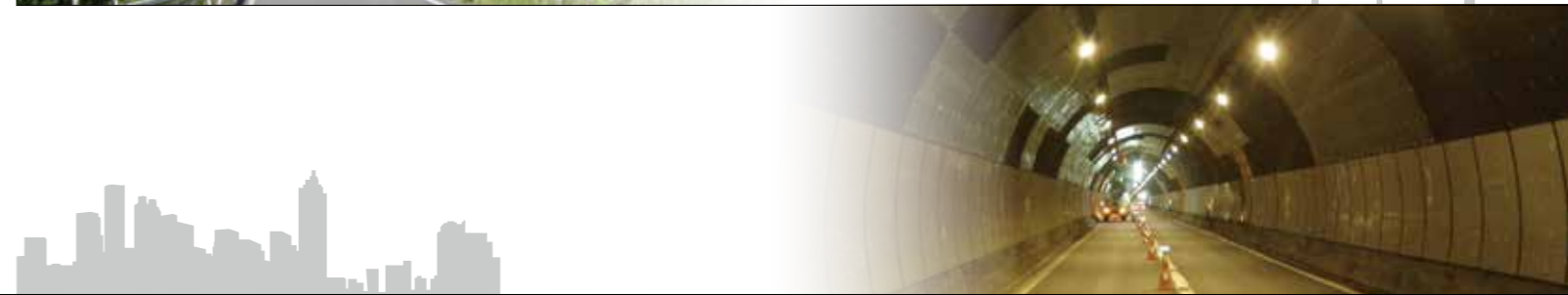


# NITTOC

Leading to the Future with our  
Technology of Protection



# NITTOC



## ● HEADQUARTERS

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## ● JAKARTA Representative Office

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# Advantage of NITTOC



Since the establishment of NittoC, we have cultivated our unique expertise through our construction experience more than half century. NITTOC is a leading company in the field of foundation work at Japan. Nowadays, we have different field of technique to respond the needs of society, "Disaster Prevention and Environmental Conservation", "Urban Regeneration", and "Maintenance and Renovation". Our technology contributes safety and security environment to the society.

**3 Type of Business Field respond to Social Needs**

## Leading to the Future with our Technology of Protection

### MISSION

With efficient management and comprehensive technical capabilities in foundation work, we are a company that provides safety and security society and contributes to the country.

### VISION

We are leading disaster prevention and environmental conservation as the expert of foundation work by accumulated our reliable technology ability.

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- P06 Maintenance and Renovation
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### Maintenance and Renovation

NITTOC specializes in slope related technique which accumulates a brilliant achievement. Now in this ageing of social infrastructure century, we developed our own diagnostic techniques as well as repair method of the existing slopes, we also established a control system that can be coordinates in maintenance work totally. In addition, we have developed special materials for long distance pumping, high strength and introduced in heavy environment, mountain area or long distance tunnel for headrace channel.

**▶▶ P06**

### Urban Regeneration

We must restructure in order to reborn the city under the strong disaster. It is not an easy project in this city which has so many compressed buildings. Even under the compress buildings situation, NITTOC have developed to work earthquake resistant, liquefaction prevention and existing pile removal method to contribute the society.

**▶▶ P04**

### Disaster Prevention and Environmental Conservation

Since Japan has geographical conditions that make it prone to being affected by natural disasters, large scale disasters have become more frequent in recent years. For this reason, in order to build a friendly, trusty and safely society in Japan, we have developed our slope protection method does not use concrete, using a method for spraying vegetative material base instead, or greening method by using surplus soil left in the site, based on the consideration of the disaster prevention environment. In addition, Anchor Method is necessary to slope disaster prevention, NITTOC accumulates a brilliant achievement about this method.

**▶▶ P08**

**We are holding 200 types of technology and construction method**

## A Message from the President



Established in 1947 as a firm involved in the foundation work for dam, we at Nittoc Construction have since been producing many outstanding records in a wide range of civil engineering works for dam, river, road, sewage, water supply and land development.

In our Nittoc, large numbers of professionals are enrolled respectively as civil engineer, geologist and other specialist, who are also richly experienced in the actual on-site construction works. To meet the requirements of the days, they have been working hard to develop a variety of innovative technologies and to create related engineering methods or applications in the sphere of “Environment, Disaster Prevention, Renovation and Maintenance”, the very area of expertise the company has been offering to date, in particular.

Displaying all the collective strength upon the united teamwork between the technical or technological staffs and those involved in the actual on-site works of engineering for the foundation, slope stabilization, soil improvement, geological survey, etc., we at Nittoc have also been working hard to offer the services of high quality under the authentication of ISO9001 as

the “General Contractor excelling at a Certain Specialized Civil Engineering Work”.

The construction is now under a very harsh climate in the business we’ve never been experiencing before, while the social needs for national land conservation, preservation of natural environment and furthermore, reinforcement and maintenance of infrastructure have also been increasing more and more in recent years.

We at Nittoc look on such harsh circumstances as a good opportunity for further development in our business and thus, exert ourselves to solidify a company’s business foundation and at the same time, make our best efforts to aim at a highly reliable company in the society by offering the original technologies we possess to be applied faithfully to the works.

