Consolidated Financial Statements

Asanuma Corporation

Year ended March 31, 2017
with Independent Auditor's Report

Asanuma Corporation

Consolidated Financial Statements

Year ended March 31, 2017

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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, 2017, 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, 2017, 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, 2017
Osaka, Japan

Asanuma Corporation

Consolidated Balance Sheet

March 31, 2017

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2017	2016	**2017**
Assets			
Current assets:			
Cash and cash deposits *(Notes 6, 10 and 20)*	**¥ 39,720**	¥ 32,158	**$ 354,042**
Receivables:			
Notes receivable *(Note 20)*	**1,993**	10,026	**17,765**
Accounts receivable on completed construction contracts *(Note 20)*	**40,568**	38,445	**361,601**
Other accounts receivable	**2,260**	2,563	**20,144**
Allowance for doubtful accounts	**(59)**	(210)	**(526)**
	44,762	50,824	**398,984**
Inventories:			
Cost of uncompleted construction contracts	**2,609**	6,670	**23,255**
Real estate held for sale	**85**	152	**758**
Raw materials and supplies	**42**	43	**374**
	2,736	6,865	**24,387**
Deferred income taxes *(Note 11)*	**1,748**	957	**15,581**
Other current assets	**446**	400	**3,976**
Total current assets	**89,412**	91,204	**796,970**
Property and equipment, at cost:			
Land *(Notes 7 and 10)*	**1,831**	2,418	**16,321**
Buildings and structures *(Note 10)*	**5,879**	6,235	**52,402**
Machinery, equipment and vehicles	**361**	338	**3,218**
Tools, furniture and fixtures	**1,047**	1,031	**9,332**
Lease assets	**4**	–	**36**
Less accumulated depreciation	**(4,684)**	(4,867)	**(41,751)**
Construction in progress	**277**	1	**2,469**
Property and equipment, net	**4,715**	5,156	**42,027**
Investments and other assets:			
Investments in securities *(Notes 9, 10 and 20)*	**8,519**	8,255	**75,934**
Investments in an unconsolidated subsidiary and affiliates *(Note 20)*	**116**	105	**1,034**
Long-term loans receivable *(Note 10)*	**129**	136	**1,150**
Intangible assets	**397**	397	**3,539**
Deferred income taxes *(Note 11)*	**343**	–	**3,057**
Other assets	**1,435**	1,474	**12,790**
Allowance for doubtful accounts	**(670)**	(663)	**(5,972)**
Total investments and other assets	**10,269**	9,704	**91,532**
Total assets	**¥ 104,396**	¥ 106,064	**$ 930,529**

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2017	2016	**2017**
Liabilities			
Current liabilities:			
Short-term bank loans *(Notes 10 and 20)*	**¥ 7,668**	¥ 15,668	**$ 68,348**
Current portion of long-term debt *(Notes 10 and 20)*	**1,049**	1,053	**9,350**
Payables:			
Notes payable *(Note 20)*	**5,802**	5,275	**51,716**
Accounts payable on construction contracts *(Note 20)*	**26,083**	25,734	**232,490**
Other accounts payable *(Note 20)*	**8,805**	7,176	**78,483**
	40,690	38,185	**362,689**
Advances received on uncompleted construction contracts	**7,594**	8,130	**67,689**
Deposits received	**840**	3,339	**7,487**
Income taxes payable *(Note 11)*	**521**	547	**4,644**
Provision for compensation for completed construction	**450**	680	**4,011**
Provision for loss on construction contracts *(Note 15)*	**254**	405	**2,264**
Other current liabilities	**4,548**	5,329	**40,538**
Total current liabilities	**63,614**	73,336	**567,020**
Long-term liabilities:			
Long-term debt *(Notes 10 and 20)*	**6,124**	7,171	**54,586**
Liability for retirement benefits *(Note 12)*	**4,376**	4,269	**39,005**
Deferred income taxes *(Note 11)*	**16**	945	**143**
Other long-term liabilities	**195**	418	**1,738**
Total long-term liabilities	**10,711**	12,803	**95,472**
Total liabilities	**74,325**	86,139	**662,492**
Contingent liabilities *(Note 8)*			
Net assets			
Shareholders' equity *(Note 14)*:			
Common stock:			
Authorized – 293,565,000 shares			
Issued – 85,086,293 shares in 2017 and 77,386,293 shares in 2016	**9,615**	8,419	**85,703**
Capital surplus	**2,166**	970	**19,307**
Retained earnings	**16,394**	9,479	**146,127**
Less treasury stock, at cost	**(142)**	(140)	**(1,266)**
Total shareholders' equity	**28,033**	18,728	**249,871**
Accumulated other comprehensive income:			
Net unrealized holding gain on investments in securities	**2,714**	2,517	**24,191**
Retirement benefits liability adjustments *(Note 12)*	**(784)**	(1,435)	**(6,988)**
Total accumulated other comprehensive income	**1,930**	1,082	**17,203**
Non-controlling interests	**108**	115	**963**
Total net assets *(Note 22)*	**30,071**	19,925	**268,037**
Total liabilities and net assets	**¥ 104,396**	¥ 106,064	**$ 930,529**

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Consolidated Statement of Income

