

**Consolidated Financial Statements**

**Asanuma Corporation**

*Year ended March 31, 2020  
with Independent Auditor's Report*

Asanuma Corporation  
Consolidated Financial Statements

*Year ended March 31, 2020*

**Contents**

**Consolidated Financial Statements**

Independent Auditor's Report .....	1
Consolidated Balance Sheet .....	4
Consolidated Statement of Income.....	6
Consolidated Statement of Comprehensive Income.....	7
Consolidated Statement of Changes in Net Assets.....	8
Consolidated Statement of Cash Flows .....	10
Notes to Consolidated Financial Statements .....	12

## **Independent Auditor's Report**

The Board of Directors  
Asanuma Corporation.

### **Opinion**

We have audited the accompanying consolidated financial statements of Asanuma Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors 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 such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Conflicts of Interest**

We have no interest in the Group which should be disclosed in accordance with the Certified Public Accountants Act.

### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Ernst & Young ShinNihon LLC  
Osaka, Japan  
June 29, 2020

---

Yuka Hayashi  
Designated Engagement Partner  
Certified Public Accountant

---

Masashi Kobayashi  
Designated Engagement Partner  
Certified Public Accountant

Asanuma Corporation  
Consolidated Balance Sheet

Year ended March 31, 2020

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	<u>2020</u>	<u>2019</u>	<u>2020</u>
<b>Assets</b>			
Current assets:			
Cash and cash deposits ( <i>Notes 6, 10 and 18</i> )	¥ 29,778	¥ 23,545	\$ 273,619
Receivables:			
Notes receivable ( <i>Notes 7 and 18</i> )	3,128	4,484	28,742
Accounts receivable on completed construction contracts ( <i>Note 18</i> )	48,964	49,788	449,913
Other accounts receivable	3,111	4,878	28,586
Allowance for doubtful accounts	(60)	(21)	(551)
	<u>55,143</u>	<u>59,129</u>	<u>506,690</u>
Inventories:			
Cost of uncompleted construction contracts	2,067	1,942	18,993
Real estate held for sale	55	34	505
Raw materials and supplies	15	15	138
	<u>2,137</u>	<u>1,991</u>	<u>19,636</u>
Other current assets	252	260	2,315
Total current assets	<u>87,310</u>	<u>84,925</u>	<u>802,260</u>
Property and equipment, at cost:			
Land ( <i>Notes 8 and 10</i> )	1,694	1,808	15,566
Buildings and structures ( <i>Notes 8 and 10</i> )	6,313	6,701	58,008
Machinery, equipment and vehicles ( <i>Notes 8</i> )	617	617	5,669
Tools, furniture and fixtures	1,464	1,426	13,452
Lease assets	7	4	64
Less accumulated depreciation	(5,198)	(5,222)	(47,762)
Property and equipment, net	<u>4,897</u>	<u>5,334</u>	<u>44,997</u>
Investments and other assets:			
Investments in securities ( <i>Notes 9, 10 and 18</i> )	7,616	9,301	69,981
Investments in an unconsolidated subsidiary and affiliates ( <i>Note 9 and 18</i> )	120	142	1,102
Long-term loans receivable ( <i>Note 10</i> )	105	113	965
Intangible assets ( <i>Notes 20</i> )	1,175	886	10,796
Deferred income taxes ( <i>Note 11</i> )	1,070	567	9,832
Other assets	1,404	1,413	12,901
Allowance for doubtful accounts	(653)	(681)	(6,000)
Total investments and other assets	<u>10,837</u>	<u>11,741</u>	<u>99,577</u>
Total assets	<u>¥ 103,044</u>	<u>¥ 102,000</u>	<u>\$ 946,834</u>

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	<b>2020</b>	2019	<b>2020</b>
<b>Liabilities</b>			
Current liabilities:			
Short-term bank loans ( <i>Notes 10 and 18</i> )	¥ 1,470	¥ 2,460	\$ 13,507
Current portion of long-term debt ( <i>Notes 10 and 18</i> )	338	331	3,106
Payables:			
Notes payable ( <i>Note 18</i> )	195	893	1,792
Accounts payable on construction contracts ( <i>Note 18</i> )	26,793	29,232	246,191
Other accounts payable ( <i>Note 18</i> )	548	2,029	5,035
	<b>27,536</b>	32,154	<b>253,018</b>
Advances received on uncompleted construction contracts	9,139	6,904	83,975
Deposits received	2,001	1,280	18,387
Income taxes payable ( <i>Note 11</i> )	1,525	1,790	14,013
Provision for compensation for completed construction	590	501	5,421
Provision for loss on construction contracts ( <i>Note 15</i> )	214	5	1,966
Other current liabilities	7,127	5,722	65,488
Total current liabilities	<b>49,940</b>	51,147	<b>458,881</b>
Long-term liabilities:			
Long-term debt ( <i>Notes 10 and 18</i> )	9,556	8,904	87,807
Liability for retirement benefits ( <i>Note 12</i> )	4,125	4,343	37,903
Deferred income taxes ( <i>Note 11</i> )	7	13	64
Other long-term liabilities	102	126	937
Total long-term liabilities	<b>13,790</b>	13,386	<b>126,711</b>
Total liabilities	<b>63,730</b>	64,533	<b>585,592</b>
<b>Net assets</b>			
Shareholders' equity ( <i>Note 14</i> ):			
Common stock:			
Authorized – 29,356,500 shares			
Issued – 8,078,629 and 8,508,629 shares in 2020 and 2019	9,615	9,615	88,349
Capital surplus	2,166	2,167	19,902
Retained earnings	25,577	23,616	235,018
Less treasury stock, at cost	(60)	(1,149)	(551)
Total shareholders' equity	<b>37,298</b>	34,249	<b>342,718</b>
Accumulated other comprehensive income:			
Net unrealized holding gain on investments in securities	2,196	3,334	20,178
Foreign currency translation adjustments	(7)	(8)	(64)
Retirement benefits liability adjustments ( <i>Note 12</i> )	(361)	(293)	(3,317)
Total accumulated other comprehensive income	<b>1,828</b>	3,033	<b>16,797</b>
Non-controlling interests	188	185	1,727
Total net assets	<b>39,314</b>	37,467	<b>361,242</b>
Total liabilities and net assets	<b>¥103,044</b>	¥102,000	<b>\$ 946,834</b>

See accompanying notes to consolidated financial statements.

