

Summary of Consolidated Financial Results
For the Year Ended March 31, 2017
(Based on Japanese GAAP)

May 11, 2017

Company name: Keihanshin Building Co., Ltd.
 Stock listing: First section of Tokyo Stock Exchange
 Stock code: 8818
 URL: <http://www.keihanshin.co.jp/english/>
 Representative: Koichi Minami, President
 Date of Ordinary General Shareholders' Meeting (Scheduled): June 20, 2017
 Date of release of securities report (Scheduled): June 23, 2017
 Starting date of dividend payments (Scheduled): June 21, 2017
 Preparation of explanatory materials for quarterly financial results: Yes
 Information meetings arranged related to quarterly financial results: Yes(for analysts, in Japanese)

(Yen in millions, rounded down)

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

(1) Consolidated Operating Results (% figures denote year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2016	14,380	Δ 3.7	4,969	Δ 2.9	4,740	Δ 0.9	3,272	Δ 9.4
Fiscal 2015	14,930	0.5	5,118	3.0	4,782	7.3	3,610	32.1

Note: Comprehensive Income: March 31, 2017: 5,208 millions of yen(47.0%) March 31, 2016: 3,543 millions of yen (Δ18.7 %)

	Net Income per Share	Diluted Net Income per Share	Return on equity	Return on assets	Operating income ratio
	Yen	Yen	%	%	%
Fiscal 2016	60.68	60.63	5.8	4.2	34.6
Fiscal 2015	66.89	—	6.8	4.2	34.3

Note: Diluted Net Income per Share is not provided, because there are no potential shares of common stock during Fiscal 2015.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2016	113,204	58,862	52.0	1,091.66
Fiscal 2015	111,418	54,556	49.0	1,010.79

Reference: Shareholders' Equity: March 31, 2016: 58,835 millions of yen March 31, 2015: 54,556 millions of yen

(3) Consolidated Cash Flows (% figures denote year-on-year changes)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2016	4,717	Δ 10,939	Δ 3,127	7,202
Fiscal 2015	4,919	14,818	Δ 6,762	16,552

2. Dividends

	Dividends per Share					Total Dividends paid (annual)	Dividend payout ratio (consolidated)	Dividend on Equity (consolidated)
	1Q	2Q	3Q	4Q	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2015	—	7.50	—	8.50	16.00	863	23.9	1.6
Fiscal 2016	—	8.00	—	9.00	17.00	916	28.0	1.6
Fiscal 2017 (Forecast)	—	8.50	—	8.50	17.00		27.8	

3. Forecast for the Year Ending March 31, 2018 (April 1, 2017 - March 31, 2018)

(% figures denote year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	14,700	2.2	5,100	2.6	4,800	1.3	3,300	0.8	61.23

4. Notes

(1) Significant changes among subsidiaries during this period: No

(Transfer of specific subsidiaries accompanying the change of scope of consolidation)

(2) Changes in accounting policies, changes in accounting estimates, and restatements:

(i) Changes in accounting policies based on revisions of accounting standards: No

(ii) Changes in accounting policies other than (i): No

(iii) Changes in accounting estimates: No

(iv) Restatements: No

(3) Number of outstanding shares (common stocks)

(i) Number of shares outstanding at the end of the period (including treasury stocks)

Fiscal 2016	53,998,798 shares	Fiscal 2015	53,998,798 shares
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(ii) Number of treasury stock at the end of the period

Fiscal 2016	103,609 shares	Fiscal 2015	24,280 shares
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(iii) Average number of shares during the period (cumulative figure for consolidated quarterly accounting period)

Fiscal 2016	53,928,497 shares	Fiscal 2015	53,974,790 shares
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* This summary is not subject to audit procedures.