Year ended March 31, 2017

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2017	2016	**2017**
Net sales *(Note 23)*:			
Construction contracts	**¥ 131,619**	¥ 145,663	**$ 1,173,179**
Other	**1,081**	1,319	**9,636**
	132,700	146,982	**1,182,815**
Cost of sales *(Notes 15 and 16)*:			
Construction contracts	**118,504**	133,517	**1,056,279**
Other	**848**	1,058	**7,559**
	119,352	134,575	**1,063,838**
Gross profit:			
Construction contracts	**13,115**	12,146	**116,900**
Other	**233**	261	**2,077**
	13,348	12,407	**118,977**
Selling, general and administrative expenses *(Note 17)*	**6,683**	5,953	**59,569**
Operating income *(Note 23)*	**6,665**	6,454	**59,408**
Other income (expenses):			
Interest and dividends income	**228**	270	**2,032**
Foreign exchange loss, net	**(46)**	(41)	**(410)**
Interest expenses	**(338)**	(460)	**(3,013)**
Guarantee fees	**(44)**	(51)	**(392)**
Gain (loss) on sales of property and equipment, net	**31**	(11)	**276**
Impairment loss *(Note 7)*	**(8)**	–	**(71)**
Other, net	**(80)**	(12)	**(713)**
Profit before income taxes	**6,408**	6,149	**57,117**
Income taxes *(Note 11)*:			
Current	**880**	622	**7,844**
Deferred	**(1,778)**	(1,219)	**(15,849)**
	(898)	(597)	**(8,005)**
Profit	**7,306**	6,746	**65,122**
Profit attributable to:			
Non-controlling interests	**11**	17	**98**
Owners of parent *(Note 22)*	**¥ 7,295**	¥ 6,729	**$ 65,024**

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Consolidated Statement of Comprehensive Income

Year ended March 31, 2017

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2017	2016	**2017**
Profit	**¥ 7,306**	¥ 6,746	**$ 65,122**
Other comprehensive income (loss) *(Note 18)*:			
Net unrealized holding gain (loss) on investments in securities	**197**	(179)	**1,756**
Retirement benefits liability adjustments	**651**	(139)	**5,803**
Total other comprehensive income (loss)	**848**	(318)	**7,559**
Comprehensive income	**¥ 8,154**	¥ 6,428	**$ 72,681**
Comprehensive income attributable to:			
Owners of parent	**¥ 8,143**	¥ 6,411	**$ 72,583**
Non-controlling interests	**11**	17	**98**

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2017

	Millions of yen				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2015	¥ 8,419	¥ 970	¥ 2,903	¥ (137)	¥ 12,155
Profit attributable to owners of parent	–	–	6,729	–	6,729
Cash dividends	–	–	(153)	–	(153)
Purchases of treasury stock	–	–	–	(3)	(3)
Net change in items other than shareholders' equity	–	–	–	–	–
Balance at April 1, 2016	**8,419**	**970**	**9,479**	**(140)**	**18,728**
Issuance of new shares	**1,196**	**1,196**	**–**	**–**	**2,392**
Profit attributable to owners of parent	**–**	**–**	**7,295**	**–**	**7,295**
Cash dividends	**–**	**–**	**(380)**	**–**	**(380)**
Purchases of treasury stock	**–**	**–**	**–**	**(2)**	**(2)**
Sales of treasury stock	**–**	**0**	**–**	**0**	**0**
Net change in items other than shareholders' equity	**–**	**–**	**–**	**–**	**–**
Balance at March 31, 2017	**¥ 9,615**	**¥ 2,166**	**¥ 16,394**	**¥ (142)**	**¥ 28,033**

	Millions of yen				
	Net unrealized holding gain on investments in securities	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2015	¥ 2,696	¥ (1,296)	¥ 1,400	¥ 96	¥ 13,651
Profit attributable to owners of parent	–	–	–	–	6,729
Cash dividends	–	–	–	–	(153)
Purchases of treasury stock	–	–	–	–	(3)
Net change in items other than shareholders' equity	(179)	(139)	(318)	19	(299)
Balance at April 1, 2016	**2,517**	**(1,435)**	**1,082**	**115**	**19,925**
Issuance of new shares	**–**	**–**	**–**	**–**	**2,392**
Profit attributable to owners of parent	**–**	**–**	**–**	**–**	**7,295**
Cash dividends	**–**	**–**	**–**	**–**	**(380)**
Purchases of treasury stock	**–**	**–**	**–**	**–**	**(2)**
Sales of treasury stock	**–**	**–**	**–**	**–**	**0**
Net change in items other than shareholders' equity	**197**	**651**	**848**	**(7)**	**841**
Balance at March 31, 2017	**¥ 2,714**	**¥ (784)**	**¥ 1,930**	**¥ 108**	**¥ 30,071**

Asanuma Corporation

Consolidated Statement of Changes in Net Assets (Continued)

Year ended March 31, 2017

	Thousands of U.S. dollars (Note 2)				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2016	**$ 75,042**	**$ 8,646**	**$ 84,491**	**$ (1,248)**	**$ 166,931**
Issuance of new shares	**10,661**	**10,661**	**–**	**–**	**21,322**
Profit attributable to owners of parent	**–**	**–**	**65,024**	**–**	**65,024**
Cash dividends	**–**	**–**	**(3,388)**	**–**	**(3,388)**
Purchases of treasury stock	**–**	**–**	**–**	**(18)**	**(18)**
Sales of treasury stock	**–**	**0**	**–**	**0**	**0**
Net change in items other than shareholders' equity	**–**	**–**	**–**	**–**	**–**
Balance at March 31, 2017	**$ 85,703**	**$19,307**	**$146,127**	**$ (1,266)**	**$ 249,871**

