Consolidated Financial Statements

Asanuma Corporation

Year ended March 31, 2015
with Independent Auditor's Report

Asanuma Corporation

Consolidated Financial Statements

Year ended March 31, 2015

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Consolidated Financial Statements

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, 2015, and the consolidated statements of income, 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, 2015, 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 29, 2015
Osaka, Japan

Asanuma Corporation

Consolidated Balance Sheet

March 31, 2015

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2015	2014	**2015**
Assets			
Current assets:			
Cash and cash deposits *(Notes 8 and 17)*	**¥ 32,143**	¥ 32,943	**$ 267,479**
Receivables:			
Notes receivable *(Note 17)*	**2,281**	3,506	**18,981**
Accounts receivable on completed construction contracts *(Note 17)*	**43,490**	46,993	**361,904**
Other accounts receivable *(Note 17)*	**5,438**	1,860	**45,253**
Allowance for doubtful accounts	**(198)**	(242)	**(1,648)**
	51,011	52,117	**424,490**
Inventories:			
Cost of uncompleted construction contracts	**5,560**	6,009	**46,268**
Real estate held for sale	**166**	251	**1,381**
Raw materials and supplies	**43**	42	**358**
	5,769	6,302	**48,007**
Deferred income taxes *(Note 9)*	**0**	0	**0**
Other current assets	**363**	386	**3,021**
Total current assets	**89,286**	91,748	**742,997**
Property and equipment, at cost:			
Land *(Notes 6 and 8)*	**2,430**	2,807	**20,221**
Buildings and structures *(Notes 6 and 8)*	**6,203**	6,547	**51,619**
Machinery, equipment and vehicles	**339**	1,153	**2,821**
Tools, furniture and fixtures	**983**	1,060	**8,180**
Less accumulated depreciation	**(4,843)**	(5,455)	**(40,301)**
Property and equipment, net	**5,112**	6,112	**42,540**
Investments and other assets:			
Investments in securities *(Notes 7, 8 and 17)*	**8,263**	6,528	**68,761**
Investments in an unconsolidated subsidiary and affiliates *(Note 17)*	**97**	91	**807**
Long-term loans receivable *(Note 8)*	**245**	340	**2,039**
Intangible assets	**382**	424	**3,179**
Other assets	**1,454**	2,178	**12,099**
Allowance for doubtful accounts	**(695)**	(1,080)	**(5,783)**
Total investments and other assets	**9,746**	8,481	**81,102**
Total assets	**¥ 104,144**	¥ 106,341	**$ 866,639**

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2015	2014	**2015**
Liabilities			
Current liabilities:			
Short-term bank loans *(Notes 8 and 17)*	**¥ 15,101**	¥ 16,146	**$ 125,664**
Current portion of long-term debt *(Notes 8 and 17)*	**5,046**	5,028	**41,991**
Payables *(Note 17)*:			
Notes payable	**5,683**	5,183	**47,291**
Accounts payable on construction contracts	**23,999**	24,496	**199,709**
Other accounts payable	**10,329**	10,096	**85,953**
	40,011	39,775	**332,953**
Advances received on uncompleted construction contracts	**8,605**	10,919	**71,607**
Deposits received	**2,513**	3,335	**20,912**
Income taxes payable *(Note 9)*	**92**	126	**765**
Deferred income taxes *(Note 9)*	**5**	6	**42**
Provision for compensation for completed construction	**688**	970	**5,725**
Provision for bonuses	**–**	159	**–**
Provision for loss on construction contracts *(Note 13)*	**1,282**	1,749	**10,668**
Other current liabilities	**4,636**	3,944	**38,579**
Total current liabilities	**77,979**	82,157	**648,906**
Long-term liabilities:			
Long-term debt *(Notes 8 and 17)*	**6,212**	7,922	**51,693**
Liability for retirement benefits *(Note 10)*	**4,275**	5,482	**35,575**
Deferred income taxes *(Note 9)*	**1,364**	1,320	**11,351**
Other long-term liabilities	**663**	978	**5,517**
Total long-term liabilities	**12,514**	15,702	**104,136**
Total liabilities	**90,493**	97,859	**753,042**
Net assets			
Shareholders' equity *(Note 12)*:			
Common stock:			
Authorized –293,565,000 shares			
Issued –77,386,293 shares in 2015 and 2014	**8,419**	8,419	**70,059**
Capital surplus	**970**	970	**8,072**
Retained earnings (deficit)	**2,903**	(319)	**24,157**
Less treasury stock, at cost	**(137)**	(137)	**(1,140)**
Total shareholders' equity	**12,155**	8,933	**101,148**
Accumulated other comprehensive income (loss):			
Net unrealized holding gain on securities *(Note 7)*	**2,696**	1,457	**22,435**
Retirement benefits liability adjustments *(Note 10)*	**(1,296)**	(1,991)	**(10,785)**
Total accumulated other comprehensive income (loss)	**1,400**	(534)	**11,650**
Minority interests	**96**	83	**799**
Total net assets	**13,651**	8,482	**113,597**
Total liabilities and net assets	**¥ 104,144**	¥ 106,341	**$ 866,639**

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Consolidated Statement of Income