* Appropriate use of business forecasts; other special items

Information described in this document, such as projections, is prepared based on available information at the time of the release of this document and certain assumptions that the Company judged as rational. Actual results may be significantly different due to various factors.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	Previous Fiscal Year (As of Mar. 31, 2016)	Current Fiscal Year (As of Mar. 31, 2017)
Assets		
Current assets		
Cash and deposits	16,552,616	7,202,140
Notes and accounts receivable - trade	258,186	284,857
Deferred tax assets	158,489	61,089
Other	126,656	129,051
Total current assets	17,095,949	7,677,138
Non-current assets		
Property, plant and equipment		
Buildings and structures	65,629,201	66,708,773
Accumulated depreciation	(31,976,751)	(33,963,858)
Buildings and structures, net	33,652,449	32,744,914
Land	32,438,542	42,093,985
Buildings in trust	3,412,201	3,412,201
Accumulated depreciation	(409,526)	(691,486)
Buildings in trust, net	3,002,674	2,720,715
Land in trust	11,038,280	11,038,280
Construction in progress	—	6,600
Other	704,844	711,530
Accumulated depreciation	(570,679)	(604,857)
Other, net	134,165	106,673
Total property, plant and equipment	80,266,112	88,711,169
Intangible assets	60,597	47,182
Investments and other assets		
Investment securities	11,364,573	14,123,968
Lease and guarantee deposits	2,180,127	2,198,589
Deferred tax assets	9,286	9,286
Other	441,876	436,783
Total investments and other assets	13,995,864	16,768,628
Total non-current assets	94,322,573	105,526,980
Total assets	111,418,523	113,204,119

(Thousands of yen)

	Previous Fiscal Year (As of Mar. 31, 2016)	Current Fiscal Year (As of Mar. 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	111,740	63,634
Current portion of bonds	7,000,000	5,000,000
Short-term loans payable	5,548,000	5,198,300
Income taxes payable	1,294,254	442,015
Provision for bonuses	26,862	31,285
Other	1,893,515	1,470,852
Total current liabilities	15,874,372	12,206,087
Non-current liabilities		
Bonds payable	20,000,000	20,000,000
Long-term loans payable	12,558,350	12,760,050
Long-term lease and guarantee deposited	5,436,175	5,576,315
Deferred tax liabilities	1,480,083	2,327,006
Deferred tax liabilities for land revaluation	1,141,905	1,141,905
Provision for directors' retirement benefits	175,960	—
Net defined benefit liability	67,972	55,118
Asset retirement obligations	—	113,088
Other	126,840	161,700
Total non-current liabilities	40,987,287	42,135,184
Total liabilities	56,861,659	54,341,272
Net assets		
Shareholders' equity		
Capital stock	9,827,611	9,827,611
Capital surplus	9,786,450	9,786,466
Retained earnings	35,162,337	37,544,827
Treasury shares	(9,931)	(50,173)
Total shareholders' equity	54,766,467	57,108,732
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,628,818	6,564,951
Revaluation reserve for land	(4,838,422)	(4,838,422)
Total accumulated other comprehensive income	(209,604)	1,726,528
Subscription rights to shares	—	27,586
Total net assets	54,556,863	58,862,846
Total liabilities and net assets	111,418,523	113,204,119

(2) Consolidated Statements of Income

(Thousands of yen)

	Previous Fiscal Year (As of Mar. 31, 2016)	Current Fiscal Year (As of Mar. 31, 2017)
Net sales	14,930,467	14,380,691
Cost of sales	8,673,785	8,121,214
Gross profit	6,256,682	6,259,476
Selling, general and administrative expenses	1,138,672	1,290,187
Operating income	5,118,010	4,969,289
Non-operating income		
Interest income	2,997	1,388
Dividend income	225,024	239,875
Other	10,252	17,494
Total non-operating income	238,275	258,758
Non-operating expenses		
Interest expenses	275,904	203,105
Interest on bonds	258,734	242,895
Other	38,775	41,362
Total non-operating expenses	573,414	487,362
Ordinary income	4,782,870	4,740,684
Extraordinary income		
Gain on sales of non-current assets	1,205,242	1,222
Compensation income	—	37,714
Other	—	391
Total extraordinary income	1,205,242	39,329
Extraordinary losses		
Loss on retirement of non-current assets	13,398	1,759
Loss on valuation of investment securities	101,269	—
Contribution for facilities relocation	—	31,300
Other	924	—
Total extraordinary losses	115,592	33,059
Profit before income taxes	5,872,520	4,746,954
Income taxes - current	2,049,734	1,353,458
Income taxes - deferred	212,366	121,059
Total income taxes	2,262,101	1,474,518
Profit	3,610,419	3,272,435
Profit attributable to owners of parent	3,610,419	3,272,435

(3) Consolidated Statement of Changes in Equity
Year ended March 31, 2016

(Thousands of yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,827,611	9,786,449	32,388,529	(9,592)	51,992,998
Changes of items during period					
Dividends of surplus			(836,611)		(836,611)
Profit attributable to owners of parent			3,610,419		3,610,419
Purchase of treasury shares				(343)	(343)
Disposal of treasury shares		1		3	5
Net changes of items other than shareholders' equity					
Total changes of items during period	—	1	2,773,807	(339)	2,773,469
Balance at end of current period	9,827,611	9,786,450	35,162,337	(9,931)	54,766,467