	Thousands of U.S. dollars (Note 2)				
	Net unrealized holding gain on investments in securities	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2016	**$ 22,435**	**$ (12,791)**	**$ 9,644**	**$ 1,025**	**$ 177,600**
Issuance of new shares	**–**	**–**	**–**	**–**	**21,322**
Profit attributable to owners of parent	**–**	**–**	**–**	**–**	**65,024**
Cash dividends	**–**	**–**	**–**	**–**	**(3,388)**
Purchases of treasury stock	**–**	**–**	**–**	**–**	**(18)**
Sales of treasury stock	**–**	**–**			**0**
Net change in items other than shareholders' equity	**1,756**	**5,803**	**7,559**	**(62)**	**7,497**
Balance at March 31, 2017	**$ 24,191**	**$ (6,988)**	**$ 17,203**	**$ 963**	**$ 268,037**

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Consolidated Statement of Cash Flows

Year ended March 31, 2017

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2017	2016	**2017**
Cash flows from operating activities:			
Profit before income taxes	**¥ 6,408**	¥ 6,149	**$ 57,117**
Adjustments for:			
Depreciation and amortization	**380**	333	**3,387**
Impairment loss	**8**	–	**71**
Decrease in allowance for doubtful accounts	**(144)**	(19)	**(1,284)**
Decrease in provision for loss on construction contracts	**(151)**	(878)	**(1,346)**
Increase (decrease) in liability for retirement benefits	**415**	(146)	**3,699**
Interest and dividends income	**(228)**	(270)	**(2,032)**
Interest expenses	**338**	460	**3,013**
Foreign exchange loss, net	**46**	41	**410**
(Gain) loss on sales of property and equipment, net	**(31)**	11	**(276)**
Loss on valuation of membership	**1**	9	**9**
Loss on valuation of inventories	**60**	11	**535**
Decrease (increase) in notes receivable and accounts receivable on completed construction contracts	**5,910**	(2,700)	**52,678**
Decrease (increase) in inventories	**4,068**	(1,107)	**36,260**
Decrease in other accounts receivable	**303**	2,857	**2,701**
Increase in notes payable and accounts payable on construction contracts	**877**	1,327	**7,818**
Increase (decrease) in other accounts payable	**1,313**	(3,130)	**11,704**
Decrease in advances received on uncompleted construction contracts	**(536)**	(475)	**(4,778)**
Other, net	**(3,737)**	1,181	**(33,310)**
Subtotal	**15,300**	3,654	**136,376**
Interest and dividends received	**225**	267	**2,005**
Interest paid	**(343)**	(452)	**(3,057)**
Income taxes paid	**(951)**	(142)	**(8,477)**
Net cash provided by operating activities	**14,231**	3,327	**126,847**
Cash flows from investing activities:			
Decrease (increase) in time deposits	**150**	(150)	**1,337**
Purchases of property and equipment	**(221)**	(256)	**(1,970)**
Proceeds from sales of property and equipment	**697**	15	**6,213**
Purchases of intangible assets	**(109)**	(115)	**(972)**
Purchases of investments in securities	**(9)**	(332)	**(80)**
Proceeds from sales and redemption of investments in securities	**–**	0	**–**
Collection of loans receivable	**10**	117	**89**
Payments for guarantee deposits	**(20)**	(275)	**(178)**
Proceeds from collection of guarantee deposits	**14**	183	**125**
Other, net	**35**	11	**312**
Net cash provided by (used in) investing activities	**¥ 547**	¥ (802)	**$ 4,876**

Asanuma Corporation

Consolidated Statement of Cash Flows (continued)

Year ended March 31, 2017

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2017	2016	**2017**
Cash flows from financing activities:			
Decrease in short-term bank loans, net	**¥ (8,000)**	¥ (2,769)	**$ (71,308)**
Proceeds from long-term debt	–	2,012	–
Repayment of long-term debt	**(1,051)**	(1,710)	**(9,368)**
Proceeds from issuance of common stock	**2,391**	–	**21,312**
Cash dividends paid	**(340)**	(152)	**(3,030)**
Cash dividends paid to non-controlling interests	**(24)**	–	**(214)**
Other, net	**4**	(1)	**36**
Net cash used in financing activities	**(7,020)**	(2,620)	**(62,572)**
Effect of exchange rate changes on cash and cash equivalents	**(46)**	(40)	**(411)**
Net increase (decrease) in cash and cash equivalents	**7,712**	(135)	**68,740**
Cash and cash equivalents at beginning of year	**32,008**	32,143	**285,302**
Cash and cash equivalents at end of year *(Note 6)*	**¥ 39,720**	¥ 32,008	**$ 354,042**

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Notes to Consolidated Financial Statements

March 31, 2017

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 ¥112.19 = U.S.$1.00, the exchange rate prevailing on March 31, 2017. 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, 2017 and 2016, the Company had 6 subsidiaries, respectively. The consolidated financial statements for the years ended March 31, 2017 and 2016 include the accounts of the Company and its 5 subsidiaries, respectively.

The Company applied the equity method to its investments in 3 affiliates, at March 31, 2017 and 2016 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 total assets, net sales, profit or loss and retained earnings 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 and equipment (Other than leased assets)

Property 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 facilities attached to the buildings) acquired on or after April 1, 1998 and facilities attached to buildings and other non-building structures acquired on or after April 1, 2016.

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. The retirement benefit obligation for employees is attributed to each period by the benefit formula method.

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.

Prior service cost is charged to income when incurred.

