

Consolidated Financial Statements

Asanuma Corporation

*Years ended March 31, 2014 and 2013
with Independent Auditor's Report*

Asanuma Corporation

Consolidated Financial Statements

Years ended March 31, 2014 and 2013

Contents

Consolidated Financial Statements

Independent Auditor's Report	1
Consolidated Balance Sheets.....	2
Consolidated Statements of Operations.....	4
Consolidated Statements of Comprehensive Income (Loss).....	5
Consolidated Statements of Changes in Net Assets	6
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	10

Independent Auditor's Report

The Board of Directors
Asanuma Corporation

We have audited the accompanying consolidated financial statements of Asanuma Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Asanuma Corporation and its consolidated subsidiaries as at March 31, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

June 26, 2014
Osaka, Japan

Asanuma Corporation

Consolidated Balance Sheets

March 31, 2014 and 2013

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	<u>2014</u>	<u>2013</u>	<u>2014</u>
Assets			
Current assets:			
Cash and cash deposits (<i>Notes 10 and 18</i>)	¥ 32,943	¥ 28,905	\$ 320,084
Receivables:			
Notes receivable (<i>Notes 7 and 18</i>)	3,506	1,806	34,065
Accounts receivable on completed construction contracts (<i>Note 18</i>)	46,993	45,897	456,597
Other accounts receivable	1,860	3,766	18,072
Allowance for doubtful accounts	(242)	(336)	(2,351)
	<u>52,117</u>	<u>51,133</u>	<u>506,383</u>
Inventories:			
Cost of uncompleted construction contracts	6,009	6,851	58,385
Real estate held for sale	251	625	2,439
Raw materials and supplies	42	43	408
	<u>6,302</u>	<u>7,519</u>	<u>61,232</u>
Deferred income taxes (<i>Note 11</i>)	0	1	0
Other current assets	386	968	3,750
Total current assets	<u>91,748</u>	<u>88,526</u>	<u>891,449</u>
Property, plant and equipment, at cost:			
Land (<i>Notes 8 and 10</i>)	2,807	5,267	27,274
Buildings and structures (<i>Notes 8 and 10</i>)	6,547	10,680	63,612
Machinery, equipment and vehicles	1,153	870	11,203
Tools, furniture and fixtures	1,060	1,063	10,299
Leased assets	—	3	—
Less accumulated depreciation	(5,455)	(8,378)	(53,002)
Construction in progress	—	72	—
Property, plant and equipment, net	<u>6,112</u>	<u>9,577</u>	<u>59,386</u>
Investments and other assets:			
Investments in securities (<i>Notes 9, 10 and 18</i>)	6,528	6,535	63,428
Investments in an unconsolidated subsidiary and affiliates (<i>Note 18</i>)	91	86	884
Long-term loans receivable (<i>Note 10</i>)	340	366	3,304
Intangible assets	424	444	4,120
Other assets	2,178	2,758	21,162
Allowance for doubtful accounts	(1,080)	(1,182)	(10,494)
Total investments and other assets	<u>8,481</u>	<u>9,007</u>	<u>82,404</u>
Total assets	<u>¥ 106,341</u>	<u>¥ 107,110</u>	<u>\$ 1,033,239</u>

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	2014	2013	2014
Liabilities			
Current liabilities:			
Short-term bank loans (<i>Notes 10 and 18</i>)	¥ 16,146	¥ 20,701	\$ 156,879
Current portion of long-term debt (<i>Notes 10 and 18</i>)	5,028	1,695	48,853
Payables (<i>Note 18</i>):			
Notes payable (<i>Note 7</i>)	5,183	5,961	50,359
Accounts payable on construction contracts	24,496	22,635	238,010
Other accounts payable	10,153	8,580	98,649
	39,832	37,176	387,018
Advances received on uncompleted construction contracts	10,919	10,908	106,092
Deposits received	3,335	1,436	32,404
Accrued expenses	1,553	2,390	15,089
Consumption taxes on advances received	1,961	1,795	19,054
Accrued income taxes (<i>Note 11</i>)	183	102	1,778
Consumption taxes payable	315	219	3,061
Deferred income taxes (<i>Note 11</i>)	6	7	59
Provision for compensation for completed construction	970	826	9,425
Provision for bonuses	159	—	1,545
Provision for loss on construction contracts	1,749	1,623	16,994
Other current liabilities	1	3	9
Total current liabilities	82,157	78,881	798,260
Long-term liabilities:			
Long-term debt (<i>Notes 10 and 18</i>)	7,922	12,950	76,972
Accrued retirement benefits for employees (<i>Note 12</i>)	—	3,703	—
Liability for retirement benefits (<i>Note 12</i>)	5,482	—	53,265
Deferred income taxes (<i>Note 11</i>)	1,320	1,508	12,825
Other long-term liabilities	978	1,395	9,503
Total long-term liabilities	15,702	19,556	152,565
Total liabilities	97,859	98,437	950,825
Net assets			
Shareholders' equity (<i>Note 13</i>):			
Common stock:			
Authorized —293,565,000 shares			
Issued —77,386,293 shares in 2014 and 2013	8,419	8,419	81,801
Capital surplus	970	970	9,425
Retained earnings (Deficit)	(319)	(2,080)	(3,099)
Less treasury stock, at cost	(137)	(136)	(1,331)
Total shareholders' equity	8,933	7,173	86,796
Accumulated other comprehensive (loss) income:			
Net unrealized holding gain on securities (<i>Note 9</i>)	1,457	1,429	14,157
Retirement benefits liability adjustments	(1,991)	—	(19,345)
Total accumulated other comprehensive (loss) income	(534)	1,429	(5,188)
Minority interests	83	71	806
Total net assets	8,482	8,673	82,414
Total liabilities and net assets	¥106,341	¥107,110	\$1,033,239

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Consolidated Statements of Operations

Years ended March 31, 2014 and 2013

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	2014	2013	2014
Net sales (<i>Note 22</i>):			
Completed construction contracts	¥ 134,547	¥ 118,978	\$ 1,307,297
Other	1,764	2,215	17,140
	136,311	121,193	1,324,437
Cost of sales (<i>Note 14</i>):			
Completed construction contracts	128,340	117,082	1,246,988
Other	1,492	1,899	14,497
	129,832	118,981	1,261,485
Gross profit:			
Completed construction contracts	6,207	1,896	60,309
Other	272	316	2,643
	6,479	2,212	62,952
Selling, general and administrative expenses (<i>Note 15</i>)	5,076	6,065	49,320
Operating income (loss) (<i>Note 22</i>)	1,403	(3,853)	13,632
Other income (expenses):			
Interest and dividends income	295	323	2,866
Foreign exchange gain, net	46	56	447
Interest expenses	(634)	(685)	(6,160)
Guarantee fees	(46)	(34)	(446)
Gain on sales of property, plant and equipment, net	1,005	846	9,765
Special retirement benefits	–	(240)	–
Loss on impairment of fixed assets (<i>Notes 8 and 22</i>)	(220)	(236)	(2,138)
Gain on sales of investments in securities	–	213	–
Gain on sales of investments in a subsidiary	–	472	–
Other, net	(33)	(330)	(321)
Income (loss) before income taxes and minority interests	1,816	(3,468)	17,645
Income taxes (<i>Note 11</i>):			
Current	209	142	2,032
Deferred	(166)	(210)	(1,613)
	43	(68)	419
Income (loss) before minority interests	1,773	(3,400)	17,226
Minority interests	12	20	116
Net income (loss)	¥ 1,761	¥ (3,420)	\$ 17,110