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total accumulated other comprehensive income	
Balance at beginning of current period	4,756,143	(4,898,626)	(142,482)	51,850,515
Changes of items during period				
Dividends of surplus				(836,611)
Profit attributable to owners of parent				3,610,419
Purchase of treasury shares				(343)
Disposal of treasury shares				5
Net changes of items other than shareholders' equity	(127,325)	60,203	(67,121)	(67,121)
Total changes of items during period	(127,325)	60,203	(67,121)	2,706,347
Balance at end of current period	4,628,818	(4,838,422)	(209,604)	54,556,863

Year ended March 31, 2017

(Thousands of yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,827,611	9,786,450	35,162,337	(9,931)	54,766,467
Changes of items during period					
Dividends of surplus			(889,946)		(889,946)
Profit attributable to owners of parent			3,272,435		3,272,435
Purchase of treasury shares				(40,278)	(40,278)
Disposal of treasury shares		15		36	52
Net changes of items other than shareholders' equity					
Total changes of items during period	—	15	2,382,489	(40,241)	2,342,264
Balance at end of current period	9,827,611	9,786,466	37,544,827	(50,173)	57,108,732

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total accumulated other comprehensive income		
Balance at beginning of current period	4,628,818	(4,838,422)	(209,604)	—	54,556,863
Changes of items during period					
Dividends of surplus					(889,946)
Profit attributable to owners of parent					3,272,435
Purchase of treasury shares					(40,278)
Disposal of treasury shares					52
Net changes of items other than shareholders' equity	1,936,132	—	1,936,132	27,586	1,963,718
Total changes of items during period	1,936,132	—	1,936,132	27,586	4,305,983
Balance at end of current period	6,564,951	(4,838,422)	1,726,528	27,586	58,862,846

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Previous Fiscal Year (As of Mar. 31, 2016)	Current Fiscal Year (As of Mar. 31, 2017)
Cash flows from operating activities		
Profit before income taxes	5,872,520	4,746,954
Depreciation	2,636,247	2,538,631
Share-based compensation expenses	—	27,586
Increase (decrease) in provision for directors' retirement benefits	(6,307)	(175,960)
Increase (decrease) in net defined benefit liability	7,053	(12,853)
Increase (decrease) in provision for bonuses	1,118	4,423
Interest and dividend income	(228,022)	(241,263)
Interest expenses	275,904	203,105
Interest on bonds	258,734	242,895
Bond issuance cost	30,720	33,220
Loss (gain) on valuation of investment securities	101,269	—
Loss (gain) on sales of property, plant and equipment	(1,205,242)	(1,222)
Loss on retirement of property, plant and equipment	13,398	1,759
Compensation income	—	(37,714)
Contribution for facilities relocation	—	31,300
Decrease (increase) in operating receivables	38,996	(67,849)
Increase (decrease) in operating debt	(946,098)	270,257
Increase (decrease) in accrued consumption taxes	304,950	(357,085)
Other, net	5,757	4,771
Subtotal	7,161,002	7,210,955
Interest and dividend income received	228,022	241,263
Interest expenses paid	(526,758)	(456,679)
Income taxes paid	(1,941,448)	(2,246,967)
Payments for contribution for facilities relocation	—	(31,300)
Other, net	(924)	—
Net cash provided by (used in) operating activities	4,919,893	4,717,271
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,509,526)	(10,830,893)
Proceeds from sales of property, plant and equipment	24,440,472	1,222
Purchase of intangible assets	(36,926)	(7,741)
Proceeds from sales of intangible assets	8,957	—
Payments for long-term accounts payable-other	(84,540)	(84,540)
Other, net	—	(17,999)
Net cash provided by (used in) investing activities	14,818,437	(10,939,951)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(9,000,000)	—
Proceeds from long-term loans payable	2,000,000	2,900,000
Repayments of long-term loans payable	(3,884,140)	(3,048,000)
Proceeds from issuance of bonds	5,000,000	5,000,000
Redemption of bonds	—	(7,000,000)
Payments for issuance of bonds	(41,513)	(49,400)
Proceeds from sales of treasury shares	5	52
Purchase of treasury shares	(343)	(40,278)
Cash dividends paid	(836,323)	(890,170)
Net cash provided by (used in) financing activities	(6,762,314)	(3,127,796)
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	12,976,015	(9,350,476)
Cash and cash equivalents at beginning of period	3,576,600	16,552,616
Cash and cash equivalents at end of period	16,552,616	7,202,140