4. Summary of Significant Accounting Policies (continued)

(k) Income taxes

Deferred tax assets and liabilities have been recognized in the consolidated financial statements with respect to the differences between the financial reporting and tax bases of the assets and liabilities, and were measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(l) Hedge accounting

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 (the "special treatment").

(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 ¥129,426 million ($1,153,632 thousand) and ¥143,677 million for the years ended March 31, 2017 and 2016, respectively.

(n) Supplementary information

Effective April 1, 2016, the Company and its domestic consolidated subsidiaries adopted the "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (Accounting Standards Board of Japan (ASBJ) Guidance No.26, March 28, 2016).

5. Accounting Change

Effective April 1, 2016, the Company and its domestic subsidiaries adopted “Practical Solution on a change in depreciation method due to Tax Reform 2016” (ASBJ Practical Issues Task Force (PITF) No.32, June 17, 2016) as a result of revisions to the Corporation Tax Act of Japan. Accordingly, the depreciation method for both facilities attached to buildings and other non-building structures acquired on or after April 1, 2016 was changed from the declining-balance method to the straight-line method.

The impact of this change on the consolidated financial statements as of and for the year ended March 31, 2017 was immaterial.

6. Cash and Cash Equivalents

A reconciliation of cash and deposits in the accompanying consolidated balance sheets at March 31, 2017 and 2016 and cash and cash equivalents in the accompanying consolidated statements of cash flows for the years then ended is as follows:

	Millions of yen		*Thousands of U.S. dollars*
	At March 31,		
	2017	2016	**2017**
Cash and cash deposits	**¥ 39,720**	¥ 32,158	**$ 354,042**
Time deposits with a maturity of more than three months after the purchase date	**–**	(150)	**–**
Cash and cash equivalents	**¥ 39,720**	¥ 32,008	**$ 354,042**

7. Loss on Impairment of Property and Equipment

Loss on impairment of property and equipment for the year ended March 31, 2017 is as follows:

Location	Main use	Class	*Millions of yen*	*Thousands of U.S. dollars*
Ishikawa Prefecture	Business assets	Land	**¥ 8**	**$ 71**

The Company and its consolidated subsidiaries, in principle, group their property and equipment for business use at each office but group property and equipment for leasing purposes and idle assets individually and group property and equipment of its consolidated subsidiaries at each company.

As the Company decided to sell the above outlined assets that have been grouped as business assets, the carrying values of these assets were reduced to the recoverable amounts.

The recoverable amounts were measured at net selling value based on estimated sales value.

No loss on impairment of property and equipment was recorded for the year ended March 31, 2016.

8. Contingent Liabilities

The contingent liabilities of the Company at March 31, 2017 and 2016 are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	At March 31,		
	2017	2016	**2017**
Down payment guarantee for condominium-purchaser	**¥ 101**	¥ –	**$ 900**

9. Investments in Securities

At March 31, 2017 and 2016, marketable securities classified as held-to-maturity debt securities were as follows:

	Millions of yen					
	2017			2016		
	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	¥ 16	¥ 1
	¥15	**¥ 16**	**¥1**	¥15	¥ 16	¥ 1

	Thousands of U.S. dollars		
	2017		
	Carrying value	Estimated fair value	Unrealized gain
Held-to-maturity debt securities whose estimated fair value exceeds their carrying value:			
Government and municipal bonds	**$ 134**	**$ 143**	**$ 9**
	$ 134	**$ 143**	**$ 9**

9. Investments in Securities (continued)

At March 31, 2017 and 2016, marketable securities classified as other securities were as follows:

	Millions of yen					
	2017			2016		
	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	**¥ 3,932**	**¥ 7,706**	**¥ 3,774**	¥3,595	¥7,160	¥3,565
Other securities whose carrying value does not exceed their acquisition costs:						
Equity securities	**17**	**16**	**(1)**	346	298	(48)
	¥ 3,949	**¥ 7,722**	**¥ 3,773**	¥3,941	¥7,458	¥3,517

	Thousands of U.S. dollars		
	2017		
	Acquisition costs	Carrying value	Unrealized gain (loss)
Other securities whose carrying value exceeds their acquisition costs:			
Equity securities	**$ 35,048**	**$ 68,687**	**$ 33,639**
Other securities whose carrying value does not exceed their acquisition costs:			
Equity securities	**151**	**142**	**(9)**
	$ 35,199	**$ 68,829**	**$ 33,630**

Refer to Note 20 “Financial Instruments” for the redemption schedule at March 31, 2017 for held-to-maturity debt securities.

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

Short-term bank loans had average interest rates of 1.71% at March 31, 2017 and 1.84% at March 31, 2016.

Long-term debt at March 31, 2017 and 2016 is summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2017	2016	**2017**
Unsecured loans from banks, payable in yen, at rates ranging from 2.35% to 2.70%	**¥ 56**	¥ 60	**$ 499**
Secured loans from insurance companies, payable in yen at rates ranging from 1.53% to 2.50%	**7,117**	8,164	**63,437**
Total	**7,173**	8,224	**63,936**
Less current portion included	**(1,049)**	(1,053)	**(9,350)**
	¥ 6,124	¥ 7,171	**$ 54,586**

The aggregate annual maturities of long-term debt subsequent to March 31, 2017 are summarized as follows:

Years ending March 31,	*Millions of yen*	*Thousands of U.S. dollars*
2018	**¥ 1,049**	**$ 9,350**
2019	**3,099**	**27,623**
2020	**271**	**2,415**
2021	**282**	**2,514**
2022 and thereafter	**2,472**	**22,034**
	¥ 7,173	**$ 63,936**

Assets pledged at March 31, 2017 and 2016 as collateral for long-term debt and lines of credit of the Company are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2017	2016	**2017**
Cash and cash deposits	**¥ 230**	¥ –	**$ 2,050**
Buildings and structures	**1,501**	1,571	**13,379**
Land	**1,457**	2,035	**12,987**
Investments in securities	**6,472**	6,381	**57,688**
	¥ 9,660	¥ 9,987	**$ 86,104**

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, 2017 and 2016 amounted to ¥5,657 million ($50,423 thousand) and ¥6,720 million as collateral for loans of ¥5,106 million ($45,512 thousand) and ¥6,152 million, respectively.