Year ended March 31, 2015

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2015	2014	**2015**
Net sales *(Note 20)*:			
Construction contracts	**¥ 125,481**	¥ 134,547	**$ 1,044,196**
Other	**1,356**	1,764	**11,284**
	126,837	136,311	**1,055,480**
Cost of sales *(Note 13)*:			
Construction contracts	**117,752**	128,340	**979,879**
Other	**1,129**	1,492	**9,395**
	118,881	129,832	**989,274**
Gross profit:			
Construction contracts	**7,729**	6,207	**64,317**
Other	**227**	272	**1,889**
	7,956	6,479	**66,206**
Selling, general and administrative expenses *(Note 14)*	**5,348**	5,076	**44,504**
Operating income *(Note 20)*	**2,608**	1,403	**21,702**
Other income (expenses):			
Interest and dividends income	**277**	295	**2,305**
Foreign exchange gain, net	**52**	46	**433**
Interest expenses	**(536)**	(634)	**(4,460)**
Guarantee fees	**(32)**	(46)	**(266)**
Gain on sales of property and equipment, net	**200**	1,005	**1,664**
Loss on impairment of property and equipment *(Notes 6 and 20)*	**–**	(220)	**–**
Other, net	**(36)**	(33)	**(300)**
Income before income taxes and minority interests	**2,533**	1,816	**21,078**
Income taxes *(Note 9)*:			
Current	**174**	209	**1,448**
Deferred	**(447)**	(166)	**(3,720)**
	(273)	43	**(2,272)**
Income before minority interests	**2,806**	1,773	**23,350**
Minority interests	**13**	12	**108**
Net income	**¥ 2,793**	¥ 1,761	**$ 23,242**

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Consolidated Statement of Comprehensive Income

Year ended March 31, 2015

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2015	2014	**2015**
Income before minority interests	**¥ 2,806**	¥ 1,773	**$ 23,350**
Other comprehensive income:			
Net unrealized holding gain on securities	**1,238**	28	**10,302**
Retirement benefits liability adjustments	**696**	–	**5,792**
Total other comprehensive income *(Note 15)*	**1,934**	28	**16,094**
Comprehensive income	**¥ 4,740**	¥ 1,801	**$ 39,444**
Comprehensive income attributable to:			
Shareholders of Asanuma Corporation	**¥ 4,727**	¥ 1,789	**$ 39,336**
Minority interests	**13**	12	**108**

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2015

	Millions of yen				
	Common stock	Capital surplus	Retained earnings (deficit)	Treasury stock at cost	Total shareholders' equity
Balance at April 1, 2013	¥ 8,419	¥ 970	¥ (2,080)	¥ (136)	¥ 7,173
Net income	–	–	1,761	–	1,761
Sales of treasury stock	–	0	–	0	0
Increase in treasury stock	–	–	–	(1)	(1)
Net change in items other than shareholders' equity	–	–	–	–	–
Balance at April 1, 2014, as originally reported	**8,419**	**970**	**(319)**	**(137)**	**8,933**
Cumulative effect of change in accounting policy	**–**	**–**	**429**	**–**	**429**
Balance at April 1, 2014, as adjusted	**8,419**	**970**	**110**	**(137)**	**9,362**
Net income	**–**	**–**	**2,793**	**–**	**2,793**
Sales of treasury stock	**–**	**0**	**–**	**0**	**0**
Increase in treasury stock	**–**	**–**	**–**	**(0)**	**(0)**
Net change in items other than shareholders' equity	**–**	**–**	**–**	**–**	**–**
Balance at March 31, 2015	**¥ 8,419**	**¥ 970**	**¥ 2,903**	**¥ (137)**	**¥ 12,155**

	Millions of yen				
	Net unrealized holding gain on securities	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)	Minority interests	Total net assets
Balance at April 1, 2013	¥ 1,429	¥ –	¥ 1,429	¥ 71	¥ 8,673
Net income	–	–	–	–	1,761
Sales of treasury stock	–	–	–	–	0
Increase in treasury stock	–	–	–	–	(1)
Net change in items other than shareholders' equity	28	(1,991)	(1,963)	12	(1,951)
Balance at April 1, 2014, as originally reported	**1,457**	**(1,991)**	**(534)**	**83**	**8,482**
Cumulative effect of change in accounting policy	**–**	**–**	**–**	**–**	**429**
Balance at April 1, 2014, as adjusted	**1,457**	**(1,991)**	**(534)**	**83**	**8,911**
Net income	**–**	**–**	**–**	**–**	**2,793**
Sales of treasury stock	**–**	**–**	**–**	**–**	**0**
Increase in treasury stock	**–**	**–**	**–**	**–**	**(0)**
Net change in items other than shareholders' equity	**1,239**	**695**	**1,934**	**13**	**1,947**
Balance at March 31, 2015	**¥ 2,696**	**¥ (1,296)**	**¥ 1,400**	**¥ 96**	**¥ 13,651**

Asanuma Corporation

Consolidated Statement of Changes in Net Assets (Continued)