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Consolidated Statements of Comprehensive Income (loss)

Years ended March 31, 2014 and 2013

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	2014	2013	2014
Income (loss) before minority interests	¥ 1,773	¥ (3,400)	\$ 17,226
Other comprehensive income (<i>Note 16</i>):			
Net unrealized holding gain on securities	28	757	272
Total other comprehensive income	28	757	272
Comprehensive income (loss)	¥ 1,801	¥ (2,643)	\$ 17,498
Comprehensive income (loss) attributable to:			
Shareholders of the Company	¥ 1,789	¥ (2,662)	\$ 17,382
Minority interests	12	19	116

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2014 and 2013

	<i>Millions of yen</i>				
	Common stock	Capital surplus	Retained earnings (Deficit)	Treasury stock at cost	Total shareholders' equity
Balance at April 1, 2012	¥ 8,419	¥ 4,641	¥ (2,331)	¥ (136)	¥ 10,593
Net loss	—	—	(3,420)	—	(3,420)
Deficit disposition	—	(3,671)	3,671	—	—
Sales of treasury stock	—	0	—	0	0
Increase in treasury stock	—	—	—	(0)	(0)
Transfers of loss on sales of treasury stock	—	0	0	—	—
Net change in items other than shareholders' equity	—	—	—	—	—
Balance at April 1, 2013	¥ 8,419	¥ 970	¥ (2,080)	¥ (136)	¥ 7,173
Net income	—	—	1,761	—	1,761
Deficit disposition	—	—	—	—	—
Sales of treasury stock	—	—	—	0	0
Increase in treasury stock	—	—	—	(1)	(1)
Net change in items other than shareholders' equity	—	—	—	—	—
Balance at March 31, 2014	¥ 8,419	¥ 970	¥ (319)	¥ (137)	¥ 8,933

	<i>Millions of yen</i>				
	Net unrealized holding gain on securities	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at April 1, 2012	¥ 672	¥ —	¥ 672	¥ 51	¥ 11,316
Net loss	—	—	—	—	3,420
Sales of treasury stock	—	—	—	—	0
Increase in treasury stock	—	—	—	—	(0)
Transfers of loss on sales of treasury stock	—	—	—	—	—
Net change in items other than shareholders' equity	757	—	757	20	777
Balance at April 1, 2013	¥ 1,429	¥ —	¥ 1,429	¥ 71	¥ 8,673
Net income	—	—	—	—	1,761
Deficit disposition	—	—	—	—	—
Sales of treasury stock	—	—	—	—	0
Increase in treasury stock	—	—	—	—	(1)
Net change in items other than shareholders' equity	28	(1,991)	(1,963)	12	(1,950)
Balance at March 31, 2014	¥ 1,457	¥ (1,991)	¥ (534)	¥ 83	¥ 8,482

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2014 and 2013

Thousands of U.S. dollars (Note 2)

	Common stock	Capital surplus	Retained earnings (Deficit)	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2013	\$ 81,801	\$ 9,425	\$ (20,209)	\$ (1,321)	\$ 69,696
Net income	—	—	17,110	—	17,110
Sales of treasury stock	—	0	—	0	0
Increase in treasury stock	—	—	—	(10)	(10)
Net change in items other than shareholders' equity	—	—	—	—	—
Balance at March 31, 2014	\$ 81,801	\$ 9,425	\$ (3,099)	\$ (1,331)	\$ 86,796

Thousands of U.S. dollars (Note 2)

	Net unrealized holding gain on securities	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at April 1, 2013	\$ 13,885	\$ 0	\$ 13,885	\$ 690	\$ 84,271
Net income	—	—	—	—	17,110
Sales of treasury stock	—	—	—	—	0
Increase in treasury stock	—	—	—	—	(10)
Net change in items other than shareholders' equity	272	(19,345)	(19,073)	116	(18,957)
Balance at March 31, 2014	\$ 14,157	\$ (19,345)	\$ (5,188)	\$ 806	\$ 82,414

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Consolidated Statements of Cash Flows

Years ended March 31, 2014 and 2013

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	2014	2013	2014
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ 1,816	¥ (3,468)	\$ 17,645
Adjustments for:			
Depreciation and amortization	405	499	3,935
Loss on impairment of fixed assets	220	236	2,138
Increase in allowance for doubtful accounts	61	372	592
Increase (decrease) in provision for bonuses	159	(6)	1,545
Increase (decrease) in provision for loss on construction contracts	126	(648)	1,224
Decrease in retirement benefits for employees	(3,703)	(408)	(35,979)
Increase in liability for retirement benefits	3,491	–	33,920
Interest and dividends income	(295)	(323)	(2,866)
Interest expenses	634	685	6,160
Foreign exchange gain, net	(46)	(56)	(447)
Gain on sales of investments in securities, net	–	(209)	–
Gain on sales of investments in a subsidiary	–	(472)	–
Gain on sales of property, plant and equipment, net	(1,005)	(846)	(9,765)
(Increase) decrease in notes and accounts receivable on completed construction contracts	(2,797)	14,360	(27,176)
Decrease in inventories	1,206	3,036	11,718
Increase (decrease) in notes and accounts payable on construction contracts	1,083	(7,273)	10,523
Increase (decrease) in other accounts payable	1,590	(6,800)	15,449
Increase in advances received on uncompleted construction contracts	11	1,868	107
Other, net	3,784	(4,119)	36,765
Subtotal	6,740	(3,572)	65,488
Interest and dividends received	291	318	2,827
Interest paid	(623)	(687)	(6,053)
Income taxes paid	(145)	(226)	(1,409)
Net cash provided by (used in) operating activities	6,263	(4,167)	60,853
Cash flows from investing activities:			
Increase in time deposits	(837)	–	(8,132)
Purchases of property, plant and equipment	(1,139)	(247)	(11,067)
Proceeds from sales of property, plant and equipment	5,114	2,102	49,689
Purchases of intangible assets	(111)	(137)	(1,078)
Purchases of investments in securities	(17)	(3)	(165)
Proceeds from sales of investments in securities	30	754	291
Loans receivable made	–	(17)	–
Collection of loans receivable	30	82	291
Proceeds from sales of a subsidiary's stock resulting in change in scope of consolidation (Note 21)	–	628	–
Other, net	74	27	719
Net cash provided by investing activities	¥ 3,144	¥ 3,189	\$ 30,548

Asanuma Corporation

Consolidated Statements of Cash Flows (continued)

Years ended March 31, 2014 and 2013

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	2014	2013	2014
Cash flows from financing activities:			
Decrease in short-term bank loans, net	¥ (6,251)	¥ (1,432)	\$ (60,736)
Proceeds from long-term debt	–	7,156	–
Repayment of long-term debt	–	(4,415)	–
Cash dividends paid	(0)	(0)	(0)
Repayments of lease obligations	(0)	(12)	(0)
Other, net	(1)	(0)	(10)
Net cash used in financing activities	(6,252)	(1,297)	60,746
Effect of exchange rate changes on cash and cash equivalents	46	56	447
Net increase in cash and cash equivalents	3,201	375	31,102
Cash and cash equivalents at beginning of year	28,905	28,530	280,849
Cash and cash equivalents at end of year	¥ 32,106	¥ 28,905	\$ 311,951

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Notes to Consolidated Financial Statements

Years ended March 31, 2014 and 2013

1. Basis of Preparation of Consolidated Financial Statements

The accompanying consolidated financial statements of Asanuma Corporation (the “Company”) and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

2. U.S. Dollar Amounts

The accompanying consolidated financial statements are stated in yen, the currency of the country in which the Company and its consolidated subsidiaries are incorporated and operate. The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at ¥102.92 = U.S.\$1.00, the exchange rate prevailing on March 31, 2014. This translation should not be construed as a representation that yen can be converted into U.S. dollars at the above or any other rate.