Asanuma Corporation  
Consolidated Statement of Income

Year ended March 31, 2020

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	<b>2020</b>	2019	<b>2020</b>
Net sales ( <i>Note 20</i> ):			
Construction contracts	¥ 140,034	¥ 134,195	\$ 1,286,722
Other	1,438	1,518	13,214
	<b>141,472</b>	135,713	<b>1,299,936</b>
Cost of sales ( <i>Note 15</i> ):			
Construction contracts	125,742	121,090	1,155,398
Other	1,111	1,298	10,209
	<b>126,853</b>	122,388	<b>1,165,607</b>
Gross profit:			
Construction contracts	14,292	13,105	131,324
Other	327	220	3,005
	<b>14,619</b>	13,325	<b>134,329</b>
Selling, general and administrative expenses ( <i>Note 16</i> )	<b>8,018</b>	7,624	<b>73,675</b>
Operating income ( <i>Note 20</i> )	<b>6,601</b>	5,701	<b>60,654</b>
Other income (expenses):			
Interest and dividends income	188	217	1,727
Foreign exchange (losses) gains, net	(42)	29	(386)
Interest expenses	(118)	(190)	(1,084)
Guarantee fees	(60)	(42)	(551)
Commission fees	(158)	(127)	1,452
Gain on sales of investments in securities ( <i>Note 8</i> )	91	469	836
Loss on impairment of property and equipment ( <i>Notes 8 and 20</i> )	(13)	(57)	(119)
Outsourcing service income	84	–	772
Loss on valuation of other investments	(72)	–	(662)
Other, net ( <i>Note 9</i> )	(0)	25	(0)
Profit before income taxes	<b>6,501</b>	6,025	<b>59,735</b>
Income taxes ( <i>Note 11</i> ):			
Current	2,173	1,797	19,967
Deferred	17	60	156
	<b>2,190</b>	1,857	<b>20,123</b>
Profit	<b>4,311</b>	4,168	<b>39,612</b>
Profit attributable to:			
Non-controlling interests	11	(10)	101
Owners of parent	¥ 4,300	¥ 4,178	\$ 39,511

*See accompanying notes to consolidated financial statements.*



Asanuma Corporation

Consolidated Statement of Comprehensive Income

Year ended March 31, 2020

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	<u>2020</u>	<u>2019</u>	<u>2020</u>
Profit	¥ 4,311	¥ 4,168	\$ 39,612
Other comprehensive income (Note 16)			
Net unrealized holding (loss) gain on investments in securities	(1,138)	264	(10,457)
Foreign currency translation adjustments	1	(8)	10
Retirement benefits liability adjustments	(68)	83	(625)
Total other comprehensive income	<u>(1,205)</u>	<u>339</u>	<u>(11,072)</u>
Comprehensive income	<u>¥ 3,106</u>	<u>¥ 4,507</u>	<u>\$ 28,540</u>
Comprehensive income attributable to:			
Owners of parent	¥ 3,095	¥ 4,517	\$ 28,439
Non-controlling interests	11	(10)	101

# Asanuma Corporation

## Consolidated Statement of Changes in Net Assets

Year ended March 31, 2020

*Millions of yen*

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2018	¥ 9,615	¥ 2,167	¥ 20,778	¥ (146)	¥ 32,414
Profit attributable to owners of parent	-	-	4,178	-	4,178
Cash dividends	-	-	(1,340)	-	(1,340)
Purchases of treasury stock	-	-	-	(1,003)	(1,003)
Sales of treasury stock	-	0	-	0	0
Net change in items other than shareholders' equity	-	-	-	-	-
Balance at April 1, 2019	<b>9,615</b>	<b>2,167</b>	<b>23,616</b>	<b>(1,149)</b>	<b>34,249</b>
Profit attributable to owners of parent	-	-	<b>4,300</b>	-	<b>4,300</b>
Cash dividends	-	-	<b>(1,233)</b>	-	<b>(1,233)</b>
Purchases of treasury stock	-	-	-	<b>(18)</b>	<b>(18)</b>
Sales of treasury stock	-	<b>0</b>	-	<b>0</b>	<b>0</b>
Retirement of treasury stock	-	<b>(1)</b>	<b>(1,106)</b>	<b>1,107</b>	-
Net change in items other than shareholders' equity	-	-	-	-	-
Balance at March 31, 2020	<b>¥ 9,615</b>	<b>¥ 2,166</b>	<b>¥ 25,577</b>	<b>¥ (60)</b>	<b>¥ 37,298</b>

*Millions of yen*

	Net unrealized holding gain on investments in securities	Foreign currency translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Non- controlling interests	Total net assets
Balance at April 1, 2018	¥ 3,070	¥ -	¥ (376)	¥ 2,694	¥ 116	¥ 35,224
Profit attributable to owners of parent	-	-	-	-	-	4,178
Cash dividends	-	-	-	-	-	(1,340)
Purchases of treasury stock	-	-	-	-	-	(1,003)
Sales of treasury stock	-	-	-	-	-	0
Net change in items other than shareholders' equity	264	(8)	83	339	69	408
Balance at April 1, 2019	<b>3,334</b>	<b>(8)</b>	<b>(293)</b>	<b>3,033</b>	<b>185</b>	<b>37,467</b>
Profit attributable to owners of parent	-	-	-	-	-	<b>4,300</b>
Cash dividends	-	-	-	-	-	<b>(1,233)</b>
Purchases of treasury stock	-	-	-	-	-	<b>(18)</b>
Sales of treasury stock	-	-	-	-	-	<b>0</b>
Retirement of treasury stock	-	-	-	-	-	-
Net change in items other than shareholders' equity	<b>(1,138)</b>	<b>1</b>	<b>(68)</b>	<b>(1,205)</b>	<b>3</b>	<b>(1,202)</b>
Balance at March 31, 2020	<b>¥ 2,196</b>	<b>¥ (7)</b>	<b>¥ (361)</b>	<b>¥ 1,828</b>	<b>¥ 188</b>	<b>¥ 39,314</b>

# Asanuma Corporation

## Consolidated Statement of Changes in Net Assets (continued)

Year ended March 31, 2020

*Thousands of U.S. dollars (Note 2)*

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2019	<b>\$ 88,349</b>	<b>\$ 19,911</b>	<b>\$ 216,999</b>	<b>\$ (10,558)</b>	<b>\$ 314,701</b>
Profit attributable to owners of parent	–	–	<b>39,511</b>	–	<b>39,511</b>
Cash dividends	–	–	<b>(11,329)</b>	–	<b>(11,329)</b>
Purchases of treasury stock	–	–	–	<b>(165)</b>	<b>(165)</b>
Sales of treasury stock	–	<b>0</b>	–	<b>0</b>	<b>0</b>
Retirement of treasury stock	–	<b>(9)</b>	<b>(10,163)</b>	<b>10,172</b>	–
Net change in items other than shareholders' equity	–	–	–	–	–
Balance at March 31, 2020	<b>\$ 88,349</b>	<b>\$ 19,902</b>	<b>\$ 235,018</b>	<b>\$ (551)</b>	<b>\$ 342,718</b>

*Thousands of U.S. dollars (Note 2)*

	Net unrealized holding gain on investments in securities	Foreign currency translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Non- controlling interests	Total net assets
Balance at April 1, 2019	<b>\$ 30,635</b>	<b>\$ (74)</b>	<b>\$ (2,692)</b>	<b>\$ 27,869</b>	<b>\$ 1,700</b>	<b>\$ 344,270</b>
Profit attributable to owners of parent	–	–	–	–	–	<b>39,511</b>
Cash dividends	–	–	–	–	–	<b>(11,329)</b>
Purchases of treasury stock	–	–	–	–	–	<b>(165)</b>
Sales of treasury stock	–	–	–	–	–	<b>0</b>
Retirement of treasury stock	–	–	–	–	–	–
Net change in items other than shareholders' equity	<b>(10,457)</b>	<b>10</b>	<b>(625)</b>	<b>(11,072)</b>	<b>27</b>	<b>(11,045)</b>
Balance at March 31, 2020	<b>\$ 20,178</b>	<b>\$ (64)</b>	<b>\$ (3,317)</b>	<b>\$ 16,797</b>	<b>\$ 1,727</b>	<b>\$ 361,242</b>