Year ended March 31, 2015

	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, 2014, as originally reported	**$ 70,059**	**$ 8,072**	**$ (2,655)**	**$ (1,140)**	**$ 74,336**
Cumulative effect of change in accounting policy	–	–	**3,570**	–	**3,570**
Balance at April 1, 2014, as adjusted	**70,059**	**8,072**	**915**	**(1,140)**	**77,906**
Net income	–	–	**23,242**	–	**23,242**
Sales of treasury stock	–	**0**	–	**0**	**0**
Increase in treasury stock	–	–	–	**(0)**	**(0)**
Net change in items other than shareholders' equity	–	–	–	–	–
Balance at March 31, 2015	**$ 70,059**	**$ 8,072**	**$ 24,157**	**$ (1,140)**	**$ 101,148**

	Thousands of U.S. dollars (Note 2)				
	Net unrealized holding gain on securities	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)	Minority interests	Total net assets
Balance at April 1, 2014, as originally reported	**$ 12,124**	**$ (16,568)**	**$ (4,444)**	**$ 691**	**$ 70,583**
Cumulative effect of change in accounting policy	–	–	–	–	**3,570**
Balance at April 1, 2014, as adjusted	**12,124**	**(16,568)**	**(4,444)**	**691**	**74,153**
Net income	–	–	–	–	**23,242**
Sales of treasury stock	–	–	–	–	**0**
Increase in treasury stock	–	–	–	–	**(0)**
Net change in items other than shareholders' equity	**10,311**	**5,783**	**16,094**	**108**	**16,202**
Balance at March 31, 2015	**$ 22,435**	**$ (10,785)**	**$ 11,650**	**$ 799**	**$ 113,597**

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Consolidated Statement of Cash Flows

Year ended March 31, 2015

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2015	2014	**2015**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 2,533**	¥ 1,816	**$ 21,078**
Adjustments for:			
Depreciation and amortization	**356**	405	**2,962**
Loss on impairment of property and equipment	**–**	220	**–**
(Decrease) increase in allowance for doubtful accounts	**(98)**	61	**(816)**
(Decrease) increase in provision for bonuses	**(159)**	159	**(1,323)**
(Decrease) increase in provision for loss on construction contracts	**(467)**	126	**(3,886)**
Decrease in retirement benefits for employees	**–**	(3,703)	**–**
(Decrease) increase in liability for retirement benefits	**(81)**	3,491	**(674)**
Interest and dividends income	**(277)**	(295)	**(2,305)**
Interest expenses	**536**	634	**4,460**
Foreign exchange gain, net	**(52)**	(46)	**(433)**
Gain on sales of property and equipment, net	**(200)**	(1,005)	**(1,664)**
Loss on valuation of membership	**1**	10	**8**
Loss on valuation of inventories	**85**	11	**707**
Decrease (increase) in notes and accounts receivable on completed construction contracts	**4,729**	(2,797)	**39,353**
Decrease in inventories	**449**	1,206	**3,736**
(Increase) decrease in other accounts receivable	**(3,578)**	1,906	**(29,774)**
Increase in notes and accounts payable on construction contracts	**2**	1,083	**17**
Increase in other accounts payable	**189**	1,590	**1,573**
(Decrease) increase in advances received on uncompleted construction contracts	**(2,313)**	11	**(19,248)**
Other, net	**(302)**	1,857	**(2,512)**
Subtotal	**1,353**	6,740	**11,259**
Interest and dividends received	**274**	291	**2,280**
Interest paid	**(567)**	(623)	**(4,718)**
Income taxes paid	**(189)**	(145)	**(1,573)**
Net cash provided by operating activities	**871**	6,263	**7,248**
Cash flows from investing activities:			
Decrease (increase) in time deposits	**837**	(837)	**6,965**
Purchases of property and equipment	**(203)**	(1,139)	**(1,689)**
Proceeds from sales of property and equipment	**1,092**	5,114	**9,087**
Purchases of intangible assets	**(66)**	(111)	**(549)**
Purchases of investments in securities	**(7)**	(17)	**(58)**
Proceeds from sales of investments in securities	**–**	30	**–**
Collection of loans receivable	**25**	30	**208**
Other, net	**173**	74	**1,439**
Net cash provided by investing activities	**¥ 1,851**	¥ 3,144	**$ 15,403**

Asanuma Corporation

Consolidated Statement of Cash Flows (continued)

Year ended March 31, 2015

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2015	2014	**2015**
Cash flows from financing activities:			
Decrease in short-term bank loans, net	**¥ (1,044)**	¥ (6,251)	**$ (8,688)**
Repayment of long-term debt	**(1,692)**	–	**(14,080)**
Cash dividends paid	**(0)**	(0)	**(0)**
Repayments of lease obligations	**–**	(0)	**–**
Other, net	**(1)**	(1)	**(8)**
Net cash used in financing activities	**(2,737)**	(6,252)	**(22,776)**
Effect of exchange rate changes on cash and cash equivalents	**52**	46	**433**
Net increase in cash and cash equivalents	**37**	3,201	**308**
Cash and cash equivalents at beginning of year	**32,106**	28,905	**267,171**
Cash and cash equivalents at end of year	**¥ 32,143**	¥ 32,106	**$ 267,479**

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Notes to Consolidated Financial Statements

March 31, 2015

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.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

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 ¥120.17 = U.S.$1.00, the exchange rate prevailing on March 31, 2015. 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, 2015 and 2014, the Company had 5 subsidiaries. The consolidated financial statements for the years ended March 31, 2015 and 2014 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, 2015 and 2014 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 retained earnings (deficit) and net income in the aggregate were not material to the consolidated financial statements.