3. Principles of Consolidation

At March 31, 2014 and 2013, the Company had 5 subsidiaries. The consolidated financial statements for the years ended March 31, 2014 and 2013 include the accounts of the Company and its 4 subsidiaries.

The Company applied the equity method to its investments in 3 affiliates, at March 31, 2014 and 2013 for the purpose of consolidated financial statements for the years then ended.

The accounts of the remaining subsidiary were not consolidated nor the equity method applied because its assets, retained earnings (deficit), net sales and net income in the aggregate were not material to the consolidated financial statements.

Asanuma Corporation

Notes to Consolidated Financial Statements (continued)

4. Summary of Significant Accounting Policies

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand, and short-term investments which are readily convertible to cash subject to an insignificant risk of any changes in their value and which were purchased with an original maturity of three months or less.

(b) Investments in securities

Investments in securities are classified into two categories: held-to-maturity debt securities or other securities. Held-to-maturity debt securities are stated at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of accumulated other comprehensive (loss) income. Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

(c) Allowance for doubtful accounts

The Company and its consolidated subsidiaries provide an allowance for doubtful accounts at an amount calculated based on their historical experience of bad debts on ordinary receivables plus an additional estimate of probable specific bad debts from customers experiencing financial difficulties.

(d) Inventories

Cost of uncompleted construction contracts are stated at cost determined on an individual project basis. Real estate held for sale is stated at the lower of cost or net selling value, cost being determined on an individual project basis. Raw materials and supplies are stated at the lower of cost or net selling value, cost being determined by the period average method.

(e) Property, plant and equipment (Other than leased assets)

Property, plant and equipment is stated on the basis of cost. Depreciation is calculated by the declining-balance method over the estimated useful lives of the respective assets; however, the straight-line method is applied to buildings (except for structures attached to the buildings) acquired on or after April 1, 1998.

Asanuma Corporation
Notes to Consolidated Financial Statements (continued)

4. Summary of Significant Accounting Policies (continued)

(f) Intangible assets (Other than leased assets)

Amortization of intangible assets is calculated by the straight-line method over the estimated useful lives of the respective assets.

Expenditures related to computer software developed for internal use are charged to income when incurred, except if they are deemed to contribute to the generation of income or to future cost savings. Such expenditures are capitalized as intangible assets and amortized over an estimated useful life of 5 years.

(g) Leases

Leased assets held under finance leases that transfer ownership are depreciated by the same methods used for owned fixed assets. For finance leases that do not transfer ownership, depreciation expense is calculated based on the straight-line method over the leased period of the lease with a residual value of zero.

(h) Provision for compensation for completed construction

A provision for compensation for completed construction is provided for anticipated future costs arising from warranties on completed construction based on the historical data on the compensation cost.

(i) Provision for bonuses

A provision for bonuses is provided at the estimated amount of bonuses to be paid as allocated to the current fiscal year.

(j) Provision for loss on construction contracts

A provision for loss on construction contracts is provided for uncompleted construction projects when a future loss is expected and a reasonable estimate of the amount can be made at the fiscal year end.

Asanuma Corporation
Notes to Consolidated Financial Statements (continued)

4. Summary of Significant Accounting Policies (continued)

(k) Retirement benefits

Liability for retirement benefits for employees has been provided at an amount calculated based on the retirement benefit obligation after the fair value of the pension plan assets are deducted. Retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the eligible employees.

Prior service cost is credited or charged to income in the year in which the gain or loss is recognized.

Actuarial gain or loss is amortized commencing in the year following the year in which the gain or loss is recognized by the straight-line method over a period of principally 10 years, which is within the average remaining years of service of the eligible employees.

(l) Income taxes

Income taxes are calculated based on taxable income and charged to income on an accrual basis. Deferred tax assets and liabilities are computed based on the temporary differences between financial reporting and the tax bases of the assets and liabilities which will result in taxable or deductible amounts in the future. The calculation of deferred tax assets and liabilities is based on the enacted tax laws. Valuation allowances are utilized to reduce deferred tax assets to the amount that management believes is more likely than not to be realized. In assessing the likelihood of realization, the Company considers all currently available evidence for future years, both positive and negative, supplemented by information regarding historical results for each tax jurisdiction.

(m) Hedge accounting

Gain or loss on derivatives positions designated as hedges is deferred until the loss or gain on the respective underlying hedged items is recognized. Interest-rate swaps which meet certain conditions are accounted for as if the interest rates applied to the swaps had originally applied to the underlying debt.

Asanuma Corporation
Notes to Consolidated Financial Statements (continued)

4. Summary of Significant Accounting Policies (continued)

(n) Revenue recognition

The Company recognizes revenue by applying the percentage-of-completion method for the construction projects for which the outcome of the construction activity is deemed certain at the end of the reporting period. To estimate the progress of such construction projects, the Company measures the percentage of completion by comparing costs incurred to date with the most recent estimate of total costs required to complete the project (cost to cost basis). For other construction projects where the outcome cannot be reliably measured, the completed-contract method is applied.

Net sales related to construction contracts accounted for by the percentage-of-completion method totaled ¥129,136 million (\$1,254,722 thousand) and ¥114,150 million for the years ended March 31, 2014 and 2013, respectively.

5. Accounting Change

Accounting Standards for Retirement Benefits

Effective March 31, 2014, the Company and its domestic consolidated subsidiaries adopted “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (“ASBJ”) Statement No.26 issued on May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No.25 issued on May 17, 2012), except provisions set forth in Paragraph 35 of ASBJ Statement No.26 and Paragraph 67 of ASBJ Guidance No.25.

In accordance with the adoption, the retirement benefit obligations after the fair value of the pension plan assets are deducted and actuarial gains and losses that have yet to be recognized in profit or loss are recorded as “Liability for retirement benefits.”

The adoption of these standards follows transitional provisions set forth in Paragraph 37 of ASBJ Statement No.26, and the effect of this change is included in accumulated other comprehensive (loss) income as “Retirement benefits liability adjustments.”