*See accompanying notes to consolidated financial statements.*

# Asanuma Corporation

## Consolidated Statement of Cash Flows

Year ended March 31, 2020

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	2020	2019	2020
<b>Cash flows from operating activities:</b>			
Profit before income taxes	¥ 6,501	¥ 6,025	\$ 59,735
Adjustments for:			
Depreciation and amortization	524	464	4,815
Loss on impairment of property and equipment	13	57	119
Increase (decrease) in allowance for doubtful accounts	10	(17)	92
Increase (decrease) in provision for loss on construction contracts	210	(52)	1,930
Decrease (increase) in liability for retirement benefits	(315)	142	(2,894)
Interest and dividends income	(188)	(217)	(1,727)
Interest expenses	118	190	1,084
Foreign exchange losses (gains), net	42	(29)	386
Gain on sales of investments in securities	(91)	(469)	(836)
Loss on valuation of investments in securities	15	–	138
Loss on sales of property, plant and equipment	(3)	(0)	(28)
Decrease (increase) in notes receivable and accounts receivable on completed construction contracts	2,179	(11,248)	20,022
Increase in inventories	(145)	(1,019)	(1,332)
Decrease (increase) in other accounts receivable	1,766	(1,380)	16,227
Decrease in notes payable and accounts payable on construction contracts	(3,137)	(224)	(28,825)
Decrease in other accounts payable	(1,465)	(1,113)	(13,461)
Increase (decrease) in advances received on uncompleted construction contracts	2,235	(1,561)	20,537
Other, net	2,349	178	21,583
Subtotal	10,618	(10,273)	97,565
Interest and dividends received	185	214	1,700
Interest paid	(118)	(202)	(1,084)
Income taxes paid	(2,457)	(1,159)	(22,577)
Net cash provided (used in) by operating activities	8,228	(11,420)	75,604
<b>Cash flows from investing activities:</b>			
Purchases of property and equipment	(216)	(848)	(1,985)
Payments for purchase of shares of subsidiary resulting in change in scope of consolidation (Note 6)	–	(499)	–
Proceeds from sales of property, plant and equipment and intangible assets	194	0	1,783
Purchases of intangible assets	(447)	(342)	(4,107)
Purchases of investments in securities	(9)	(419)	(83)
Proceeds from sales and redemption of investments in securities	167	1,078	1,534
Collection of loans receivable	11	11	101
Payments for guarantee deposits	(110)	(22)	(1,011)
Proceeds from collection of guarantee deposits	20	9	184
Other, net	5	(5)	46
Net cash used in investing activities	¥ (385)	¥ (1,037)	\$ (3,538)

Asanuma Corporation

Consolidated Statement of Cash Flows (continued)

Year ended March 31, 2020

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	<b>2020</b>	2019	<b>2020</b>
<b>Cash flows from financing activities:</b>			
Decrease in short-term bank loans, net	¥ (990)	¥ (1,368)	\$ (9,097)
Proceeds from long-term debt	–	700	–
Repayment of long-term debt	(331)	(1,694)	(3,041)
Proceeds from issuance of bonds	938	634	8,619
Cash dividends paid	(1,160)	(1,209)	(10,659)
Cash dividends paid to non-controlling interests	(8)	–	(74)
Other, net	(18)	(1,004)	(165)
Net cash used in financing activities	(1,569)	(3,941)	(14,417)
Effect of exchange rate changes on cash and cash equivalents	(41)	29	(376)
Net increase (decrease) in cash and cash equivalents	6,233	(16,369)	57,273
Cash and cash equivalents at beginning of year	23,545	39,914	216,346
Cash and cash equivalents at end of year <i>(Note 6)</i>	¥ 29,778	¥ 23,545	\$ 273,619

# Asanuma Corporation

## Notes to Consolidated Financial Statements

March 31, 2020

### **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 reclassifications of previously reported amounts have been made to conform the accompanying consolidated financial statements for the year ended March 31, 2019 to the 2020 presentation. Such reclassifications had no effect on consolidated cash flow.

### **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 ¥108.83 = U.S.\$1.00, the exchange rate prevailing on March 31, 2020. 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, 2020 and 2019, the Company had 6 and 7 subsidiaries, respectively. The consolidated financial statements for the years ended March 31, 2020 and 2019 include the accounts of the Company and its 5 and 6 subsidiaries, respectively.

The Company applied the equity method to its investments in 2 and 3 affiliates, at March 31, 2020 and 2019 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.

## Asanuma Corporation

### Notes to Consolidated Financial Statements (continued)

#### **3. Principles of Consolidation**

The balance sheet date of SINGAPORE PAINTS & CONTRACTOR PTE. LTD. is December 31. Necessary adjustments were made to the subsidiary's balance sheet to reflect any significant intercompany transactions during the period from January 1 through March 31.

#### **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. 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 a consolidated subsidiary 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.

Asanuma Corporation  
Notes to Consolidated Financial Statements (continued)

**4. Summary of Significant Accounting Policies (continued)**

(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.

(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) Bonds issuance expenses

Issuance expenses of bonds are charged to income as incurred.

(i) Provision for compensation for completed construction

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

(j) Provision for loss on construction contracts

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



Asanuma Corporation  
Notes to Consolidated Financial Statements (continued)

**4. Summary of Significant Accounting Policies (continued)**

(k) Retirement benefits

Liability for retirement benefits for employees has been provided at an amount calculated based on the retirement benefit obligation after the fair value of the pension plan assets are deducted. 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.

(l) 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.

(m) 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 loans. Hedging instruments and hedged items are interest-rate swaps and interest rates on loans from financial institutions, respectively. The Company omit the evaluation of hedging effectiveness due to meet certain conditions for interest-rate swaps.

(n) Goodwill

Goodwill is being amortized on a straight-line basis over the estimated period of benefit. The goodwill resulting from the acquisition of SINGAPORE PAINTS & CONTRACTOR PTE. LTD. is being amortized over seven years.

(o) Revenue recognition

The Company and its a consolidated subsidiary recognize 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 and its a consolidated subsidiary measure 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, the completed-contract

Asanuma Corporation  
Notes to Consolidated Financial Statements (continued)

method is applied.

Asanuma Corporation  
Notes to Consolidated Financial Statements (continued)

**4. Summary of Significant Accounting Policies (continued)**

(o) Revenue recognition (continued)

Net sales related to construction contracts accounted for by the percentage-of-completion method totaled ¥137,950 million (\$1,267,573 thousand) and ¥131,810 million for the years ended March 31, 2020 and 2019, respectively.

(p) Additional information

Impact of COVID-19 outbreak on accounting estimates

The impact of COVID-19 on the financial position and operating results of the Company and its consolidated subsidiaries as of and for the year ended March 31, 2020 was immaterial. However, considering the uncertainties in the future, construction investments could potentially be reduced or postponed. As a result, the industry as a whole may be affected.