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

Assets of the Company pledged at March 31, 2017 and 2016 as collateral for loans of affiliates engaged in the PFI business are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2017	2016	**2017**
Investments in securities	**¥ 93**	¥ 82	**$ 829**
Long-term loans receivable	**121**	128	**1,078**
	¥ 214	¥ 210	**$ 1,907**

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, 2017 and 2016 is as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2017	2016	**2017**
Lines of credit	**¥ 10,000**	¥ 5,000	**$ 89,135**
Credit utilized	**–**	–	**–**
Available credit	**¥ 10,000**	¥ 5,000	**$ 89,135**

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 tax rates of approximately 30.7% and 33.2% for the years ended March 31, 2017 and 2016, respectively.

A reconciliation of the statutory tax rates and the effective tax rates for the years ended March 31, 2017 and 2016 as a percentage of profit before income taxes is summarized as follows:

	2017	2016
Statutory tax rates	**30.7 %**	33.2 %
Permanently non-tax-deductible expenses	**1.1**	1.1
Permanently non-taxable income	**(0.3)**	(0.3)
Per capita portion of inhabitants' taxes	**1.9**	2.0
Tax credit for corporation tax	**(1.8)**	(0.9)
Valuation allowance	**(46.0)**	(46.1)
Effect of changes in statutory tax rates	**–**	1.4
Other	**0.4**	(0.1)
Effective tax rates	**(14.0)%**	(9.7) %

11. Income Taxes (continued)

The significant components of deferred tax assets and liabilities of the Company and its consolidated subsidiaries at March 31, 2017 and 2016 are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2017	2016	**2017**
Deferred tax assets:			
Allowance for doubtful accounts	**¥ 222**	¥ 268	**$ 1,979**
Provision for compensation for completed construction	**138**	208	**1,230**
Inventories	**106**	94	**945**
Provision for loss on construction contracts	**78**	124	**695**
Liability for retirement benefits	**1,331**	1,309	**11,864**
Assets transferred to defined contribution pension plans	**64**	135	**570**
Loss on impairment of fixed assets	**460**	601	**4,100**
Loss on revaluation of investments in securities	**95**	96	**847**
Tax loss carryforwards	**1,020**	2,251	**9,092**
Other	**760**	466	**6,774**
Gross deferred tax assets	**4,274**	5,552	**38,096**
Less valuation allowance	**(956)**	(4,350)	**(8,522)**
Total deferred tax assets	**3,318**	1,202	**29,574**
Deferred tax liabilities:			
Unrealized holding gain on investments in securities	**(1,063)**	(1,005)	**(9,475)**
Deferred capital gains on property	**(181)**	(185)	**(1,613)**
Total deferred tax liabilities	**(1,244)**	(1,190)	**(11,088)**
Net deferred tax assets	**¥ 2,074**	¥ 12	**$ 18,486**

12. 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. All employees of Asanuma Tatemono K.K., a consolidated subsidiary of the Company, have been loaned from the Company and the retirement benefit plan of Asanuma Tatemono K.K. is included in those of the Company. The other consolidated subsidiaries do not have any retirement pension plans.

Under the defined benefit plans, the Company pays lump-sum or pension payments, the amounts of which are determined by reference to employees' ranks and length of service.

12. Retirement Benefits (continued)

2. Defined benefit plans

(1) The changes in retirement benefit obligation for the years ended March 31, 2017 and 2016 are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2017	2016	**2017**
Balance at the beginning of the year	**¥ 10,707**	¥ 11,090	**$ 95,437**
Service cost	**390**	388	**3,476**
Interest cost	**107**	110	**954**
Actuarial loss (gain)	**8**	(59)	**71**
Benefit paid	**(520)**	(822)	**(4,635)**
Balance at the end of the year	**¥ 10,692**	¥ 10,707	**$ 95,303**

(2) The changes in plan assets for the years ended March 31, 2017 and 2016 are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2017	2016	**2017**
Balance at the beginning of the year	**¥ 6,438**	¥ 6,815	**$ 57,385**
Expected return on plan assets	**129**	136	**1,150**
Actuarial loss	**(145)**	(245)	**(1,292)**
Contributions by the employer	**269**	266	**2,397**
Benefit paid	**(375)**	(534)	**(3,342)**
Balance at the end of the year	**¥ 6,316**	¥ 6,438	**$ 56,298**

(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, 2017 and 2016 for the Company's and the consolidated subsidiary's defined benefit plans:

	Millions of yen		*Thousands of U.S. dollars*
	2017	2016	**2017**
Funded retirement benefit obligation	**¥ 6,462**	¥ 6,556	**$ 57,599**
Plan assets at fair value	**(6,316)**	(6,438)	**(56,298)**
	146	118	**1,301**
Unfunded retirement benefit obligation	**4,230**	4,151	**37,704**
Liability recognized in the consolidated balance sheet	**¥ 4,376**	¥ 4,269	**$ 39,005**

12. Retirement Benefits (continued)

2. Defined benefit plans (continued)

(4) The components of retirement benefit expense for the years ended March 31, 2017 and 2016 are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2017	2016	**2017**
Service cost	**¥ 390**	¥ 388	**$ 3,476**
Interest cost	**107**	110	**954**
Expected return on plan assets	**(129)**	(136)	**(1,150)**
Amortization of actuarial gain and loss	**461**	47	**4,109**
Retirement benefit expense	**¥ 829**	¥ 409	**$ 7,389**

(5) The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2017 and 2016 are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2017	2016	**2017**
Actuarial gain (loss)	**¥ 308**	¥ (139)	**$ 2,745**

(6) The components of retirement benefits liability adjustments included in accumulated other comprehensive income (loss) (before tax effect) as of March 31, 2017 and 2016 are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2017	2016	**2017**
Unrecognized actuarial loss	**¥ (1,127)**	¥ (1,435)	**$ (10,045)**

12. Retirement Benefits (continued)

2. Defined benefit plans (continued)

(7) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2017 and 2016 are as follows:

	2017	2016
Debt securities	**84%**	71%
Equity securities	**15**	22
Cash and cash deposits	**1**	7
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:

	2017	2016
Discount rate	**1.0%**	1.0%
Expected long-term rate of return on plan assets	**2.0%**	2.0%
Estimated rate of salary increase	**9.1%**	9.1%

(Note) Estimated rate of salary increase is an expected rate of the increase of the retirement benefit points.

3. Defined contribution pension plan

Information on contributions to the defined contribution pension plan for the years ended March 31, 2017 and 2016 is as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2017	2016	**2017**
Contributions to the defined contribution pension plan	**¥ 166**	¥ 165	**$ 1,480**

13. Asset Retirement Obligations

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

Regarding certain restoration obligations, the Company estimated non-recoverable amounts of deposits for those premises and recorded the portion attributable to the year ended March 31, 2017 as expenses, instead of recording asset retirement obligations.

14. 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, 2017 and 2016 are summarized as follows:

	Number of shares			
	2017			
	April 1, 2016	Increase	Decrease	March 31, 2017
Shares of common stock in issue	**77,386,293**	**7,700,000**	**–**	**85,086,293**
Treasury stock	**1,303,462**	**6,835**	**650**	**1,309,647**

The increases of common stock were due to the issuance of 6,700,000 new shares through public offering and 1,000,000 new shares through third-party allotments.

The increases of treasury stock were due to purchases of shares of less than one voting unit. The decreases of treasury stock were due to sales of shares at requests of shareholders owning less than one voting unit.

14. Shareholders' Equity (continued)

	Number of shares			
	2016			
	April 1, 2015	Increase	Decrease	March 31, 2016
Shares of common stock in issue	77,386,293	–	–	77,386,293
Treasury stock	1,291,418	12,044	–	1,303,462

The increases of treasury stock were due to purchases of shares of less than one voting unit.

15. Provision for Loss on Construction Contracts

Provision for loss on construction contracts included in cost of sales for the years ended March 31, 2017 and 2016 amounted to ¥254 million ($2,264 thousand) and ¥405 million, respectively.

16. Loss on Valuation of Inventories

Inventories are stated at the lower of the cost or net selling value. Loss on valuation of inventories included in cost of sales for the years ended March 31, 2017 and 2016 amounted to ¥60 million ($535 thousand) and ¥10 million, respectively.

17. Research and Development Costs

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2017 and 2016 amounted to ¥251 million ($2,237 thousand) and ¥168 million, respectively.

18. Other Comprehensive Income (Loss)

The following table presents reclassification adjustments and tax effects allocated to components of other comprehensive income (loss) for the years ended March 31, 2017 and 2016:

	Millions of yen		*Thousands of U.S. dollars*
	2017	2016	**2017**
Net unrealized holding gain (loss) on investments in securities:			
Amount arising during the year	**¥ 255**	¥ (340)	**$ 2,273**
Before tax effect	**255**	(340)	**2,273**
Tax effect	**(58)**	161	**(517)**
Net unrealized holding gain (loss) on investments in securities, net	**197**	(179)	**1,756**
Retirement benefits liability adjustments:			
Amount arising during the year	**(152)**	(192)	**(1,355)**
Reclassification adjustments for loss realized in the statement of income	**460**	53	**4,100**
Before tax effect	**308**	(139)	**2,745**
Tax effect	**343**	–	**3,058**
Retirement benefits liability adjustments, net	**651**	(139)	**5,803**
Total other comprehensive income (loss)	**¥ 848**	¥ (318)	**$ 7,559**

19. Leases

Future minimum lease payments subsequent to March 31, 2017 under non-cancellable operating leases are summarized as follows:

Years ending March 31,	*Millions of yen*	*Thousands of U.S. dollars*
2018	**¥ 231**	**$ 2,059**
2019 and thereafter	**461**	**4,109**
	¥ 692	**$ 6,168**

20. 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 receivable 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 payable, and accounts payable on construction contracts and other accounts payable 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 follows internal policies which include procedures and authorization processes governing derivatives within the actual demand.

20. Financial Instruments (continued)

(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, therefore the resulting amount may change if different underlying assumptions are applied.