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 income (loss). 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.

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 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.

(j) 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 benefit formula 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.

4. Summary of Significant Accounting Policies (continued)

(k) 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.

(l) 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.

(m) 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 ¥123,189 million ($1,025,123 thousand) and ¥129,136 million for the years ended March 31, 2015 and 2014, respectively.

(n) Supplementary information

Up to the year ended March 31, 2014, the Company had recorded a provision for bonuses at the estimated amount to be paid as allocated to each given year. Effective April 1, 2014, the Company changed the applicable bonus period. As a result of this change, the Company did not record a provision for bonuses at March 31, 2015.

5. Accounting Change

The Company and its domestic subsidiaries adopted the main clause of Section 35 of "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan ("ASBJ") Statement No.26 of May 17, 2012) and the main clause of Section 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25 of March 26, 2015) effective from April 1, 2014. As a result, the methods for calculating the retirement benefit obligation and service cost have been revised in the following respects: the method for attributing projected benefits to each period has been changed from the straight-line method to the benefit formula method, and the method for determining the discount rate has been changed to the use of a single weighted-average discount rate reflecting the expected timing and amount of benefit payments.

The cumulative effect of changing the methods for calculating the retirement benefit obligation and service cost was recognized by adjusting retained earnings at April 1, 2014, in accordance with the transitional treatment provided in Section 37 of Accounting Standard for Retirement Benefits.

As a result, liability for retirement benefits decreased by ¥429 million ($3,570 thousand) and retained deficit decreased by ¥429 million ($3,570 thousand) (as a result, retained deficit changed to retained earnings) at April 1, 2014. The effects on consolidated operating income and income before income taxes and minority interests for the year ended March 31, 2015 were immaterial. Further information regarding the impact on per share amounts can be found in Note 19 "Amounts per Share."

6. Loss on Impairment of Property and Equipment

Aggregate loss on impairment of property and equipment of ¥220 million was recorded for the year ended March 31, 2014.

Loss on impairment corresponding to land and buildings for the year ended March 31, 2014 is as follows:

Location	Main use	Class	*Millions of yen* 2014
Shizuoka Prefecture and other	Welfare facilities	Buildings and land	¥ 97
Hiroshima Prefecture and other	Idle properties	Buildings and land	75
Hokkaido Prefecture and other	Leasing	Buildings	48
Wakayama Prefecture and other	Investment	Land	0
			¥ 220

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

The estimated recoverable amounts of the property, plant and equipment for leasing purposes and idle properties were measured at their estimated net selling prices based on the figures presented by government authorities and others.

No loss on impairment of property, plant and equipment was recorded for the year ended March 31, 2015.

7. Investments in Securities

At March 31, 2015 and 2014, marketable securities classified as held-to-maturity debt securities were as follows:

	Millions of yen					
	2015			2014		
	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**	**¥ 16**	**¥ 1**	¥ 15	¥ 15	¥ 0
	¥ 15	**¥ 16**	**¥ 1**	¥ 15	¥ 15	¥ 0

	Thousands of U.S. dollars		
	2015		
	Carrying value	Estimated fair value	Unrealized gain
Held-to-maturity debt securities whose estimated fair value exceeds their carrying value:			
Government and municipal bonds	**$ 125**	**$ 133**	**$ 8**
	$ 125	**$ 133**	**$ 8**

7. Investments in Securities (continued)

At March 31, 2015 and 2014, marketable securities classified as other securities were as follows:

	Millions of yen					
	2015			2014		
	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	**¥ 3,581**	**¥ 7,441**	**¥ 3,860**	¥ 3,573	¥ 5,706	¥ 2,133
Other securities whose carrying value does not exceed their acquisition costs:						
Equity securities	**28**	**26**	**(2)**	28	25	(3)
	¥ 3,609	**¥ 7,467**	**¥ 3,858**	¥ 3,601	¥ 5,731	¥ 2,130

	Thousands of U.S. dollars		
	2015		
	Acquisition costs	Carrying value	Unrealized gain (loss)
Other securities whose carrying value exceeds their acquisition costs:			
Equity securities	**$ 29,799**	**$ 61,921**	**$ 32,121**
Other securities whose carrying value does not exceed their acquisition costs:			
Equity securities	**233**	**216**	**(16)**
	$ 30,032	**$ 62,137**	**$ 32,105**

Refer to Note 17 “Financial Instruments” for the redemption schedule at March 31, 2015 for held-to-maturity debt securities.

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

Short-term bank loans from banks had average interest rates of 1.91% at March 31, 2015 and 1.96% at March 31, 2014.