The Company and its consolidated subsidiaries assess the recoverability of deferred tax assets based on the estimated future taxable income using certain assumptions. For the year ending March 31, 2021, the assumptions include the impacts of decreases in new construction project to some extent and slow-downs in construction progress due to COVID-19 outbreak. For the year ending March 31, 2022, the assumptions include impacts of decreases in uncompleted construction project carryforwards from the year ending March 31, 2021.

**5. Accounting Standards Issued but Not Yet Effective**

Accounting Standard for Revenue Recognition

“Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29; March 31, 2020)

“Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30; March 31, 2020)

(1) Overview

This is a comprehensive accounting standard for revenue recognition. Specifically, the accounting standard establishes the following five-step model that will apply to revenue from customers:

Step 1: Identify the contracts with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Asanuma Corporation  
Notes to Consolidated Financial Statements (continued)

Step 5: Recognize revenue when as the entity satisfies a performance obligation

## Asanuma Corporation

### Notes to Consolidated Financial Statements (continued)

#### 5. Accounting Standards Issued but Not Yet Effective (continued)

##### (2) Scheduled date of application

The Company expects to adopt the accounting standards effective from the beginning of the year ending March 31, 2022.

##### (3) Impact of the application of the accounting standards, etc.

The impact was being evaluated at the time of preparation of these consolidated financial statements.

#### Accounting Standard for Fair Value Measurement and Related Implementation Guidance

“Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30; July 4, 2019)

“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31; July 4, 2019)

“Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9; July 4, 2019)

“Accounting Standard for Financial Instruments” (ASBJ Statement No. 10; July 4, 2019)

“Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19; March 31, 2020)

##### (1) Overview

The ASBJ has developed an “Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (hereinafter collectively, the “Fair Value Measurement Standard”), which provide guidance for fair value measurement in order to improve comparability with international accounting standards. The Fair Value Measurement Standard is applied with respect to the fair value of the following items;

- Financial instruments defined in “Accounting Standard for Financial Instruments”
- Inventories held for trading purposes defined in “Accounting Standard for Measurement of Inventories”

In addition, the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” has been revised, and it requires the disclosure of a breakdown of the fair value of financial instruments by level in the notes to the consolidated financial statements.

##### (2) Scheduled date of application

The Company expects to adopt the accounting standards effective from the beginning

Asanuma Corporation  
Notes to Consolidated Financial Statements (continued)

of the year ending March 31, 2022.

Asanuma Corporation  
Notes to Consolidated Financial Statements (continued)

**5. Accounting Standards Issued but Not Yet Effective (continued)**

(3) Impact of the application of the accounting standards, etc.

The impact was being evaluated at the time of preparation of these consolidated financial statements.

Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections

“Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24; March 31, 2020)

(1) Overview

The standard provides guidance for disclosing information regarding accounting principles and procedures applied when provisions in related accounting standards and the like are unclear.

(2) Scheduled date of application

The Company expects to adopt the accounting standard effective from the end of the fiscal year ending March 31, 2021.

Accounting Standard for Disclosure of Accounting Estimates

“Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31; March 31, 2020)

(1) Overview

Under the standard, an entity identifies items which carry risk of significantly affecting the financial statements for the following fiscal year among items whose amounts were measured based on accounting estimates as presented in the financial statements effective from the end of the fiscal year ending March 31, 2021.

The standard provides guidance for disclosing information that would contribute to the understanding of users of the financial statements regarding the contents of accounting estimates of the identified items.

(2) Scheduled date of application

The Company expect to adopt the accounting standard effective from March 31, 2021.

## Asanuma Corporation

### Notes to Consolidated Financial Statements (continued)

#### 6. Cash and Cash Equivalents

A reconciliation of cash and deposits in the accompanying consolidated balance sheets at March 31, 2020 and 2019 and cash and cash equivalents in the accompanying consolidated statements of cash flows for the years then ended is as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	At March 31,		
	<b>2020</b>	2019	<b>2020</b>
Cash and cash deposits	<b>¥ 29,778</b>	¥ 23,545	<b>\$ 273,619</b>
Cash and cash equivalents	<b>¥ 29,778</b>	¥ 23,545	<b>\$ 273,619</b>

Assets acquired and liabilities assumed of SINGAPORE PAINTS & CONTRACTOR PTE. LTD. as of deemed acquisition date, acquisition cost of shares and payment for acquisition of shares are summarized as follows:

	<i>Millions of yen</i>
	2019
Current assets	¥ 562
Property and equipment, at cost	102
Investments and other assets	7
Goodwill	198
Current liabilities	(235)
Long-term liabilities	(36)
Translation adjustments	7
Non-controlling interests	(79)
Acquisition cost of shares	526
Cash and cash equivalents	(27)
Payment for acquisition of shares	¥ 499

#### 7. Notes Receivables

The balance sheet date for the year ended March 31, 2019 fell on a bank holiday. Consequently, notes receivable of ¥1 million with a due date of March 31, 2019 were included in the balance in the consolidated balance sheet at March 31, 2019 and were settled on the next business day.



## Asanuma Corporation

### Notes to Consolidated Financial Statements (continued)

#### 8. Loss on Impairment of Property and Equipment

Loss on impairment of property and equipment for the years ended March 31, 2020 and 2019 are as follows:

Location	Main use	Class	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
<b>2020</b>				
Guam territory in the United States	Idle assets	Machinery and equipment	<b>¥ 13</b>	<b>\$ 119</b>
Location	Main use	Class	<i>Millions of yen</i>	
				<b>2019</b>
Saitama Prefecture	Business assets	Buildings	¥ 34	
Saitama Prefecture	Business assets	Land	23	

The Company and consolidated subsidiaries principally group the assets in association with the business operations at each regional office whereas leased properties and idle assets are grouped individually and fixed assets of its consolidated subsidiaries and investments for which the equity method is applied are grouped per subsidiary or investment.

For the year ended March 31, 2020, as a result of considering future use for the above assets that have been grouped as idle assets, it was determined that they were unlikely to be used and it would be difficult to sell or divert them to other uses. Therefore, the Company wrote down the carrying value of these assets to the memorandum value and recognized losses on impairment of property and equipment of ¥13 million (\$119 thousand).

For the year ended March 31, 2019, the Company decided to sell the above assets that have been grouped as assets in association with the business operations at each regional office. As a result, the Company wrote down the carrying values of these assets to the recoverable amounts and recognized losses on impairment of property and equipment of ¥57 million.