The carrying value, estimated fair value and resulting differences as of March 31, 2017 and 2016 are as follows. Financial instruments for which fair value is deemed extremely difficult to determine are not included.

	Millions of yen		
	2017		
	Carrying value	Estimated fair value	Difference
Cash and cash deposits	**¥ 39,720**	**¥ 39,720**	**¥ –**
Notes receivable and accounts receivable on completed construction contracts	**42,561**	**42,985**	**424**
Investments in securities	**7,738**	**7,739**	**1**
Total assets	**¥ 90,019**	**¥ 90,444**	**¥ 425**
Notes payable and accounts payable on construction contracts	**¥ 31,885**	**¥ 31,885**	**–**
Short-term bank loans and current portion of long-term debt	**8,717**	**8,717**	**–**
Other accounts payable	**8,805**	**8,805**	**–**
Long-term debt	**6,124**	**6,491**	**367**
Total liabilities	**¥ 55,531**	**¥ 55,898**	**¥ 367**

20. Financial Instruments (continued)

	Millions of yen		
	2016		
	Carrying value	Estimated fair value	Difference
Cash and cash deposits	¥ 32,158	¥ 32,158	¥ –
Notes receivable and accounts receivable on completed construction contracts	48,471	48,978	507
Investments in securities	7,473	7,474	1
Total assets	¥ 88,102	¥ 88,610	¥ 508
Notes payable and accounts payable on construction contracts	¥ 31,009	¥ 31,009	¥ –
Short-term bank loans and current portion of long-term debt	16,721	16,721	–
Other accounts payable	7,176	7,176	–
Long-term debt	7,171	7,565	394
Total liabilities	¥ 62,077	¥ 62,471	¥ 394

	Thousands of U.S. dollars		
	2017		
	Carrying value	Estimated fair value	Difference
Cash and cash deposits	**$ 354,042**	**$ 354,042**	**$ –**
Notes receivable and accounts receivable on completed construction contracts	**379,366**	**383,145**	**3,779**
Investments in securities	**68,972**	**68,981**	**9**
Total assets	**$ 802,380**	**$ 806,168**	**$ 3,788**
Notes payable and accounts payable on construction contracts	**$ 284,206**	**$ 284,206**	**$ –**
Short-term bank loans and current portion of long-term debt	**77,698**	**77,698**	**–**
Other accounts payable	**78,483**	**78,483**	**–**
Long-term debt	**54,586**	**57,857**	**3,271**
Total liabilities	**$ 494,973**	**$ 498,244**	**$ 3,271**

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.

20. Financial Instruments (continued)

Notes receivable and accounts receivable on completed construction contracts

The estimated fair value of notes receivable and accounts receivable on completed construction contracts are based on the present value discounted by the interest rates in considering the collection term of each receivable and 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 prices provided by the financial institutions.

Notes payable, 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 21 “Derivatives” for fair value information at March 31, 2017 and 2016 of derivative transactions.

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

Unlisted equity securities of ¥897 million ($7,995 thousand) and ¥887 million included in “Investments in securities” and “Investments in an unconsolidated subsidiary and affiliates” in the consolidated balance sheets at March 31, 2017 and 2016, 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.

20. Financial Instruments (continued)

The redemption schedule for cash deposits, receivables and marketable securities with maturity dates at March 31, 2017 is summarized as follows:

	Millions of yen			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash deposits	**¥ 39,717**	**¥ –**	**¥ –**	**¥ –**
Notes receivable and accounts receivable on completed construction contracts	**38,470**	**1,924**	**2,167**	**–**
Investments in securities:				
Held-to-maturity debt securities	**–**	**–**	**15**	**–**
Total	**¥ 78,187**	**¥ 1,924**	**¥ 2,182**	**¥ –**

	Thousands of U.S. dollars			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash deposits	**$ 354,016**	**$ –**	**$ –**	**$ –**
Notes receivable and accounts receivable on completed construction contracts	**342,900**	**17,150**	**19,316**	**–**
Investments in securities:				
Held-to-maturity debt securities	**–**	**–**	**134**	**–**
Total	**$ 696,916**	**$ 17,150**	**$ 19,450**	**$ –**

21. Derivatives

Derivative transactions to which hedge accounting is applied

Interest-rate related transactions

			Millions of yen		
			2017		
Method of hedge accounting	Transaction	Hedged item	Notional amount	(Including portion in excess of one year)	Estimated fair value
Interest-rate swaps (special treatment)	Interest rate swap: Receive / floating and pay / fixed	Long-term debt	**¥1,979**	**¥1,239**	**(*)**
		Total	**¥1,979**	**¥1,239**	**(*)**

			Millions of yen		
			2016		
Method of hedge accounting	Transaction	Hedged item	Notional amount	(Including portion in excess of one year)	Estimated fair value
Interest-rate swaps (special treatment)	Interest rate swap: Receive / floating and pay / fixed	Long-term debt	¥ 2,718	¥1,979	(*)
		Total	¥ 2,718	¥1,979	(*)

			Thousands of U.S. dollars		
			2017		
Method of hedge accounting	Transaction	Hedged item	Notional amount	(Including portion in excess of one year)	Estimated fair value
Interest-rate swaps (special treatment)	Interest rate swap: Receive / floating and pay / fixed	Long-term debt	**$ 17,640**	**$ 11,044**	**(*)**
		Total	**$ 17,640**	**$ 11,044**	**(*)**

*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.