As a result, “Liability for retirement benefits” was recorded in the amount of ¥5,482 million (\$53,265 thousand), and accumulated other comprehensive income decreased by ¥1,991 million (\$19,345 thousand) as of March 31, 2014 from the corresponding amounts which would have been recorded under the previous method. Further information regarding the impact on per share amounts can be found in Note 20.

Asanuma Corporation
Notes to Consolidated Financial Statements (continued)

6. Accounting Standards Issued but Not Yet Effective

Accounting standards for retirement benefits

On May 17, 2012, the ASBJ issued “Accounting Standard for Retirement Benefits” (ASBJ Statement No.26) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No.25), which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000 and the other related practical guidance, being followed by partial amendments from time to time through 2009.

The standard provides guidance for the accounting for unrecognized actuarial differences and unrecognized prior service costs, the calculation methods for retirement benefit obligation and service costs, and enhancement of disclosures taking into consideration improvements to financial reporting and international trends.

The revised accounting standard and guidance for the accounting for unrecognized actual differences and unrecognized prior service costs and enhancement of disclosures were adopted as of the end of the fiscal year ended March 31, 2014. However, revisions to the calculation methods for the retirement benefit obligation and service costs are scheduled to be adopted from the beginning of the fiscal year ending March 31, 2015. In addition, the standard and guidance will not be applied retrospectively to the financial statements in prior years.

The Company and its domestic consolidated subsidiaries are currently evaluating the effect of adopting these revised standards on its consolidated financial statements.

7. Notes Receivable and Notes Payable

The balance sheet date for the year ended March 31, 2013 fell on a bank holiday. Consequently, notes receivable of ¥282 million with due dates of March 31, 2013 was included in the balances in the consolidated balance sheet at March 31, 2013 and was settled on the next business day. In addition, notes payable of ¥102 million with a due date of March 31, 2013 was included in the balance in the consolidated balance sheet at March 31, 2013 and was settled on the next business day.

Asanuma Corporation

Notes to Consolidated Financial Statements (continued)

8. Loss on Impairment of Fixed Assets

Aggregate losses on impairment of fixed assets of ¥220 million (\$2,138 thousand) and ¥236 million were recorded for the years ended March 31, 2014 and 2013, respectively.

Losses on impairment corresponding to land and buildings for the years ended March 31, 2014 and 2013 are outlined follows:

Location	Main use	Class	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
			2014	2014
Shizuoka Prefecture and other	Welfare facilities	Buildings and land	¥ 97	\$ 943
Hiroshima Prefecture and other	Idle properties	Buildings and land	75	729
Hokkaido Prefecture and other	Leasing	Buildings	48	466
Wakayama Prefecture and other	Investment	Land	0	0
			¥ 220	\$ 2,138

Location	Main use	Class	<i>Millions of yen</i>
			2013
Hokkaido Prefecture	Leasing	Buildings and land	¥ 217
Nara Prefecture and other	Idle properties	Buildings and land	19
Mie Prefecture	Investment	Land	0
			¥ 236

The Company and its consolidated subsidiaries, in principle, group their fixed assets for operating purposes at each office but group their fixed assets for leasing purposes and idle properties individually. The affiliates group their fixed assets at each company. Due to a decline in market price of real estate during the years ended March 31, 2014 and 2013, the Company and its consolidated subsidiaries have reduced the carrying value of assets outlined above to their respective estimated recoverable amount.

The estimated recoverable amounts of the fixed assets for leasing purposes and idle properties have been measured at their estimated net selling prices based on the figures presented by government authorities and others.

Asanuma Corporation

Notes to Consolidated Financial Statements (continued)

9. Investments in Securities

At March 31, 2014 and 2013, marketable securities classified as held-to-maturity debt securities were as follows:

Millions of yen						
	2014			2013		
	Carrying value	Estimated fair value	Unrealized gain	Carrying value	Estimated fair value	Unrealized gain
Held-to-maturity debt securities whose estimated fair value exceeds their carrying value:						
Government and municipal bonds	¥ 15	¥ 15	¥ 0	¥ 30	¥ 30	¥ 0
	¥ 15	¥ 15	¥ 0	¥ 30	¥ 30	¥ 0

<i>Thousands of U.S. dollars</i>		
2014		
Carrying value	Estimated fair value	Unrealized gain
Held-to-maturity debt securities whose estimated fair value exceeds their carrying value:		
Government and municipal bonds	\$ 146	\$ 0
	\$ 146	\$ 0

Asanuma Corporation
Notes to Consolidated Financial Statements (continued)

9. Investments in Securities (continued)

At March 31, 2014 and 2013, marketable securities classified as other securities were as follows:

<i>Millions of yen</i>						
	2014			2013		
	Acquisition costs	Carrying value	Unrealized gain (loss)	Acquisition costs	Carrying value	Unrealized gain (loss)
Other securities whose carrying value exceeds their acquisition costs:						
Equity securities	¥ 3,573	¥ 5,706	¥ 2,133	¥ 3,253	¥ 5,403	¥ 2,150
Other securities whose carrying value does not exceed their acquisition costs:						
Equity securities	28	25	(3)	346	321	(25)
	¥ 3,601	¥ 5,731	¥ 2,130	¥ 3,599	¥ 5,724	¥ 2,125
<i>Thousands of U.S. dollars</i>						
	2014					
	Acquisition costs	Carrying value	Unrealized gain (loss)			
Other securities whose carrying value exceeds their acquisition costs:						
Equity securities	\$ 34,716	\$ 55,441	\$ 20,725			
Other securities whose carrying value does not exceed their acquisition costs:						
Equity securities	272	243	(29)			
	\$ 34,988	\$ 55,684	\$ 20,696			

Refer to Note 18 for the redemption schedule at March 31, 2014 for held-to-maturity debt securities.

For the year ended March 31, 2013, the Company has recognized loss on impairment of equity securities classified as other securities of ¥18 million.

The Company recognizes loss on impairment of marketable securities classified as other securities if the market value of a security at year end declines by more than 30% compared with its carrying value.

Asanuma Corporation
Notes to Consolidated Financial Statements (continued)

9. Investments in Securities (continued)

Proceeds from and realized gain (loss) on sales of other securities for the year ended March 31, 2013 are summarized as follows:

	<i>Millions of yen</i>
	<u>2013</u>
Proceeds	¥ 754
Realized gain	213
Realized loss	(4)

There were no proceeds from or realized gain (loss) on sales of other securities for the year ended March 31, 2014.

Asanuma Corporation

Notes to Consolidated Financial Statements (continued)

10. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans from banks had average interest rates of 1.96% at March 31, 2014 and 1.97% at March 31, 2013.