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

Asanuma Corporation  
Notes to Consolidated Financial Statements (continued)

**9. Investments in Securities**

At March 31, 2020 and 2019, marketable securities classified as held-to-maturity debt securities were as follows:

	<i>Millions of yen</i>					
	<b>2020</b>			2019		
	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	<b>¥ 16</b>	<b>¥ 16</b>	<b>¥ 0</b>	¥ 15	¥ 16	¥ 1
	<b>¥ 16</b>	<b>¥ 16</b>	<b>¥ 0</b>	¥ 15	¥ 16	¥ 1

	<i>Thousands of U.S. dollars</i>		
	<b>2020</b>		
	Carrying value	Estimated fair value	Unrealized gain
Held-to-maturity debt securities whose estimated fair value exceeds their carrying value:			
Government and municipal bonds	<b>\$ 146</b>	<b>\$ 146</b>	<b>\$ 0</b>
	<b>\$ 146</b>	<b>\$ 146</b>	<b>\$ 0</b>

Asanuma Corporation

Notes to Consolidated Financial Statements (continued)

**9. Investments in Securities (continued)**

At March 31, 2020 and 2019, marketable securities classified as other securities were as follows:

	<i>Millions of yen</i>					
	<b>2020</b>			2019		
	Carrying value	Acquisition costs	Difference	Carrying value	Acquisition costs	Difference
Other securities whose carrying value exceeds their acquisition costs:						
Equity securities	<b>¥ 5,747</b>	<b>¥ 2,436</b>	<b>¥ 3,311</b>	¥ 8,379	¥ 3,574	¥ 4,805
Other securities whose carrying value does not exceed their acquisition costs:						
Equity securities	<b>1,153</b>	<b>1,357</b>	<b>(204)</b>	206	274	(68)
	<b>¥ 6,900</b>	<b>¥ 3,793</b>	<b>¥ 3,107</b>	¥ 8,585	¥ 3,848	¥ 4,737

	<i>Thousands of U.S. dollars</i>		
	<b>2020</b>		
	Carrying value	Acquisition costs	Difference
Other securities whose carrying value exceeds their acquisition costs:			
Equity securities	<b>\$ 52,807</b>	<b>\$ 22,384</b>	<b>\$ 30,423</b>
Other securities whose carrying value does not exceed their acquisition costs:			
Equity securities	<b>10,595</b>	<b>12,469</b>	<b>(1,874)</b>
	<b>\$ 63,402</b>	<b>\$ 34,853</b>	<b>\$ 28,549</b>

The proceeds from sales of, and gross realized gain on investments in securities for the year ended March 31, 2020 and 2019 are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2020</b>	2019	<b>2020</b>
	Proceeds from sales	<b>¥ 139</b>	¥ 1,078
Gross realized gain	<b>91</b>	469	<b>836</b>

Refer to Note 18 “Financial Instruments” for the redemption schedule at March 31, 2020 for held-to-maturity debt securities.

Asanuma Corporation  
Notes to Consolidated Financial Statements (continued)

**9. Investments in Securities (continued)**

For the year ended March 31, 2020, the Company has recognized loss on impairment of equity securities classified as other securities of ¥15 million (\$138 thousand).

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

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

Short-term bank loans had average interest rates of 1.00% and 1.66% at March 31, 2020 and 2019, respectively.

Long-term debt at March 31, 2020 and 2019 is summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2020</b>	2019	<b>2020</b>
Unsecured loans due through 2034 at rates ranging from 1.51% to 1.58%	¥ 39	¥ 42	\$ 358
Secured loans due through 2034 at rates ranging from 0.33% to 1.40%	<b>8,215</b>	8,543	<b>75,485</b>
1.37% unsecured bond due March 31, 2025	<b>650</b>	650	<b>5,973</b>
0.84% unsecured bond due July 25, 2025	<b>600</b>	–	<b>5,513</b>
0.81% unsecured bond due September 10, 2024	<b>390</b>	–	<b>3,584</b>
Total	<b>9,894</b>	9,235	<b>90,913</b>
Less current portion included in current liabilities	<b>(338)</b>	(331)	<b>(3,106)</b>
	<b>¥ 9,556</b>	¥ 8,904	<b>\$ 87,807</b>

The aggregate annual maturities of long-term debt subsequent to March 31, 2020 are summarized as follows:

<u>Years ending March 31,</u>	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
2021	¥ 338	\$ 3,106
2022	337	3,097
2023	347	3,188
2024	1,048	9,630
2025 and thereafter	7,824	71,892
	<b>¥ 9,894</b>	<b>\$ 90,913</b>

## Asanuma Corporation

### Notes to Consolidated Financial Statements (continued)

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

Assets pledged at March 31, 2020 and 2019 as collateral for lines of credit of the Company and bank overdraft are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2020</b>	2019	<b>2020</b>
Cash and cash deposits	¥ –	¥ 4	\$ –
Buildings and structures	<b>620</b>	648	<b>5,697</b>
Land	<b>957</b>	957	<b>8,794</b>
Investments in securities	<b>4,883</b>	7,345	<b>44,868</b>
	<b>¥ 6,460</b>	¥ 8,954	<b>\$ 59,359</b>

All assets of the consolidated subsidiaries engaged in the Private Finance Initiative business were pledged as collateral for their loans under the project finance agreements. Assets pledged at March 31, 2020 and 2019 amounted to ¥3,701 million (\$34,007 thousand) and ¥4,091 million as collateral for loans of ¥3,215 million (\$29,541 thousand) and ¥3,543 million, respectively.

Assets of the Company pledged at March 31, 2020 and 2019 as collateral for loans of affiliates engaged in the PFI business are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2020</b>	2019	<b>2020</b>
Investments in securities	¥ <b>96</b>	¥ 118	\$ <b>882</b>
Long-term loans receivable	<b>102</b>	105	<b>937</b>
	<b>¥ 198</b>	¥ 223	<b>\$ 1,819</b>

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, 2020 and 2019 is as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2020</b>	2019	<b>2020</b>
Lines of credit	<b>¥ 10,000</b>	¥ 10,000	<b>\$ 91,886</b>
Credit utilized	–	–	–
Available credit	<b>¥ 10,000</b>	¥ 10,000	<b>\$ 91,886</b>

## Asanuma Corporation

### Notes to Consolidated Financial Statements (continued)

#### 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 a statutory tax rate of approximately 30.4% for the years ended March 31, 2020 and 2019.

A reconciliation of the statutory tax rate and the effective tax rates for the years ended March 31, 2020 and 2019 as a percentage of profit before income taxes is summarized as follows:

	<b>2020</b>	2019
Statutory tax rates	<b>30.4%</b>	30.4%
Permanently non-tax-deductible expenses	<b>1.5</b>	1.4
Permanently non-taxable income	<b>(0.1)</b>	(0.1)
Per capita portion of inhabitants' taxes	<b>1.8</b>	1.8
Tax credit for corporation tax	<b>(0.8)</b>	(1.9)
Valuation allowance	<b>0.3</b>	(0.5)
Other	<b>0.5</b>	(0.3)
Effective tax rates	<b>33.6%</b>	30.8%

## Asanuma Corporation

### Notes to Consolidated Financial Statements (continued)

#### 11. Income Taxes (continued)

The significant components of deferred tax assets and liabilities of the Company and its consolidated subsidiaries at March 31, 2020 and 2019 are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2020</b>	2019	<b>2020</b>
<b>Deferred tax assets:</b>			
Allowance for doubtful accounts	¥ 215	¥ 214	\$ 1,976
Provision for compensation for completed construction	179	152	1,645
Inventories	22	23	202
Provision for loss on construction contracts	65	1	597
Liability for retirement benefits	1,255	1,321	11,532
Loss on impairment of property and equipment	459	484	4,218
Loss on valuation of investments in securities	45	45	413
Tax loss carryforwards	7	15	64
Other	772	793	7,094
Gross deferred tax assets	<b>3,019</b>	3,048	<b>27,741</b>
Less valuation allowance	(911)	(907)	(8,371)
Total deferred tax assets	<b>2,108</b>	2,141	<b>19,370</b>
<b>Deferred tax liabilities:</b>			
Unrealized holding gain on investments in securities	(914)	(1,406)	(8,399)
Deferred capital gains on property	(129)	(174)	(1,185)
Other	(2)	(7)	(18)
Total deferred tax liabilities	<b>(1,045)</b>	(1,587)	<b>(9,602)</b>
Net deferred tax assets	<b>¥ 1,063</b>	¥ 554	<b>\$ 9,768</b>

## Asanuma Corporation

### Notes to Consolidated Financial Statements (continued)

#### 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 composed of secondees from the Company, consequently, the retirement benefit plan of Asanuma Tatemono K.K. is incorporated 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 through a point system based on employees' ranks and length of service.