22. Amounts per Share

Amounts per share at March 31, 2017 and 2016 and for the years then ended were as follows:

	Yen		*U.S. dollars*
	2017	2016	**2017**
Net assets	**¥357.65**	¥260.38	**$3.19**
Profit attributable to owners of parent	**95.14**	88.44	**0.85**
Cash dividends	**10.00**	5.00	**0.09**

Information used in the computation of profit attributable to owners of parent per share for the years ended March 31, 2017 and 2016 is presented as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2017	2016	**2017**
Profit attributable to owners of parent	**¥7,295**	¥ 6,729	**$65,024**
Profit not attributable to common shareholders	**–**	–	**–**
Profit attributable to owners of parent applicable to common shareholders	**¥7,295**	¥ 6,729	**$65,024**

	Thousands of shares	
	2017	2016
Weighted-average number of shares of common stock used in the calculation	**76,672**	76,089

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

Profit attributable to owners of parent per share is computed based on the profit attributable to owners of parent available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year. Diluted profit attributable to owners of parent per share is not presented for the years ended March 31, 2017 and 2016 since neither the Company nor any of the consolidated subsidiaries had any potentially dilutive shares at March 31, 2017 and 2016.

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

23. 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 is calculated on the basis of operating income. Intersegment sales are recorded based on current market prices.

	Millions of yen						
	2017						
	Reporting Segments						
	Building Construction	Civil Engineering	Total	Others	Sub total	Adjustments	Total
Net sales and income:							
Sales to third parties	**¥104,232**	**¥27,387**	**¥131,619**	**¥1,081**	**¥132,700**	**¥ –**	**¥132,700**
Intersegment sales	**–**	**–**	**–**	**6**	**6**	**(6)**	**–**
Net sales	**104,232**	**27,387**	**131,619**	**1,087**	**132,706**	**(6)**	**132,700**
Segment income	**¥ 9,880**	**¥ 3,235**	**¥ 13,115**	**¥ 45**	**¥ 13,160**	**¥ (6,495)**	**¥ 6,665**

	Millions of yen						
	2016						
	Reporting Segments						
	Building Construction	Civil Engineering	Total	Others	Sub total	Adjustments	Total
Net sales and income:							
Sales to third parties	¥126,072	¥19,591	¥145,663	¥1,319	¥146,982	¥ –	¥146,982
Intersegment sales	–	–	–	7	7	(7)	–
Net sales	126,072	19,591	145,663	1,326	146,989	(7)	146,982
Segment income	¥ 9,738	¥ 2,408	¥ 12,146	¥ 127	¥ 12,273	¥ (5,819)	¥ 6,454

23. Segment Information (continued)

a. Segment Information (continued)

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

	Thousands of U.S. dollars						
	2017						
	Reporting Segments						
	Building Construction	Civil Engineering	Total	Others	Sub total	Adjustments	Total
Net sales and income:							
Sales to third parties	**$ 929,067**	**$ 244,112**	**$1,173,179**	**$ 9,636**	**$ 1,182,815**	**$ –**	**$1,182,815**
Intersegment sales	**–**	**–**	**–**	**53**	**53**	**(53)**	**–**
Net sales	**$ 929,067**	**$ 244,112**	**$1,173,179**	**$ 9,689**	**$ 1,182,868**	**$ (53)**	**$1,182,815**
Segment income	**$ 88,065**	**$ 28,835**	**$ 116,900**	**$ 401**	**$ 117,301**	**$ (57,893)**	**$ 59,408**

"Others" is a business segment which is not included in the reporting segments, and includes real estate and other businesses.

Adjustments for segment income in the amounts of ¥6,495 million ($57,893 thousand) and ¥5,819 million for the years ended March 31, 2017 and 2016 include eliminations of intersegment transactions of ¥1 million ($9 thousand) and ¥1 million and corporate expenses of ¥6,494 million ($57,884 thousand) and ¥5,818 million recorded as selling, general and administrative expenses not attributable to any business segments, respectively.

The total amount of segment income is adjusted to operating income on the consolidated statement of income.

Assets, liabilities and others are not allocated to business segments.

b. Related information

(1) Information by products and services

Disclosure of information by products and services for the years ended March 31, 2017 and 2016 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 and equipment by geographical area for the years ended and as of March 31, 2017 and 2016 has been omitted as sales to domestic customers were in excess of 90% of consolidated net sales, and the balance of property and equipment in Japan was in excess of 90% of consolidated property and equipment.

23. Segment Information (continued)

b. Related information (continued)

(3) Information by major customers

Disclosure of information by major customers for years ended March 31, 2017 and 2016 has been omitted as sales to each customer were less than 10% of consolidated net sales.

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

	Millions of yen					
	2017					
	Reporting Segments					
	Building Construction	Civil Engineering	Total	Other	Elimination and corporate	Total
Loss on impairment of property and equipment	**¥ –**	**¥ –**	**¥ –**	**¥ –**	**¥ 8**	**¥ 8**

	Thousands of U.S. dollars					
	2017					
	Reporting Segments					
	Building Construction	Civil Engineering	Total	Other	Elimination and corporate	Total
Loss on impairment of property and equipment	**$ –**	**$ –**	**$ –**	**$ –**	**$ 71**	**$ 71**

24. 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, 2017, was approved at the annual general meeting of the shareholders of the Company held on June 28, 2017.

	Millions of yen	*Thousands of U.S. dollars*
Cash dividends of ¥10 ($0.09) per share	**¥ 837**	**$ 7,461**