Long-term debt at March 31, 2014 and 2013 is summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2014	2013	2014
Unsecured loans from banks, payable in yen, at rates ranging from 2.44% to 3.56%	¥ 75	¥ 82	\$ 738
Secured loans from insurance companies, payable in yen at rates ranging from 1.53% to 2.56%	12,875	14,563	125,087
Total	12,950	14,645	125,825
Less current portion included	(5,028)	(1,695)	(48,853)
	¥ 7,922	¥ 12,950	\$ 76,972

The aggregate annual maturities of long-term debt subsequent to March 31, 2014 are summarized as follows:

<i>Years ending March 31,</i>	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
2015	¥ 5,028	\$ 48,853
2016	1,710	16,615
2017	1,053	10,231
2018 and thereafter	5,159	50,126
	¥ 12,950	\$ 125,825

Assets pledged at March 31, 2014 and 2013 as collateral for loans of the Company are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2014	2013	2014
Cash and cash deposits	¥ 837	¥ 438	\$ 8,133
Buildings and structures	1,734	3,349	16,848
Land	2,479	4,013	24,086
Investments in securities	4,935	4,871	47,950
	¥ 9,985	¥ 12,671	\$ 97,017

All assets of the consolidated subsidiaries engaged in the PFI business were pledged as collateral for their loans under the project finance agreements. Assets pledged at March 31, 2014 amounted to ¥10,293 million (\$100,010 thousand) as collateral for loans of ¥9,539 million (\$92,684 thousand).

Asanuma Corporation

Notes to Consolidated Financial Statements (continued)

10. Short-Term Bank Loans and Long-Term Debt (continued)

Assets pledged at March 31, 2014 and 2013 as collateral for loans of affiliates engaged in the PFI business are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2014	2013	2014
Investments in securities	¥ 68	¥ 63	\$ 661
Long-term loans receivable	130	136	1,263
	¥ 198	¥ 199	\$ 1,924

In order to achieve more efficient financing, the Company has concluded line-of-credit agreements with certain financial institutions. The status of these lines of credit at March 31, 2014 and 2013 was as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2014	2013	2014
Lines of credit	¥ 5,000	¥ 5,000	\$ 48,581
Credit utilized	—	—	—
Available credit	¥ 5,000	¥ 5,000	\$ 48,581

11. Income Taxes

Income taxes applicable to the Company and its consolidated subsidiaries comprise corporation, inhabitants' and enterprise taxes which, in the aggregate, resulted in statutory a tax rate of approximately 38.3% for the years ended March 31, 2014 and 2013.

A reconciliation of the statutory tax rate and the effective tax rates for the years ended March 31, 2014 and 2013 as a percentage of income (loss) before income taxes and minority interests is summarized as follows:

	2014	2013
Statutory tax rate	38.3 %	38.3 %
Permanently non-tax-deductible expenses	5.2	(1.9)
Permanently non-taxable income	(0.7)	0.5
Per capita portion of inhabitants' taxes	7.5	(3.8)
Tax credit for corporation tax	(1.0)	—
Valuation allowance	(46.9)	(31.5)
Unrecognized deferred income taxes relating to excess of cost over equity in net assets of subsidiaries and other	(0.5)	0.1
Other	0.5	0.3
Effective tax rates	2.4 %	2.0 %

Asanuma Corporation

Notes to Consolidated Financial Statements (continued)

11. Income Taxes (continued)

The significant components of deferred tax assets and liabilities of the Company and its consolidated subsidiaries at March 31, 2014 and 2013 are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2014	2013	2014
Deferred tax assets:			
Allowance for doubtful accounts	¥ 412	¥ 549	\$ 4,003
Provision for bonuses	63	–	612
Provision for compensation for completed construction	349	316	3,391
Inventories	81	93	787
Provision for loss on construction contracts	628	621	6,102
Accrued retirement benefits for employees	–	1,321	–
Liability for retirement benefits	1,966	–	19,102
Assets transferred to defined contribution pension plans	395	574	3,838
Loss on impairment of fixed assets	1,207	1,327	11,728
Loss on revaluation of investments in securities	112	112	1,088
Tax loss carryforwards	3,853	4,339	37,437
Other	732	1,024	7,112
Gross deferred tax assets	9,798	10,276	95,200
Less valuation allowance	(9,798)	(10,275)	(95,200)
Total deferred tax assets	0	1	–
Deferred tax liabilities:			
Unrealized holding gain on securities	(677)	(699)	(6,578)
Deferred capital gains on property	(648)	(814)	(6,296)
Other	(1)	(2)	(10)
Total deferred tax liabilities	(1,326)	(1,515)	(12,884)
Net deferred tax liabilities	¥ (1,326)	¥ (1,514)	\$ (12,884)

The “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 10 of 2014) was promulgated on March 31, 2014 and, as a result, the Company is no longer subject to the Special Reconstruction Corporation Tax effective for fiscal years beginning on or after April 1, 2014.

In line with these revisions, the Company changed the statutory tax rate to calculate deferred tax assets and liabilities from 38.3% to 35.9% for temporary differences expected to be realized from April 1, 2014.

As a result of this change, net deferred tax liabilities (after netting deferred tax assets) decreased by ¥0 million (\$0 thousand), and income taxes – deferred decreased by ¥0 million (\$0 thousand) as of and for the year ended March 31, 2014, respectively.

Asanuma Corporation
Notes to Consolidated Financial Statements (continued)

12. Retirement Benefits

1. Outline of retirement benefits for employees

The Company and its certain consolidated subsidiary have defined benefit pension plans covering substantially all employees who are entitled to lump-sum or pension payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. In addition to the retirement benefit plans described above, the Company and its certain consolidated subsidiary pay additional retirement benefits under certain conditions. In addition, the Company transferred a certain portion of defined benefit plans to a defined contribution plan on October 1, 2010.

2. Defined benefit plans for the year ended March 31, 2014

(1) The change in retirement benefit obligation is outlined as follows:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
	2014	
Retirement benefit obligation at April 1, 2013	¥ 12,593	\$ 122,357
Service cost	373	3,624
Interest cost	127	1,234
Actuarial loss	103	1,001
Benefit paid	(1,160)	(11,271)
Retirement benefit obligation at March 31, 2014	¥ 12,036	\$ 116,945

(2) The change in plan assets at fair value is outlined as follows:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
	2014	
Plan assets at fair value at April 1, 2013	¥ 6,727	\$ 65,361
Expected return on plan assets	134	1,302
Actuarial gain	152	1,477
Contributions by the employer	280	2,721
Benefit paid	(739)	(7,180)
Plan assets at fair value at March 31, 2014	¥ 6,554	\$ 63,681

Asanuma Corporation

Notes to Consolidated Financial Statements (continued)

12. Retirement Benefits (continued)

2. Defined benefit plans for the year ended March 31, 2014 (continued)

- (3) The balance of retirement benefit obligation and plan assets at fair value, liability for retirement benefits recognized in consolidated balance sheet are outlined as follows:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
	2014	
Funded retirement benefit obligation	¥ 7,454	\$ 72,425
Plan assets at fair value	(6,553)	(63,671)
	901	8,754
Unfunded retirement benefit obligation	4,581	44,511
Liability recognized in the consolidated balance sheet	¥ 5,482	\$ 53,265

- (4) The components of retirement benefit expenses for the year ended March 31, 2014 are outlined as follows:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
	2014	
Service cost	¥ 373	\$ 3,624
Interest cost	127	1,234
Expected return on plan assets	(135)	(1,311)
Amortization of actuarial loss	123	1,195
Retirement benefit expenses	¥ 488	\$ 4,742

Asanuma Corporation
Notes to Consolidated Financial Statements (continued)

12. Retirement Benefits (continued)

2. Defined benefit plans for the year ended March 31, 2014 (continued)

- (5) The balance of actuarial loss recognized in accumulated other comprehensive (loss) income (before tax effect) is outlined as follows:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
	2014	
Unrecognized actuarial loss	¥ (1,991)	\$ (19,345)

- (6) The plan assets by major category consist of the following:

	2014
Bonds	68%
Equities	23%
Cash and deposits	9%
Other	0%
Total	100.0%

The expected long-term rate of return on plan assets is determined as a result of a consideration of both the portfolio allocation at present and in the future, and the long-term expected rate of return from multiple plan assets at present and in the future.