##### 2. Defined benefit plans

(1) The changes in retirement benefit obligation for the years ended March 31, 2020 and 2019 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2020</b>	2019	<b>2020</b>
Balance at the beginning of the year	<b>¥ 10,708</b>	¥ 10,671	<b>\$ 98,392</b>
Service cost	<b>384</b>	402	<b>3,528</b>
Interest cost	<b>105</b>	108	<b>965</b>
Actuarial (gain) loss	<b>(164)</b>	154	<b>(1,507)</b>
Benefit paid	<b>(580)</b>	(627)	<b>(5,329)</b>
Balance at the end of the year	<b>¥ 10,453</b>	¥ 10,708	<b>\$ 96,049</b>

(2) The changes in plan assets for the years ended March 31, 2020 and 2019 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2020</b>	2019	<b>2020</b>
Balance at the beginning of the year	<b>¥ 6,365</b>	¥ 6,351	<b>\$ 58,486</b>
Expected return on plan assets	<b>127</b>	127	<b>1,167</b>
Actuarial loss	<b>(235)</b>	(62)	<b>(2,159)</b>
Contributions by the employer	<b>459</b>	342	<b>4,217</b>
Benefit paid	<b>(388)</b>	(393)	<b>(3,565)</b>
Balance at the end of the year	<b>¥ 6,328</b>	¥ 6,365	<b>\$ 58,146</b>



Asanuma Corporation

Notes to Consolidated Financial Statements (continued)

**12. 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, 2020 and 2019 for the Company's and the consolidated subsidiary's defined benefit plans:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2020</b>	2019	<b>2020</b>
Funded retirement benefit obligation	¥ <b>6,047</b>	¥ 6,349	\$ <b>55,564</b>
Plan assets at fair value	<b>(6,328)</b>	(6,365)	<b>(58,146)</b>
	<b>(281)</b>	(16)	<b>(2,582)</b>
Unfunded retirement benefit obligation	<b>4,406</b>	4,359	<b>40,485</b>
Liability recognized in the consolidated balance sheet	<b>¥ 4,125</b>	¥ 4,343	<b>\$ 37,903</b>

(4) The components of retirement benefit expense for the years ended March 31, 2020 and 2019 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2020</b>	2019	<b>2020</b>
Service cost	¥ <b>384</b>	¥ 402	\$ <b>3,528</b>
Interest cost	<b>105</b>	108	<b>965</b>
Expected return on plan assets	<b>(127)</b>	(127)	<b>(1,167)</b>
Amortization of actuarial (loss) gain	<b>(26)</b>	335	<b>(239)</b>
Retirement benefit expense	<b>¥ 336</b>	¥ 718	<b>\$ 3,087</b>

(5) The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2020 and 2019 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2020</b>	2019	<b>2020</b>
Actuarial (loss) gain	¥ <b>(97)</b>	¥ 118	<b>\$ (891)</b>

Asanuma Corporation  
Notes to Consolidated Financial Statements (continued)

**12. Retirement Benefits (continued)**

2. Defined benefit plans (continued)

- (6) The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2020 and 2019 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2020</b>	<b>2019</b>	<b>2020</b>
Unrecognized actuarial gain	<b>¥ 519</b>	<b>¥ 422</b>	<b>\$ 4,769</b>

- (7) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2020 and 2019 are as follows:

	<b>2020</b>	2019
Debt securities	<b>86%</b>	84%
Equity securities	<b>12</b>	15
Cash and cash deposits	<b>2</b>	1
<b>Total</b>	<b>100%</b>	100%

The expected long-term rate of return on plan assets is determined as a result of 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:

	<b>2020</b>	2019
Discount rate	<b>1.0%</b>	1.0%
Expected long-term rate of return on plan assets	<b>2.0%</b>	2.0%
Estimated rate of salary increase	<b>9.1%</b>	9.1%

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

## Asanuma Corporation

### Notes to Consolidated Financial Statements (continued)

#### 12. Retirement Benefits (continued)

##### 3. Defined contribution pension plan

Information on contributions to the defined contribution pension plan for the years ended March 31, 2020 and 2019 is as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2020</b>	2019	<b>2020</b>
Contributions to the defined contribution pension plan	<b>¥ 165</b>	¥ 167	<b>\$ 1,516</b>

#### 13. Asset Retirement Obligations

The Company 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 charged the portion attributable to the years ended March 31, 2020 and 2019, 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.

## Asanuma Corporation

### Notes to Consolidated Financial Statements (continued)

#### 14. Shareholders' Equity (continued)

Movements in shares of common stock in issue and treasury stock during the years ended March 31, 2020 and 2019 are summarized as follows:

	Number of shares			
	2020			
	April 1, 2019	Increase	Decrease	March 31, 2020
Shares of common stock in issue	8,508,629	–	430,000	8,078,629
Treasury stock	446,382	3,979	430,040	20,321

The decrease in shares of common stock of 430,000 resulted from the cancellation of treasury stock on May 31, 2019.

The increase in treasury stock of 3,979 was due to the acquisition of fractional shares of less than one unit. The decrease in treasury stock of 40 shares was due to the sales of fractional shares of less than one unit. The decrease in treasury stock of 430,000 shares was due to the cancellation of treasury stock on May 31, 2019.

	Number of shares			
	2019			
	April 1, 2018	Increase	Decrease	March 31, 2019
Shares of common stock in issue	85,086,293	–	76,577,664	8,508,629
Treasury stock	1,316,083	318,045	1,187,746	446,382

The decrease in shares of common stock of 76,577,664 is due to the consolidation of ten shares into one share on October 1, 2018.

The increase in treasury stock consists of 313,600 shares due to purchase of shares based on the resolution of the Board of Directors' meeting on November 9, 2018, 467 shares due to the purchase of fractional shares of less than one voting unit resulting from the consolidation of shares and 3,978 shares due to purchase of shareholders owning less than one voting unit.

The decrease in treasury stock of 1,187,708.4 shares is due to the consolidation of shares, 0.6 shares due to disposal of fractional shares of less than one voting unit resulting from the consolidation of shares and 37 shares due to sales of shares at requests of shareholders owning less than one voting unit.

As the Company resolved at the Board of Directors' meeting held on May 10, 2019, to retire a portion of its treasury stock in the carrying amount of ¥1,107 million corresponding to 430,000 shares of common stock pursuant to Article 178 of the Companies Act of Japan, its

Asanuma Corporation

Notes to Consolidated Financial Statements (continued)

cancellation procedures have not yet been completed by the end of the fiscal year ended March 31, 2019.

