

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2018 (Based on Japanese GAAP)

November 7, 2018

Company name: Br. Holdings Corporation
 Stock exchange listing: Tokyo
 Stock code: 1726 URL <https://www.brhd.co.jp>
 Representative: President Kimiyasu Fujita
 Director, General Manager of Finance & Accounting Department
 Inquiries: Takeshi Amatsu TEL 082-261-2860
 Scheduled date to file Quarterly Securities Report: November 9, 2018
 Scheduled date to commence dividend payments: December 3, 2018
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2018	10,481	(5.6)	67	(91.2)	68	(91.1)	7	(98.4)
Six months ended September 30, 2017	11,108	7.9	767	313.8	771	381.5	478	—

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2018	0.20		0.20	
Six months ended September 30, 2017	12.30		12.14	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2018	19,790	5,640	27.8	140.39
As of March 31, 2018	19,611	5,611	27.8	140.13

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2018	—	2.50	—	3.00	5.50
Year ending March 31, 2019	—	3.00			
Year ending March 31, 2019 (Forecast)			—	4.00	7.00

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 profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	28,000	18.3	1,700	1.5	1,650	1.1	1,100	7.3	28.16

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2018
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2018	39,700,000 shares	As of March 31, 2018	39,700,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	475,976 shares	As of March 31, 2018	793,176 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2018	39,058,296 shares	Six months ended September 30, 2017	38,877,273 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	3,949,432	3,492,846
Notes receivable, accounts receivable from completed construction contracts and other	6,167,180	5,333,882
Costs on uncompleted construction contracts	3,082,165	3,722,551
Merchandise and finished goods	911,996	1,318,014
Work in process	82,383	206,716
Raw materials and supplies	102,382	105,688
Accounts receivable - other	374,431	435,211
Other	11,342	24,792
Total current assets	14,681,315	14,639,703
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,364,571	1,678,633
Land	2,097,557	2,097,557
Other, net	629,810	578,722
Total property, plant and equipment	4,091,939	4,354,913
Intangible assets	104,913	105,170
Investments and other assets		
Investment securities	454,950	510,058
Deferred tax assets	149,189	54,768
Other	168,562	165,638
Allowance for doubtful accounts	(39,765)	(39,765)
Total investments and other assets	732,937	690,699
Total non-current assets	4,929,790	5,150,783
Total assets	19,611,106	19,790,487

(Thousands of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	2,802,268	3,148,887
Electronically recorded obligations - operating	1,746,741	1,890,310
Short-term loans payable	325,000	200,000
Current portion of long-term loans payable	828,480	1,025,500
Income taxes payable	300,133	83,825
Advances received on uncompleted construction contracts	3,895,506	4,470,104
Provision for bonuses	–	134,435
Provision for loss on construction contracts	175,680	36,056
Provision for warranties for completed construction	127,703	126,993
Other	574,348	537,258
Total current liabilities	10,775,861	11,653,370
Non-current liabilities		
Long-term loans payable	3,025,500	2,411,000
Other	198,260	85,973
Total non-current liabilities	3,223,760	2,496,973
Total liabilities	13,999,622	14,150,344
Net assets		
Shareholders' equity		
Capital stock	1,317,541	1,317,541
Capital surplus	783,126	889,092
Retained earnings	3,285,228	3,176,263
Treasury shares	(50,621)	(30,377)
Total shareholders' equity	5,335,275	5,352,520
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	116,710	154,215
Total accumulated other comprehensive income	116,710	154,215
Share acquisition rights	159,499	133,407
Total net assets	5,611,484	5,640,143
Total liabilities and net assets	19,611,106	19,790,487

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	11,108,190	10,481,860
Cost of sales	9,220,995	9,221,356
Gross profit	1,887,195	1,260,504
Selling, general and administrative expenses	1,119,677	1,193,064
Operating profit	767,517	67,439
Non-operating income		
Interest income	218	706
Dividend income	3,770	3,622
Gain on sales of scraps	8,797	12,960
Other	15,262	9,455
Total non-operating income	28,049	26,745
Non-operating expenses		
Interest expenses	9,978	10,140
Constraction guarantee fee	12,004	12,764
Other	1,978	2,535
Total non-operating expenses	23,962	25,441
Ordinary profit	771,604	68,744
Extraordinary losses		
Loss on valuation of investment securities	39	–
Total extraordinary losses	39	–
Profit before income taxes	771,564	68,744
Income taxes - current	225,088	102,307
Income taxes - deferred	69,858	(41,319)
Total income taxes	294,947	60,988
Profit	476,616	7,755
Loss attributable to non-controlling interests	(1,766)	–
Profit attributable to owners of parent	478,383	7,755

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	476,616	7,755
Other comprehensive income		
Valuation difference on available-for-sale securities	19,001	37,505
Total other comprehensive income	19,001	37,505
Comprehensive income	495,618	45,261
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	497,384	45,261
Comprehensive income attributable to non-controlling interests	(1,766)	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	771,564	68,744
Depreciation	113,388	140,784
Share-based compensation expenses	83,328	100,007
Increase (decrease) in provision for bonuses	133,068	134,435
Increase (decrease) in provision for loss on construction contracts	(28,172)	(139,624)
Increase (decrease) in provision for warranties for completed construction	(116,547)	(710)
Interest and dividend income	(3,989)	(4,328)
Interest expenses	9,978	10,140
Decrease (increase) in notes and accounts receivable - trade	1,113,935	833,298
Decrease (increase) in costs on uncompleted construction contracts	(827,847)	(640,386)
Decrease (increase) in inventories	(716,575)	(533,657)
Decrease (increase) in accounts receivable - other	(332,589)	(47,838)
Increase (decrease) in notes and accounts payable - trade	(130,906)	490,188
Increase (decrease) in advances received on uncompleted construction contracts	749,989	574,597
Other, net	262,251	(121,690)
Subtotal	1,080,879	863,960
Interest and dividend income received	3,989	4,328
Interest expenses paid	(9,347)	(8,708)
Income taxes paid	(322,770)	(331,693)
Net cash provided by (used in) operating activities	752,749	527,887
Cash flows from investing activities		
Payments into time deposits	(100,000)	(120,000)
Purchase of property, plant and equipment	(261,135)	(312,517)
Purchase of intangible assets	(9,587)	(13,290)
Purchase of investment securities	(935)	(946)
Payments of loans receivable	(7,051)	(500)
Collection of loans receivable	1,466	2,880
Net cash provided by (used in) investing activities	(377,243)	(444,374)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	90,000	(125,000)
Repayments of long-term loans payable	(352,565)	(417,480)
Proceeds from exercise of share options	64	111
Cash dividends paid	(77,685)	(115,836)
Repayments of lease obligations	(2,336)	(1,893)
Net cash provided by (used in) financing activities	(342,522)	(660,098)
Net increase (decrease) in cash and cash equivalents	32,983	(576,586)
Cash and cash equivalents at beginning of period	1,765,000	3,609,432
Cash and cash equivalents at end of period	1,797,983	3,032,846