017 – Dec. 31, 2017) |
|----------------------|--|--|
| Net assets per share | 1,031.65   | 1,128.93   |
| Profit per share     | 155.10   | 69.95  |

(Notes) 1. Diluted profit per share is not stated because there is no dilutive share.

2. The Company's own shares that remain in the stock-granting ESOP trust and recorded as treasury shares in shareholders' equity are included in treasury shares that will be deducted in the calculation of the number of shares outstanding at the end of period to calculate net assets per share.

3. The Company's own shares that remain in the stock-granting ESOP trust and recorded as treasury shares in shareholders' equity are included in treasury shares that will be deducted in the calculation of the average number of shares outstanding during the period to calculate profit per share.

4. Basis of calculation

(1) Net assets per share

| Item   | Previous fiscal year<br>(As of December 31, 2016) | Fiscal Year under review<br>(As of December 31, 2017) |
|--|---|---|
| Total amount in NET ASSETS (thousand yen)  | 51,404,774  | 56,251,931  |
| Net assets pertaining to common stock<br>(thousand yen)                                      | 51,404,774  | 56,251,931  |
| Amount that will be deducted from the total<br>amount in NET ASSETS (thousand yen)           | –   | –   |
| Number of shares of common stock issued<br>(shares)  | 53,790,632  | 53,790,632  |
| Number of treasury shares of common stock<br>(shares)  | 3,963,082   | 3,963,010   |
| Number of shares of common stock used for<br>the calculation of net asset per share (shares) | 49,827,550  | 49,827,622  |

(2) Profit per share

| Item   | Previous fiscal year<br>(Jan. 1, 2016 – Dec. 31, 2017) | Fiscal Year under review<br>(Jan. 1, 2017 – Dec. 31, 2017) |
|--|--|--|
| Amount of profit per share   |  |  |
| Profit attributable to owners of parent<br>(thousand yen)                            | 7,861,814  | 3,485,493  |
| Amount not attributable to common<br>shareholders (thousand yen)                     | –  | –  |
| Profit attributable to owners of parent<br>pertaining to common stock (thousand yen) | 7,861,814  | 3,485,493  |
| Average number of shares of common stock<br>outstanding during the period (shares)   | 50,687,636   | 49,827,576   |

(Significant events after the reporting period)

None