- (7) The assumptions used in accounting for the defined benefit plans for the year ended March 31, 2014 are as follows:

	2014
Discount rate	1.0%
Expected long-term rate of return on plan assets	2.0%

3. Defined contribution pension plans for the year ended March 31, 2014

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
	2014	
Contributions to defined contribution pension plans	¥ 170	\$ 1,652

Asanuma Corporation
Notes to Consolidated Financial Statements (continued)

12. Retirement Benefits (continued)

4. Accrued retirement benefits for employees for the year ended March 31, 2013

The following table sets forth the funded and accrued status and the amounts recognized in the accompanying consolidated balance sheet at March 31, 2013 for the Company's and its consolidated subsidiaries' defined benefit pension plans:

	<i>Millions of yen</i>
	2013
Retirement benefit obligation	¥ (12,593)
Plan assets at fair value	6,727
Unfunded retirement benefit obligation	(5,866)
Unrecognized actuarial loss	2,163
Accrued retirement benefits for employees	¥ (3,703)

The components of retirement benefit expenses for the year ended March 31, 2013 are outlined as follows:

	<i>Millions of yen</i>
	2013
Service cost	¥ 431
Interest cost	139
Expected return on plan assets	(134)
Amortization of actuarial loss	427
Contributions to defined contribution pension plans	192
Retirement benefit expenses	¥ 1,055

In addition, the Company recorded special retirement benefits of ¥240 million in the accompanying consolidated statement of operations for the year ended March 31, 2013, which includes ¥198 million of early retirement premium expenses.

The assumptions used in accounting for the defined benefit plans for the year ended March 31, 2013 are as follows:

	2013
Discount rate (*)	1.0%
Expected rate of return on plan assets	2.0%

(*) As a result of reviewing the appropriateness of discount rate, it was determined that the movement of the discount rate has a significant impact on the projected benefit obligation. Therefore, the discount rate as at March 31, 2013 has been changed to 1.0%, while the discount rate as at April 1, 2012 was 2.0%.

Asanuma Corporation

Notes to Consolidated Financial Statements (continued)

13. Shareholders' Equity

The Companies Act (the "Act") provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

The Company's legal reserve included in retained earnings amounted to ¥970 million (\$9,425 thousand) at March 31, 2014 and 2013.

Under the Act, upon the issuance and sale of new shares of common stock, the entire amount of the proceeds is required to be accounted for as common stock, although a company may, by resolution of the Board of Directors, account for an amount not exceeding one-half of the proceeds of the sale of new shares as additional paid-in capital included in capital surplus.

Movements in shares of common stock in issue and treasury stock during the years ended March 31, 2014 and 2013 are summarized as follows:

	Number of shares			
	2014			
	April 1, 2013	Increase	Decrease	March 31, 2014
Shares of common stock in issue	77,386,293	—	—	77,386,293
Treasury stock	1,279,903	8,532	860	1,287,575

	Number of shares			
	2013			
	April 1, 2012	Increase	Decrease	March 31, 2013
Shares of common stock in issue	77,386,293	—	—	77,386,293
Treasury stock	1,276,525	6,219	2,841	1,279,903

The increases of treasury stock were due to purchases of shares of less than one voting unit and the decreases of treasury stock were due to sales of shares at requests of shareholders owning less than one voting unit for the years ended March 31, 2014 and 2013.

Asanuma Corporation

Notes to Consolidated Financial Statements (continued)

14. Provision for Loss on Construction Contracts

Provision for loss on construction contracts included in cost of sales for the years ended March 31, 2014 and 2013 amounted to ¥1,749 million (\$16,994 thousand) and ¥1,623 million, respectively.

15. Research and Development Costs

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2014 and 2013 amounted to ¥129 million (\$1,253 thousand) and ¥126 million, respectively.

16. Other Comprehensive Income

The following table presents reclassification adjustments and tax effects allocated to components of other comprehensive income for the years ended March 31, 2014 and 2013:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2014	2013	2014
Unrealized holding gain on investments in securities:			
Gains arising during the year	¥ 6	¥ 1,345	\$ 58
Reclassification adjustments for gain realized in the statement of operations	—	(204)	—
Before tax effect	6	1,141	58
Tax effect	22	(384)	214
Unrealized holding gain on investments in securities, net	28	757	272
Total other comprehensive income	¥ 28	¥ 757	\$ 272

17. Leases

Future minimum lease payments subsequent to March 31, 2014 for finance leases accounted for as operating leases are summarized as follows:

Years ending March 31,	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
2015	¥ 320	\$ 3,109
2016 and thereafter	117	1,137
	¥ 437	\$ 4,246

Asanuma Corporation

Notes to Consolidated Financial Statements (continued)

18. Financial Instruments

(1) Policy for financial instruments

The Company and its consolidated subsidiaries manage their funds by investing only in short-term deposits, and primarily raise funds by borrowings from banks. The purpose of entering into derivative transactions is to mitigate fluctuation risk related to interest rates with respect to borrowings from banks, and derivative transactions are not carried out for speculative purposes.

(2) Types of financial instruments, related risk and risk management for financial instruments

Notes and accounts receivable on completed construction contracts are subject to the credit risk of customers. Regarding this risk, the Company and its consolidated subsidiaries monitor due dates and outstanding balances by individual customer, and the credit worthiness of their main customers regularly.

For investments in securities, the Company and consolidated subsidiaries review the fair values of such financial instruments every quarter.

Notes and accounts payable on construction contracts are operating obligations and mostly are payable within one year.

Short-term bank loans and long-term debt are mainly utilized for business operations. Long-term debt with variable interest rates is exposed to interest rate fluctuation risk. However, to reduce such risk and fix interest expense for a certain long-term debt bearing interest at variable rates, the Company utilizes interest rate swaps as a hedging instrument. In addition, the Company has established internal policies which include procedures and authorization processes governing derivatives and complies fully with these guidelines.

(3) Supplementary explanation of the market value of financial instruments

The market value of financial instruments is based on the market price, and when no market price exists, a rationally calculated amount is used. These calculations include variable factors, so the resulting amount may change if different underlying assumptions are applied.

Asanuma Corporation

Notes to Consolidated Financial Statements (continued)

18. Financial Instruments (continued)

The carrying value, estimated fair value and resulting differences as of March 31, 2014 and 2013 are as follows. Financial instruments for which fair value is deemed extremely difficult to determine are not included.