## Asanuma Corporation

### Notes to Consolidated Financial Statements (continued)

#### 15. Provision for Loss on Construction Contracts

Provision for loss on construction contracts included in cost of sales for the years ended March 31, 2020 and 2019 amounted to ¥214 million (\$1,966 thousand) and ¥5 million, respectively.

“Costs on uncompleted construction contracts” for which a construction loss is anticipated and “Provision for loss on construction contracts” are presented without being offset. The amounts of “Costs on uncompleted construction contracts,” for which a construction loss is anticipated, corresponding to “Provision for loss on construction contracts” were ¥51 million (\$469 thousand) and nil for the years ended March 31, 2020 and 2019, respectively.

#### 16. Research and Development Costs

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2020 and 2019 amounted to ¥407 million (\$3,740 thousand) and ¥320 million, respectively.

#### 17. 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, 2020 and 2019:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2020</b>	2019	<b>2020</b>
Net unrealized holding (loss) gain on investments in securities:			
Amount arising during the year	¥ (1,555)	¥ 925	\$ (14,289)
Reclassification adjustments for loss realized in the statement of income	(75)	(468)	(689)
Before tax effect	(1,630)	457	(14,978)
Tax effect	492	(193)	4,521
Net unrealized holding (loss) gain on investments in securities, net	(1,138)	264	(10,457)
Foreign currency translation adjustments, net	1	(8)	10
Retirement benefits liability adjustments:			
Amount arising during the year	(88)	(201)	(809)
Reclassification adjustments for loss realized in the statement of income	(9)	319	(82)
Before tax effect	(97)	118	(891)
Tax effect	29	(35)	266
Retirement benefits liability adjustments, net	(68)	83	(625)

Asanuma Corporation  
Notes to Consolidated Financial Statements (continued)

Total other comprehensive income	<u>¥ (1,205)</u>	<u>¥ 339</u>	<u>\$ (11,072)</u>
----------------------------------	------------------	--------------	--------------------

## Asanuma Corporation

### Notes to Consolidated Financial Statements (continued)

#### 18. Financial Instruments

##### (1) Policy for financial instruments

The Company and its consolidated subsidiaries (collectively, the “Group”) manage their funds by investing only in short-term deposits, and primarily raise funds by borrowings from banks and issuing bonds. 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 group monitors due dates and outstanding balances by individual customer, and the credit worthiness of their main customers regularly.

Investments in securities are mainly composed of equity securities and are exposed to fluctuation risk of market prices and the Group review the fair values of such listed stocks every quarter.

Notes payable, accounts payable on construction contracts and other accounts payable are mostly due within one year.

Short-term bank loans, long-term loans and bonds are mainly utilized for business operations. Certain long-term debt is hedged by derivative transactions (interest rate swaps) as a hedging instrument per individual agreement in order to reduce fluctuation risk of interest rate and fix interest expense.

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



## Asanuma Corporation

### Notes to Consolidated Financial Statements (continued)

#### 18. Financial Instruments (continued)

##### (3) Supplementary explanation of fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumption factors are reflected in estimating the fair value, different premises and factors could result in a different fair value.

The carrying value, estimated fair value and the difference between them as of March 31, 2020 and 2019 are as follows. Financial instruments for which fair value is deemed extremely difficult to determine are not included.

	<i>Millions of yen</i>		
	<b>2020</b>		
	Carrying value	Estimated fair value	Difference
Cash and cash deposits	<b>¥ 29,778</b>	<b>¥ 29,778</b>	<b>¥ -</b>
Notes receivable and accounts receivable on completed construction contracts	<b>52,092</b>	<b>52,240</b>	<b>148</b>
Investments in securities	<b>6,916</b>	<b>6,916</b>	<b>0</b>
Total assets	<b>¥ 88,786</b>	<b>¥ 88,934</b>	<b>¥ 148</b>
Notes payable and accounts payable on construction contracts	<b>¥ 26,988</b>	<b>¥ 26,988</b>	<b>¥ -</b>
Short-term bank loans and current portion of long-term debt	<b>1,808</b>	<b>1,808</b>	<b>-</b>
Long-term debt:			
Bonds	<b>1,640</b>	<b>1,624</b>	<b>(16)</b>
Long-term loans	<b>7,916</b>	<b>7,932</b>	<b>16</b>
Total liabilities	<b>¥ 38,352</b>	<b>¥ 38,352</b>	<b>¥ 0</b>

Asanuma Corporation  
Notes to Consolidated Financial Statements (continued)

**18. Financial Instruments (continued)**

(3) Supplementary explanation of fair value of financial instruments (continued)

	<i>Millions of yen</i>		
	2019		
	Carrying value	Estimated fair value	Difference
Cash and cash deposits	¥ 23,545	¥ 23,545	¥ –
Notes receivable and accounts receivable on completed construction contracts	54,272	54,629	357
Investments in securities	8,600	8,601	1
<b>Total assets</b>	<b>¥ 86,417</b>	<b>¥ 86,775</b>	<b>¥ 358</b>
Notes payable and accounts payable on construction contracts	¥ 30,125	¥ 30,125	¥ –
Short-term bank loans and current portion of long-term debt	2,791	2,791	–
Long-term debt:			
Bonds	650	650	–
Long-term loans	8,254	8,265	11
<b>Total liabilities</b>	<b>¥ 41,820</b>	<b>¥ 41,831</b>	<b>¥ 11</b>
	<i>Thousands of U.S. dollars</i>		
	2020		
	Carrying value	Estimated fair value	Difference
Cash and cash deposits	<b>\$ 273,619</b>	<b>\$ 273,619</b>	<b>\$ –</b>
Notes receivable and accounts receivable on completed construction contracts	<b>478,655</b>	<b>480,015</b>	<b>1,360</b>
Investments in securities	<b>63,549</b>	<b>63,549</b>	<b>0</b>
<b>Total assets</b>	<b>\$ 815,823</b>	<b>\$ 817,183</b>	<b>\$ 1,360</b>
Notes payable and accounts payable on construction contracts	<b>\$ 247,983</b>	<b>\$ 247,983</b>	<b>\$ –</b>
Short-term bank loans and current portion of long-term debt	<b>16,613</b>	<b>16,613</b>	<b>–</b>
Long-term debt:			
Bonds	<b>15,070</b>	<b>14,922</b>	<b>(148)</b>
Long-term loans	<b>72,737</b>	<b>72,885</b>	<b>148</b>
<b>Total liabilities</b>	<b>\$ 352,403</b>	<b>\$ 352,403</b>	<b>\$ 0</b>

## Asanuma Corporation

### Notes to Consolidated Financial Statements (continued)

#### 18. Financial Instruments (continued)

##### (3) Supplementary explanation of fair value of financial instruments (continued)

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

###### *Cash and cash deposits*

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

###### *Notes 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 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 bonds are based on present value determined by discounting the principal and interest amount with the interest rate expected case of new bond issuance. 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 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.

Asanuma Corporation  
Notes to Consolidated Financial Statements (continued)

**18. Financial Instruments (continued)**

(3) Supplementary explanation of fair value of financial instruments (continued)

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

Unlisted equity securities of ¥820 million (\$7,535 thousand) and ¥843 million included in “Investments in securities” and “Investments in an unconsolidated subsidiary and affiliates” in the consolidated balance sheets at March 31, 2020 and 2019, respectively, are based neither on market value nor estimated future cash flow, and it is difficult to determine the estimated fair value. Therefore, they are not included in the above table.