Long-term debt at March 31, 2015 and 2014 is summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2015	2014	**2015**
Unsecured loans from banks, payable in yen, at rates ranging from 2.59% to 3.56%	**¥ 68**	¥ 75	**$ 566**
Secured loans from insurance companies, payable in yen at rates ranging from 1.53% to 2.56%	**11,190**	12,875	**93,118**
Total	**11,258**	12,950	**93,684**
Less current portion included	**(5,046)**	(5,028)	**(41,991)**
	¥ 6,212	¥ 7,922	**$ 51,693**

The aggregate annual maturities of long-term debt subsequent to March 31, 2015 are summarized as follows:

Years ending March 31,	*Millions of yen*	*Thousands of U.S. dollars*
2016	**¥ 5,046**	**$ 41,991**
2017	**1,053**	**8,763**
2018	**1,047**	**8,713**
2019 and thereafter	**4,112**	**34,217**
	¥ 11,258	**$ 93,684**

Assets pledged at March 31, 2015 and 2014 as collateral for short-term bank loans, current portion of long-term debt and line of credit of the Company are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2015	2014	**2015**
Cash and cash deposits	**¥ 837**	¥ 837	**$ 6,965**
Buildings and structures	**1,636**	1,734	**13,614**
Land	**2,035**	2,479	**16,935**
Investments in securities	**6,522**	4,935	**54,273**
	¥ 11,030	¥ 9,985	**$ 91,787**

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, 2015 and 2014 amounted to ¥8,550 million ($71,149 thousand) and ¥10,292 million as collateral for loans of ¥7,854 million ($65,357 thousand) and ¥9,538 million, respectively.

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

Assets pledged at March 31, 2015 and 2014 as collateral for loans of affiliates engaged in the PFI business are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2015	2014	**2015**
Investments in securities	**¥ 74**	¥ 68	**$ 616**
Long-term loans receivable	**130**	130	**1,082**
	¥ 204	¥ 198	**$ 1,698**

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, 2015 and 2014 is as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2015	2014	**2015**
Lines of credit	**¥ 5,000**	¥ 5,000	**$ 41,608**
Credit utilized	**–**	–	**–**
Available credit	**¥ 5,000**	¥ 5,000	**$ 41,608**

9. 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 tax rates of approximately 35.9% and 38.3% for the years ended March 31, 2015 and 2014, respectively.

A reconciliation of the statutory tax rates and the effective tax rates for the years ended March 31, 2015 and 2014 as a percentage of income before income taxes and minority interests is summarized as follows:

	2015	2014
Statutory tax rates	**35.9 %**	38.3 %
Permanently non-tax-deductible expenses	**1.6**	5.2
Permanently non-taxable income	**(1.0)**	(0.7)
Per capita portion of inhabitants' taxes	**5.0**	7.5
Tax credit for corporation tax	**(0.7)**	(1.0)
Valuation allowance	**(50.0)**	(46.9)
Unrecognized deferred income taxes relating to excess of cost over equity in net assets of subsidiaries and other	**(0.4)**	(0.5)
Decrease in deferred tax liabilities resulting from change in the statutory tax rates	**(0.9)**	(0.0)
Other	**(0.3)**	0.5
Effective tax rates	**(10.8)%**	2.4 %

9. Income Taxes (continued)

The significant components of deferred tax assets and liabilities of the Company and its consolidated subsidiaries at March 31, 2015 and 2014 are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2015	2014	**2015**
Deferred tax assets:			
Allowance for doubtful accounts	**¥ 289**	¥ 412	**$ 2,405**
Provision for bonuses	**–**	63	**–**
Provision for compensation for completed construction	**229**	349	**1,905**
Inventories	**103**	81	**857**
Provision for loss on construction contracts	**426**	628	**3,545**
Liability for retirement benefits	**1,387**	1,966	**11,542**
Assets transferred to defined contribution pension plans	**238**	395	**1,981**
Loss on impairment of fixed assets	**651**	1,207	**5,417**
Loss on revaluation of investments in securities	**102**	112	**849**
Tax loss carryforwards	**3,389**	3,853	**28,202**
Other	**645**	732	**5,367**
Gross deferred tax assets	**7,459**	9,798	**62,070**
Less valuation allowance	**(7,459)**	(9,798)	**(62,070)**
Total deferred tax assets	**0**	0	**0**
Deferred tax liabilities:			
Unrealized holding gain on securities	**(1,166)**	(677)	**(9,703)**
Deferred capital gains on property	**(202)**	(648)	**(1,682)**
Other	**(1)**	(1)	**(8)**
Total deferred tax liabilities	**(1,369)**	(1,326)	**(11,393)**
Net deferred tax liabilities	**¥ (1,369)**	¥ (1,326)	**$ (11,393)**

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act for Partial Amendment of the Local Tax Act, etc." (Act No. 2 of 2015) were promulgated on March 31, 2015. As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 35.9 % to 33.2% and 32.5% for the temporary differences expected to be realized or settled in the year beginning April 1, 2015 and for the temporary differences expected to be realized or settled from April 1, 2016, respectively. The effect of the announced reduction of the effective statutory tax rate was to decrease deferred tax liabilities, after offsetting deferred tax assets, by ¥144 million ($1,198 thousand) and decrease income taxes-differed by ¥21 million ($175 thousand) and unrealized holding gain on securities by ¥123 million ($1,024 thousand) as of and for the year ended March 31, 2015.

10. Retirement Benefits

1. Outline of retirement benefits for employees

The Company has funded or unfunded defined benefit pension plans and defined contribution plans in order to allocate for employees' retirement benefits. In addition to these retirement benefit plans, the Company may pay additional retirement benefits when employees retire. The consolidated subsidiaries do not have any retirement pension plans.

Under the funded defined benefit plans, the Company pays lump-sum or pension payments, the amounts of which are determined by reference to their basic rates of pay and length of service. Under the unfunded lump-sum retirement benefit plans, the Company pays lump-sum payments, the amounts of which are determined by reference to their basic rates of pay and length of service.