<i>Millions of yen</i>			
2014			
	Carrying value	Estimated fair value	Difference
Cash and cash deposits	¥ 32,943	¥ 32,943	¥ –
Notes and accounts receivable on completed construction contracts	50,499	51,009	510
Investments in securities	5,747	5,747	0
Total assets	¥ 89,189	¥ 89,699	¥ 510
Short-term bank loans	¥ 21,174	¥ 21,174	¥ –
Notes and accounts payable on construction contracts	29,679	29,679	–
Other accounts payable	10,153	10,153	–
Long-term debt	7,922	8,204	282
Total liabilities	¥ 68,928	¥ 69,210	¥ 282
Derivatives transactions	–	–	–
<i>Millions of yen</i>			
2013			
	Carrying value	Estimated fair value	Difference
Cash and cash deposits	¥ 28,905	¥ 28,905	¥ –
Notes and accounts receivable on completed construction contracts	47,702	48,360	658
Investments in securities	5,754	5,754	0
Total assets	¥ 82,361	¥ 83,019	¥ 658
Short-term bank loans	¥ 22,396	¥ 22,396	¥ –
Notes and accounts payable on construction contracts	28,596	28,596	–
Other accounts payable	8,580	8,580	–
Long-term debt	12,950	13,282	332
Total liabilities	¥ 72,522	¥ 72,854	¥ 332
Derivatives transactions	–	–	–

Asanuma Corporation
Notes to Consolidated Financial Statements (continued)

18. Financial Instruments (continued)

	<i>Thousands of U.S. dollars</i>		
	2014		
	Carrying value	Estimated fair value	Difference
Cash and cash deposits	\$ 320,084	\$ 320,084	\$ –
Notes and accounts receivable on completed construction contracts	490,662	495,617	4,955
Investments in securities	55,839	55,839	0
Total assets	<u>\$ 866,585</u>	<u>\$ 871,540</u>	<u>\$ 4,955</u>
Short-term bank loans	\$ 205,732	\$ 205,732	\$ –
Notes and accounts payable on construction contracts	288,369	288,369	–
Other accounts payable	98,649	98,649	–
Long-term debt	76,972	79,712	2,740
Total liabilities	<u>\$ 669,722</u>	<u>\$ 672,462</u>	<u>\$ 2,740</u>
Derivatives transactions	–	–	–

Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions:

Cash and cash deposits

Since these items are settled in a short period of time, their carrying values approximate the fair value.

Notes and accounts receivable on completed construction contracts

For the valuation of notes and accounts receivable on completed construction contracts, the Company and its consolidated subsidiaries use the present value based on assumptions such as the collection term of each receivable and discount rates reflected in each credit risk.

Investments in securities

The estimated fair values of equity securities are based on quoted market prices. The estimated fair value of debt securities are based on the price provided by the financial institutions making markets in these securities.

Notes and accounts payable on construction contracts, other accounts payable and short-term bank loans

Since these items are settled in a short period of time, their carrying values approximate the fair value.

Asanuma Corporation
Notes to Consolidated Financial Statements (continued)

18. Financial Instruments (continued)

Long-term debt

The estimated fair values of long-term debt are based on present value of the total amount including principal and interest, discounted by the expected interest rate in the case of new borrowings of the same loan as in the amount of the balance as of the end of the period. Floating interest rates for long-term loans were hedged by interest-rate swap agreements and accounted for as loans with fixed interest rates. The estimated fair value of those long-term loans is reasonably based on the present value of the total of principals, interests and net cash flows of swap agreements discounted by the interest rates, estimated reasonably, applicable to loans made under similar circumstances.

Derivatives transactions

Refer to the Note 19 for fair value information at March 31, 2014 and 2013 of derivative transactions.

Financial instruments for which it is extremely difficult to determine the fair value: Unlisted equity securities of ¥873 million (\$8,482 thousand) and ¥867 million reflected in the consolidated balance sheets at March 31, 2014 and 2013, respectively, are based neither on market value nor estimated future cash flow, and it is difficult to determine the estimated fair value. Therefore, they are not included in the above table.

The redemption schedule for cash deposits, receivables and marketable securities with maturity dates at March 31, 2014 is summarized as follows:

	<i>Millions of yen</i>		
	Within 1 year	Over 1 year within 5 years	Over 5 years
Cash deposits	¥ 32,589	¥ –	¥ –
Notes and accounts receivable on completed construction contracts	42,554	4,929	3,016
Investments in securities	–	–	15
Held-to-maturity debt securities	–	–	–
Total assets	¥ 75,143	¥ 4,929	¥ 3,031

	<i>Thousands of U.S. dollars</i>		
	Within 1 year	Over 1 year within 5 years	Over 5 years
Cash deposits	\$ 316,644	\$ –	\$ –
Notes and accounts receivable on completed construction contracts	413,467	47,892	29,304
Investments in securities	–	–	146
Held-to-maturity debt securities	–	–	–
Total assets	\$ 730,111	\$ 47,892	\$ 29,450

Asanuma Corporation

Notes to Consolidated Financial Statements (continued)

18. Financial Instruments (continued)

The redemption schedule for short term bank loans, long-term debt and lease obligations at March 31, 2014.

<i>Millions of yen</i>						
	Within 1 year	Over 1 year within 2 years	Over 2 year within 3 years	Over 3 year within 4 years	Over 4 year within 5 years	Over 5 years
Short-term bank loans	¥ 21,174	¥ –	¥ –	¥ –	¥ –	¥ –
Long-term debt	–	1,710	1,053	1,047	1,087	3,025
Lease obligations	0	0	0	0	0	0
Total	<u>¥ 21,174</u>	<u>¥ 1,710</u>	<u>¥ 1,053</u>	<u>¥ 1,047</u>	<u>¥ 1,087</u>	<u>¥ 3,025</u>
<i>Thousands of U.S. dollars</i>						
	Within 1 year	Over 1 year within 2 years	Over 2 year within 3 years	Over 3 year within 4 years	Over 4 year within 5 years	Over 5 years
Short-term bank loans	\$ 205,732	\$ –	\$ –	\$ –	\$ –	\$ –
Long-term debt	–	16,615	10,231	10,173	10,562	29,391
Lease obligations	0	0	0	0	0	0
Total	<u>\$ 205,732</u>	<u>\$ 16,615</u>	<u>\$ 10,231</u>	<u>\$ 10,173</u>	<u>\$ 10,562</u>	<u>\$ 29,391</u>

Asanuma Corporation

Notes to Consolidated Financial Statements (continued)

19. Derivatives

Derivative transactions to which hedge accounting is applied

Interest-rate related transactions

		<i>Millions of yen</i>		
		2014		
Method of hedge accounting	Transaction	Notional amount	(Including portion in excess of one year)	Estimated fair value
Swap rate applied to underlying debt	Interest rate swap: Receive / floating and pay / fixed	¥ 3,696	¥ 2,957	(*)
	Total	¥ 3,696	¥ 2,957	(*)
		<i>Millions of yen</i>		
		2013		
Method of hedge accounting	Transaction	Notional amount	(Including portion in excess of one year)	Estimated fair value
Swap rate applied to underlying debt	Interest rate swap: Receive / floating and pay / fixed	¥ 4,436	¥ 3,697	(*)
	Total	¥ 4,436	¥ 3,697	(*)
		<i>Thousands of U.S. dollars</i>		
		2014		
Method of hedge accounting	Transaction	Notional amount	(Including portion in excess of one year)	Estimated fair value
Swap rate applied to underlying debt	Interest rate swap: Receive / floating and pay / fixed	\$ 35,921	\$ 28,731	(*)
	Total	\$ 35,921	\$ 28,731	(*)

*Because interest rate swap agreements are accounted for as if the interest rates applied to the swaps had originally applied to the underlying long-term loans payable, their fair values were included in long-term debt.