The redemption schedule for cash deposits, receivables and marketable securities with maturity dates at March 31, 2020 is summarized as follows:

	<i>Millions of yen</i>			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash deposits	¥ 29,773	¥ –	¥ –	¥ –
Notes receivable and accounts receivable on completed construction contracts	49,160	1,361	1,571	–
Investments in securities: Held-to-maturity debt securities	–	15	–	–
<b>Total</b>	<b>¥ 78,933</b>	<b>¥ 1,376</b>	<b>¥ 1,571</b>	<b>¥ –</b>
	<i>Thousands of U.S. dollars</i>			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash deposits	\$ 273,573	\$ –	\$ –	\$ –
Notes receivable and accounts receivable on completed construction contracts	451,713	12,507	14,435	–
Investments in securities: Held-to-maturity debt securities	–	137	–	–
<b>Total</b>	<b>\$ 725,286</b>	<b>\$ 12,644</b>	<b>\$ 14,435</b>	<b>\$ –</b>

Asanuma Corporation  
Notes to Consolidated Financial Statements (continued)

**19. Amounts per Share**

Amounts per share at March 31, 2020 and 2019 and for the years then ended were as follows:

	<i>Yen</i>		<i>U.S. dollars</i>
	<b>2020</b>	2019	<b>2020</b>
Net assets	¥ 4,855.25	¥ 4,624.16	\$ 44.61
Profit attributable to owners of parent	533.47	504.87	4.90
Cash dividends	216.00	153.00	1.98

Information used in the computation of profit attributable to owners of parent per share for the years ended March 31, 2020 and 2019 is presented as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2020</b>	2019	<b>2020</b>
Profit attributable to owners of parent	¥ 4,300	¥ 4,178	\$ 39,511
Profit not attributable to common shareholders	—	—	—
Profit attributable to owners of parent applicable to common shareholders	<b>¥ 4,300</b>	¥ 4,178	<b>\$ 39,511</b>

	<i>Thousands of shares</i>	
	<b>2020</b>	2019
Weighted-average number of shares of common stock used in the calculation	<b>8,061</b>	8,276

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.

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

Effective on October 1, 2018, the Company executed the consolidation of ten shares into one share. Per share information was calculated under the assumption that the stock consolidation had taken effect at the beginning of the previous fiscal year.

# Asanuma Corporation

## Notes to Consolidated Financial Statements (continued)

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

<i>Millions of yen</i>							
<b>2020</b>							
	Reporting Segments			Others	Sub total	Adjustments	Total
	Building Construction	Civil Engineering	Total				
Net sales and income:							
Sales to third parties	¥ 116,575	¥ 23,459	¥ 140,034	¥ 1,438	¥ 141,472	¥ –	¥ 141,472
Intersegment sales	–	–	–	5	5	(5)	–
Net sales	<u>116,575</u>	<u>23,459</u>	<u>140,034</u>	<u>1,443</u>	<u>141,477</u>	<u>(5)</u>	<u>141,472</u>
Segment income	¥ 11,984	¥ 2,308	¥ 14,292	¥ 159	¥ 14,451	¥ (7,850)	¥ 6,601

<i>Millions of yen</i>							
<b>2019</b>							
	Reporting Segments			Others	Sub total	Adjustments	Total
	Building Construction	Civil Engineering	Total				
Net sales and income:							
Sales to third parties	¥ 109,116	¥ 25,079	¥ 134,195	¥ 1,518	¥ 135,713	¥ –	¥ 135,713
Intersegment sales	–	–	–	5	5	(5)	–
Net sales	<u>109,116</u>	<u>25,079</u>	<u>134,195</u>	<u>1,523</u>	<u>135,718</u>	<u>(5)</u>	<u>135,713</u>
Segment income	¥ 10,436	¥ 2,669	¥ 13,105	¥ 30	¥ 13,135	¥ (7,434)	¥ 5,701

Asanuma Corporation  
Notes to Consolidated Financial Statements (continued)

**20. Segment Information (continued)**

a. Segment Information (continued)

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

<i>Thousands of U.S. dollars</i>							
<b>2020</b>							
Reporting Segments							
	Building Construction	Civil Engineering	Total	Others	Sub total	Adjustments	Total
Net sales and income:							
Sales to third parties	\$ 1,071,166	\$ 215,556	\$ 1,286,722	\$ 13,214	\$ 1,299,936	\$ –	\$ 1,299,936
Intersegment sales	–	–	–	46	46	(46)	–
Net sales	<u>\$ 1,071,166</u>	<u>\$ 215,556</u>	<u>\$ 1,286,722</u>	<u>\$ 13,260</u>	<u>\$ 1,299,982</u>	<u>\$ (46)</u>	<u>\$ 1,299,936</u>
Segment income	\$ 110,117	\$ 21,207	\$ 131,324	\$ 1,461	\$ 132,785	\$ (72,131)	\$ 60,654

“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 ¥7,850 million (\$72,131 thousand) and ¥7,434 million for the years ended March 31, 2020 and 2019 include eliminations of intersegment transactions of ¥2 million (\$18 thousand) and ¥1 million and corporate expenses of ¥7,848 million (\$72,112 thousand) and ¥7,433 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, 2020 and 2019 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, 2020 and 2019 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.

## Asanuma Corporation

### Notes to Consolidated Financial Statements (continued)

#### 20. Segment Information (continued)

##### b. Related information (continued)

##### (3) Information by major customers

Disclosure of information by major customers for years ended March 31, 2020 and 2019 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

<i>Millions of yen</i>						
<b>2020</b>						
Reporting Segments						
	Building Construction	Civil Engineering	Total	Other	Elimination and corporate	Total
Loss on impairment of property and equipment	<b>¥ 13</b>	<b>¥ –</b>	<b>¥ 13</b>	<b>¥ –</b>	<b>¥ –</b>	<b>¥ 13</b>
<i>Millions of yen</i>						
2019						
Reporting Segments						
	Building Construction	Civil Engineering	Total	Other	Elimination and corporate	Total
Loss on impairment of property and equipment	¥ –	¥ –	¥ –	¥ –	¥ 57	¥ 57
<i>Thousands of U.S. dollars</i>						
<b>2020</b>						
Reporting Segments						
	Building Construction	Civil Engineering	Total	Other	Elimination and corporate	Total
Loss on impairment of property and equipment	<b>\$ 119</b>	<b>\$ –</b>	<b>\$ 119</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ 119</b>

##### d. Information on amortization of goodwill and remaining unamortized balance

Goodwill is not allocated to reporting segments. Amortization of goodwill was ¥28 million (\$257 thousand) and nil as at March 31, 2020 and 2019, respectively. Remaining unamortized balance included in “Intangible assets” was ¥170 million (\$1,562 thousand) and ¥198 million as at March 31, 2020 and 2019, respectively.



Asanuma Corporation  
Notes to Consolidated Financial Statements (continued)

**21. Subsequent Events**

1. 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, 2020, was approved at the annual general meeting of the shareholders of the Company held on June 26, 2020.

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
Cash dividends of ¥216 (\$1.98) per share	<u>¥ 1,740</u>	<u>\$ 15,988</u>