2. Defined benefit plans

(1) The changes in retirement benefit obligation for the years ended March 31, 2015 and 2014 are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2015	2014	**2015**
Balance at the beginning of the year, as originally reported	**¥ 12,036**	¥ 12,593	**$ 100,158**
Cumulative effect of change in accounting policy	**(430)**	–	**(3,578)**
Balance at the beginning of the year, as adjusted	**11,606**	12,593	**96,580**
Service cost	**396**	373	**3,295**
Interest cost	**115**	127	**957**
Actuarial (gain) loss	**(66)**	103	**(549)**
Benefit paid	**(961)**	(1,160)	**(7,997)**
Balance at the end of the year	**¥ 11,090**	¥ 12,036	**$ 92,286**

(2) The changes in plan assets for the years ended March 31, 2015 and 2014 are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2015	2014	**2015**
Balance at the beginning of the year	**¥ 6,554**	¥ 6,727	**$ 54,539**
Expected return on plan assets	**131**	134	**1,090**
Actuarial gain	**437**	152	**3,637**
Contributions by the employer	**270**	280	**2,247**
Benefit paid	**(577)**	(739)	**(4,802)**
Balance at the end of the year	**¥ 6,815**	¥ 6,554	**$ 56,711**

10. Retirement Benefits (continued)

2. Defined benefit plans (continued)

(3) The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2015 and 2014 for the Company's and the consolidated subsidiary's defined benefit plans:

	Millions of yen		*Thousands of U.S. dollars*
	2015	2014	**2015**
Funded retirement benefit obligation	**¥ 6,923**	¥ 7,454	**$ 57,610**
Plan assets at fair value	**(6,815)**	(6,553)	**(56,711)**
	108	901	**899**
Unfunded retirement benefit obligation	**4,167**	4,581	**34,676**
Liability recognized in the consolidated balance sheet	**¥ 4,275**	¥ 5,482	**$ 35,575**

(4) The components of retirement benefit expense for the years ended March 31, 2015 and 2014 are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2015	2014	**2015**
Service cost	**¥ 396**	¥ 373	**$ 3,295**
Interest cost	**115**	127	**957**
Expected return on plan assets	**(131)**	(134)	**(1,090)**
Amortization of actuarial gain and loss	**193**	123	**1,606**
Retirement benefit expense	**¥ 573**	¥ 489	**$ 4,768**

(5) The component of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the year ended March 31, 2015 is as follows:

	Millions of yen	*Thousands of U.S. dollars*
	2015	
Actuarial gain	**¥ 696**	**$ 5,792**

10. Retirement Benefits (continued)

2. Defined benefit plans (continued)

(6) The components of retirement benefits liability adjustments included in accumulated other comprehensive income (loss) (before tax effect) as of March 31, 2015 and 2014 are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2015	2014	**2015**
Unrecognized actuarial loss	**¥ (1,296)**	¥ (1,991)	**$ (10,785)**

(7) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2015 and 2014 are as follows:

	2015	2014
Bonds	**71%**	68%
Equities	**28%**	23%
Cash and deposits	**1%**	9%
Other	**0%**	0%
Total	**100%**	100%

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 expected long-term rate of return from multiple plan assets at present and in the future.

(8) The assumptions used in accounting for the defined benefit plans are as follows:

	2015	2014
Discount rate	**1.0%**	1.0%
Expected long-term rate of return on plan assets	**2.0%**	2.0%

3. Defined contribution pension plans

	Millions of yen		*Thousands of U.S. dollars*
	2015	2014	**2015**
Contributions to defined contribution pension plans	**¥ 166**	¥ 170	**$ 1,381**

11. Asset Retirement Obligations

The Company and its domestic consolidated subsidiaries estimated the cost of restoration obligations based on property lease agreements of the head office in Osaka Prefecture. As the cost of the restoration obligations is immaterial, the information on asset retirement obligations is omitted.

Regarding certain restoration obligations, the Company estimated nonrecoverable amounts of deposits for those premises and recorded the portion attributable to the year ended March 31, 2015 as expenses, instead of recording asset retirement obligations.

12. 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.

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, 2015 and 2014 are summarized as follows:

	Number of shares			
	2015			
	April 1, 2014	Increase	Decrease	March 31, 2015
Shares of common stock in issue	**77,386,293**	**–**	**–**	**77,386,293**
Treasury stock	**1,287,575**	**4,554**	**711**	**1,291,418**

	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

12. Shareholders' Equity (continued)

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, 2015 and 2014.

13. Provision for Loss on Construction Contracts

Provision for loss on construction contracts included in cost of sales for the years ended March 31, 2015 and 2014 amounted to ¥1,282 million ($10,668 thousand) and ¥1,749 million, respectively.

14. Research and Development Costs

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2015 and 2014 amounted to ¥154 million ($1,282 thousand) and ¥129 million, respectively.