Asanuma Corporation

Notes to Consolidated Financial Statements (continued)

20. Amounts per Share

Amounts per share at March 31, 2014 and 2013 and for the years then ended were as follows:

	<i>Yen</i>		<i>U.S. dollars</i>
	2014	2013	2014
Net assets	¥ 110.36	¥ 113.03	\$ 1.07
Net income (loss)	23.13	(44.92)	0.22

Information used in the computation of net income (loss) per share for the years ended March 31, 2014 and 2013 is presented as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2014	2013	2014
Net income (loss)	¥ 1,761	¥-(3,420)	\$ 17,110
Net income (loss) not applicable to common shareholders	—	—	—
Net income (loss) used in the calculation of net income (loss) per share	¥ 1,761	¥-(3,420)	\$ 17,110

	<i>Thousands of shares</i>	
	2014	2013
Weighted-average number of shares of common stock used in the calculation of net income per share	76,103	76,107

Net assets per share are based on the number of shares of common stock outstanding at the year end.

Net income (loss) per share is computed based on the net income attributable to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year. Diluted amounts per share have not been presented for the years ended March 31, 2014 and 2013 since neither the Company nor any of the consolidated subsidiaries had any potentially dilutive shares at March 31, 2014 and 2013.

As described in Note 5 concerning the application of the Accounting Standard for Retirement Benefits, based on the provisional treatment set out in Clause 37 of the standard, the effects of such changes in the year ended March 31, 2014 have been recorded in retirement benefits liability adjustments through accumulated other comprehensive income (loss). As a result, net assets per share decreased by ¥26.17 (\$0.25).

Asanuma Corporation

Notes to Consolidated Financial Statements (continued)

21. Supplementary Cash Flow Information

In February 2013, the assets and liabilities of Nara Manyo Country Club were excluded from consolidation due to the sale of its shares. The following table summarizes the assets and liabilities excluded from consolidation and the proceeds from the sale of shares for the year ended March 31, 2013:

	<i>Millions of yen</i>
	<u>2013</u>
Current assets	¥ 86
Property, plant and equipment, net and investments and other assets	1,557
Current liabilities	(77)
Long-term liabilities	(1,340)
Gain on sales of investments of securities	472
Gross proceeds from sale of shares	698
Cash and equivalents	(70)
Net proceeds from sale of shares	<u>¥ 628</u>

22. Segment Information

a. Segment Information

(1) Overview of reporting segments

The reporting segments of the Company and its consolidated subsidiaries are components for which discrete financial information is available and whose operating results are regularly reviewed by the Company's Board of Directors to make decisions about resource allocation and assess their performance.

The Company and its consolidated subsidiaries mainly operate in the construction business and have two reporting segments, which are the Building Construction Segment and the Civil Engineering Segment.

Asanuma Corporation

Notes to Consolidated Financial Statements (continued)

22. Segment Information (continued)

(2) Method of calculating sales and income in reporting segments

The method of accounting for reporting segments is, in principle, the same as stated in Note 4 “Summary of Significant Accounting Policies.” The income (loss) of reporting segments are calculated on the basis of operating income. Intersegment sales are recorded based on current market prices.

Millions of yen							
2014							
Reporting Segments							
	Building Construction	Civil Engineering	Total	Others	Sub total	Adjustments	Total
Net sales and income:							
Sales to third parties	¥ 112,389	¥ 22,158	¥ 134,547	¥ 1,764	¥ 136,311	¥ –	¥136,311
Intersegment sales	5	–	5	127	132	(132)	–
Net sales	112,394	22,158	134,552	1,891	136,443	(132)	136,311
Segment income	¥ 4,474	¥ 1,691	¥ 6,165	¥ 199	¥ 6,364	¥ (4,961)	¥ 1,403

	Millions of yen						
	2013						
	Reporting Segments						
	Building Construction	Civil Engineering	Total	Others	Sub total	Adjustments	Total
Net sales and income:							
Sales to third parties	¥ 98,859	¥ 20,119	¥ 118,978	¥ 2,215	¥ 121,193	¥ –	¥ 121,193
Intersegment sales	7	–	7	113	120	(120)	–
Net sales	98,866	20,119	118,985	2,328	121,313	(120)	121,193
Segment income (loss)	¥ 743	¥ 1,117	¥ 1,860	¥ 93	¥ 1,953	¥ (5,806)	¥ (3,853)

	Thousands of U.S. dollars						
	2014						
	Reporting Segments						
	Building Construction	Civil Engineering	Total	Others	Sub total	Adjustments	Total
Net sales and income (loss):							
Sales to third parties	\$ 1,092,004	\$ 215,293	\$ 1,307,297	\$ 17,140	\$ 1,324,437	\$ –	\$ 1,324,437
Intersegment sales	49	–	49	1,234	1,283	(1,283)	–
Net sales	1,092,053	215,293	1,307,346	18,374	1,325,720	(1,283)	1,324,437
Segment income	\$ 43,471	\$ 16,430	\$ 59,901	\$ 1,934	\$ 61,835	\$ (48,203)	\$ 13,632

Asanuma Corporation
Notes to Consolidated Financial Statements (continued)

22. Segment Information (continued)

b. Related information

(1) Information by products and services

Disclosure of information by products and services for the years ended March 31, 2014 and 2013 has been omitted as the Company classifies such information in the same way as it does its reporting segments.

(2) Information by geographical segment

Disclosure of sales and property, plant and equipment by geographical area for the years ended and as of March 31, 2014 and 2013 has been omitted as sales to domestic customers were in excess of 90% of consolidated net sales, and the balance of property, plant and equipment in Japan was in excess of 90% of consolidated property, plant and equipment.

(3) Information by major customers

Disclosure of information by major customers for years ended March 31, 2014 and 2013 has been omitted as sales to each customer were less than 10% of consolidated net sales.

c. Loss on impairment of fixed assets by reporting segment

<i>Millions of yen</i>					
2014					
Reporting Segments				Elimination and corporate	
Building Construction	Civil Engineering	Total	Other	and corporate	Total
Loss on impairment of fixed assets	¥ –	¥ –	¥ –	¥ 188	¥ 220
			¥ 32		
<i>Millions of yen</i>					
2013					
Reporting Segments				Elimination and corporate	
Building Construction	Civil Engineering	Total	Other	and corporate	Total
Loss on impairment of fixed assets	¥ –	¥ –	¥ –	¥ 19	¥ 236
			¥ 217		
<i>Thousands of U.S. dollars</i>					
2014					
Reporting Segments				Elimination and corporate	
Building Construction	Civil Engineering	Total	Other	and corporate	Total
Loss on impairment of fixed assets	\$ –	\$ –	\$ –	\$ 1,827	\$ 2,138
			\$ 311		