15. 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, 2015 and 2014:

	Millions of yen		*Thousands of U.S. dollars*
	2015	2014	**2015**
Net unrealized holding gain on investments in securities:			
Amount arising during the year	**¥ 1,728**	¥ 6	**$ 14,380**
Before tax effect	**1,728**	6	**14,380**
Tax effect	**(490)**	22	**(4,078)**
Net unrealized holding gain on investments in securities, net	**1,238**	28	**10,302**
Retirement benefits liability adjustments:			
Amount arising during the year	**497**	–	**4,136**
Reclassification adjustments for loss realized in the statement of income	**199**	–	**1,656**
Retirement benefits liability adjustments, net	**696**	–	**5,792**
Total other comprehensive income	**¥ 1,934**	¥ 28	**$ 16,094**

16. Leases

Future minimum lease payments subsequent to March 31, 2015 for finance leases accounted for as operating leases are summarized as follows:

Years ending March 31,	*Millions of yen*	*Thousands of U.S. dollars*
2016	**¥ 251**	**$ 2,089**
2017 and thereafter	**923**	**7,681**
	¥ 1,174	**$ 9,770**

17. 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.

Other accounts receivable mainly consist of consumption tax receivable and they 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.

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.

17. Financial Instruments (continued)

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

In addition, the Company follows internal policies which include procedures and authorization processes governing derivatives within the actual demand.

(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.

The carrying value, estimated fair value and resulting differences as of March 31, 2015 and 2014 are as follows. Financial instruments for which fair value is deemed extremely difficult to determine are not included.

	Millions of yen		
	2015		
	Carrying value	Estimated fair value	Difference
Cash and cash deposits	**¥ 32,143**	**¥ 32,143**	**¥ –**
Notes and accounts receivable on completed construction contracts	**45,771**	**46,262**	**491**
Other accounts receivable	**5,438**	**5,438**	**–**
Investments in securities	**7,482**	**7,483**	**1**
Total assets	**¥ 90,834**	**¥ 91,326**	**¥ 492**
Short-term bank loans and current portion of long-term debt	**¥ 20,147**	**¥ 20,147**	**¥ –**
Notes and accounts payable on construction contracts	**29,682**	**29,682**	**–**
Other accounts payable	**10,329**	**10,358**	**–**
Long-term debt	**6,212**	**6,558**	**346**
Total liabilities	**¥ 66,370**	**¥ 66,745**	**¥ 346**

17. Financial Instruments (continued)

	Millions of yen		
	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	5,746	5,746	0
Total assets	¥ 89,188	¥ 89,698	¥ 510
Short-term bank loans and current portion of long-term debt	¥ 21,174	¥ 21,174	¥ –
Notes and accounts payable on construction contracts	29,679	29,679	–
Other accounts payable	10,096	10,096	–
Long-term debt	7,922	8,204	282
Total liabilities	¥ 68,871	¥ 69,153	¥ 282

	Thousands of U.S. dollars		
	2015		
	Carrying value	Estimated fair value	Difference
Cash and cash deposits	**$ 267,479**	**$ 267,479**	**$ –**
Notes and accounts receivable on completed construction contracts	**380,885**	**384,971**	**4,086**
Other accounts receivable	**45,253**	**45,253**	**–**
Investments in securities	**62,262**	**62,270**	**8**
Total assets	**$ 755,879**	**$ 759,973**	**$ 4,094**
Short-term bank loans and current portion of long-term debt	**$ 167,655**	**$ 167,655**	**$ –**
Notes and accounts payable on construction contracts	**247,000**	**247,000**	**–**
Other accounts payable	**85,953**	**86,195**	**–**
Long-term debt	**51,693**	**54,572**	**2,879**
Total liabilities	**$ 552,301**	**$ 555,422**	**$ 2,879**

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

Cash and cash deposits, other accounts receivable

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

17. Financial Instruments (continued)

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.

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 18 “Derivatives” for fair value information at March 31, 2015 and 2014 of derivative transactions.

Financial instruments for which it is extremely difficult to determine the fair value:

Unlisted equity securities of ¥878 million ($7,306 thousand) and ¥873 million included “Investment in an unconsolidated subsidiary and affiliates” in the consolidated balance sheets at March 31, 2015 and 2014, 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.

17. Financial Instruments (continued)

The redemption schedule for cash deposits, receivables and marketable securities with maturity dates at March 31, 2015 is summarized as follows:

	Millions of yen		
	Within 1 year	Over 1 year within 5 years	Over 5 years
Cash deposits	**¥ 32,139**	**¥ –**	**¥ –**
Notes and accounts receivable on completed construction contracts	**39,547**	**3,486**	**2,738**
Other accounts receivable	**5,438**	**–**	**–**
Investments in securities:			
Held-to-maturity debt securities	**–**	**–**	**15**
Total assets	**¥ 77,124**	**¥ 3,486**	**¥ 2,753**

	Thousands of U.S. dollars		
	Within 1 year	Over 1 year within 5 years	Over 5 years
Cash deposits	**$ 267,446**	**$ –**	**$ –**
Notes and accounts receivable on completed construction contracts	**329,092**	**29,009**	**22,784**
Other accounts receivable	**45,253**	**–**	**–**
Investments in securities:			
Held-to-maturity debt securities	**–**	**–**	**125**
Total assets	**$ 641,791**	**$ 29,009**	**$ 22,909**

The redemption schedule for short term bank loans, current portion of long-term debt and long-term debt at March 31, 2015.

	Millions of yen					
	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 and current portion of long- term debt	**¥ 20,147**	**¥ –**	**¥ –**	**¥ –**	**¥ –**	**¥ –**
Long-term debt	**–**	**1,053**	**1,047**	**1,087**	**271**	**2,754**
Total	**¥ 20,147**	**¥ 1,053**	**¥ 1,047**	**¥ 1,087**	**¥ 271**	**¥ 2,754**

	Thousands of U.S. dollars					
	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 and current portion of long- term debt	**$ 167,655**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**
Long-term debt	**–**	**8,763**	**8,713**	**9,046**	**2,255**	**22,916**
Total	**$ 167,655**	**$ 8,763**	**$ 8,713**	**$ 9,046**	**$ 2,255**	**$ 22,916**

18. Derivatives

Derivative transactions to which hedge accounting is applied

Interest-rate related transactions

			Millions of yen		
			2015		
Method of hedge accounting	Transaction	Hedged item	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	Long-term debt	**¥ 2,957**	**¥ 2,218**	**(*)**
	Total		**¥ 2,957**	**¥ 2,218**	**(*)**

			Millions of yen		
			2014		
Method of hedge accounting	Transaction	Hedged item	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	Long-term debt	¥ 3,696	¥ 2,957	(*)
	Total		¥ 3,696	¥ 2,957	(*)

			Thousands of U.S. dollars		
			2015		
Method of hedge accounting	Transaction	Hedged item	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	Long-term debt	**$ 24,607**	**$ 18,457**	**(*)**
	Total		**$ 24,607**	**$ 18,457**	**(*)**

*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.

19. Amounts per Share

Amounts per share at March 31, 2015 and 2014 and for the years then ended were as follows:

	Yen		*U.S. dollars*
	2015	2014	**2015**
Net assets	**¥ 178.13**	¥ 110.36	**$ 1.48**
Net income	**36.71**	23.13	**0.31**
Cash dividends	**2.00**	–	**0.02**

Information used in the computation of net income per share for the years ended March 31, 2015 and 2014 is presented as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2015	2014	**2015**
Net income	**¥ 2,793**	¥ 1,761	**$ 23,242**
Net income not applicable to common shareholders	–	–	–
Net income used in the calculation of net income per share	**¥ 2,793**	¥ 1,761	**$ 23,242**

	Thousands of shares	
	2015	2014
Weighted-average number of shares of common stock used in the calculation of net income per share	**76,097**	76,103

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

Net income 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, 2015 and 2014 since neither the Company nor any of the consolidated subsidiaries had any potentially dilutive shares at March 31, 2015 and 2014.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

As described in Note 5 “Accounting change”, the Company and its domestic subsidiaries adopted ASBJ Statement No.26 and ASBJ Guidance No.25 effective from April, 2014. As a result, net assets per share at March 31, 2015 increased by ¥5.64 ($0.05).

20. 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.

(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 of reporting segments are calculated on the basis of operating income. Intersegment sales are recorded based on current market prices.

	Millions of yen						
	2015						
	Reporting Segments						
	Building Construction	Civil Engineering	Total	Others	Sub total	Adjustments	Total
Net sales and income:							
Sales to third parties	**¥ 103,638**	**¥ 21,843**	**¥ 125,481**	**¥ 1,356**	**¥ 126,837**	**¥ –**	**¥126,837**
Intersegment sales	**–**	**–**	**–**	**7**	**7**	**(7)**	**–**
Net sales	**103,638**	**21,843**	**125,481**	**1,363**	**126,844**	**(7)**	**126,837**
Segment income	**¥ 5,567**	**¥ 2,161**	**¥ 7,728**	**¥ 96**	**¥ 7,824**	**¥ (5,216)**	**¥ 2,608**

	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

20. Segment Information (continued)

a. Segment Information (continued)

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

	Thousands of U.S. dollars						
	2015						
	Reporting Segments						
	Building Construction	Civil Engineering	Total	Others	Sub total	Adjustments	Total
Net sales and income:							
Sales to third parties	**$ 862,428**	**$ 181,768**	**$1,044,196**	**$ 11,284**	**$ 1,055,480**	**$ –**	**$ 1,055,480**
Intersegment sales	**–**	**–**	**–**	**58**	**58**	**(58)**	**–**
Net sales	**$ 862,428**	**$ 181,768**	**$1,044,196**	**$ 11,342**	**$ 1,055,537**	**$ (58)**	**$ 1,055,480**
Segment income	**$ 46,326**	**$ 17,983**	**$ 64,309**	**$ 798**	**$ 65,107**	**$ (43,405)**	**$ 21,702**

b. Related information

(1) Information by products and services

Disclosure of information by products and services for the years ended March 31, 2015 and 2014 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, 2015 and 2014 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, 2015 and 2014 has been omitted as sales to each customer were less than 10% of consolidated net sales.

20. Segment Information (continued)

c. Loss on impairment of property and equipment by reporting segment

	Millions of yen					
	2014					
	Reporting Segments					
	Building Construction	Civil Engineering	Total	Other	Elimination and corporate	Total
Loss on impairment of property and equipment	¥ –	¥ –	¥ –	¥ 32	¥ 188	¥ 220

21. Subsequent Event

Appropriation of retained earnings

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2015, was approved at the annual general meeting of the shareholders of the Company held on June 26, 2015.

	Millions of yen	*Thousands of U.S. dollars*
Cash dividends of ¥2.00 ($0.02) per share	**¥ 152**	**$ 1,265**