Your cordial support and cooperation to us, Nittoc Construction, will be very much appreciated in advance.



**Tamotsu Nakamori**  
President & Representative Director

# Urban Regeneration

Construction Performance and Method and Technology

We must restructure in order to reborn the city under the strong disaster. It is not an easy project in this city which has so many compressed buildings. Even under the compress buildings situation, NITTOC have developed to work earthquake resistant, liquefaction prevention and existing pile removal method to contribute the society.

## Jakarta MRT Project

Our technology has been active at Jakarta MRT Project which is work in progress now. Although a lot of difficulties in procurement of materials, machines and human resources, we could achieve the needs. Through this project, we could get a lot of experiences of construction work in Indonesia.



Earth retaining temporary anchor for the station building



Chemical grouting for corner reinforcement of diaphragm wall corner for the station building

## Power Plant Construction Project

In Indonesia, we are advancing on infrastructure provision which is remarkable of economic development. We joined the underground power plant and thermal power plant construction project.



PS anchor and grouting at underground power plant



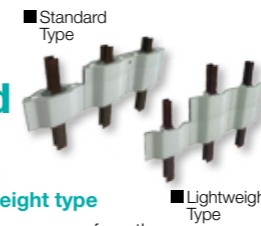
Soil improvement for thermal power plant foundation

### Soldier Pile Panel Wall Method

NETIS No. CB-990007-V  
Target Design Comparison Technology

Combination of soldier pile and concrete panel also with lightweight type

- Possible to install for road widening or recovery from the road side collapse and small soil cutting
- Self-supporting type (~4m wall height) and shoring work (~10m wall height) are available to choose
- Available for over 12m wall height when using light materials at the back embankment



### Power Blender Method

NETIS No. CB-980012-V  
Year 2011 Recommendation Technology

Improvement for Shallow and Middle Depth Shallow and Middle Layer Mixing Method Slurry Shooting Method

- Trencher type mixer
- Applicability up to 13m depth
- Well improved body by vertical mixing method



### WinBLADE Method

New Soil Improvement Method Underground Diameter Expanding Type Soil Mixing Improvement Method

- Improvement method avoiding underground object
- Applicability for vertical, horizontal and slanting
- Good improvement by monitoring system



### Sleeve Grouting Method

Rich experience for large depth construction improvement on complicated ground

- Rich experience for large depth improvement
- Improvement for temporary and permanently use
- Available for grouting on bedrock



### Expacker-N Method

NETIS No. KK-080040-A (since October 2014)

Liquefaction Prevention High Capacity and Speedy Grouting Method

- Reliable permeation point will be ensured
- Speedy permeation grouting for wide scope of ground
- Applicability for narrow working area

## Ground Improvement Method

For many years experience, we are well known about the underground related construction work. We provide the most suitable technique for each different case. From the general ground improvement to the special case in earthquake resistant and liquefaction prevention, we provide large range of ground improvement method.



### EinBand Drill

The Biggest Class Rotary Percussion Machine in Japan, available for large diameter and depth drilling

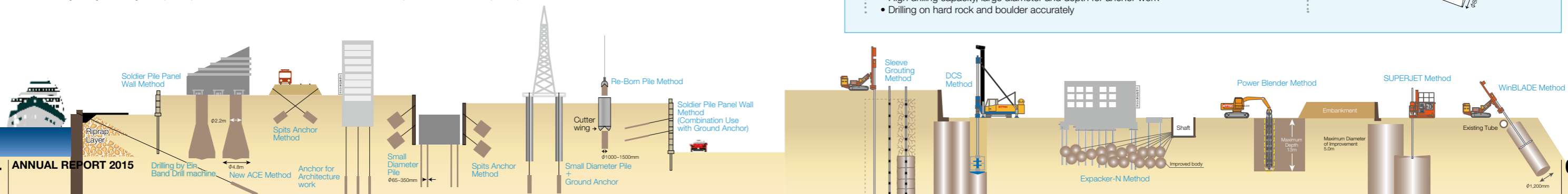
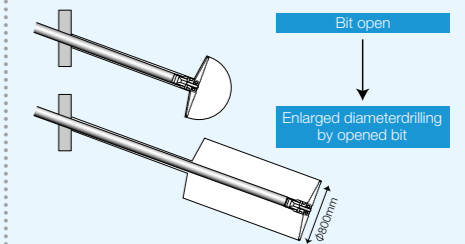
- Compare with conventional trencher: 3 times torque; 2.5 times feeding strength
- High drilling capacity, large diameter and depth for anchor work
- Drilling on hard rock and boulder accurately

### Splits Anchor Method

NETIS No. HR-030031-A (since October 2014)

Fixed on the Soft Ground Large Diameter, High-Strength Expand Diameter Type Anchor

- High pull-out resistance through large diameter anchor
- Adjustable anchor length by high fixation even in soft soil



# Maintenance and Renovation

Method and Technology

NITTOC specializes in slope related technique which accumulates a brilliant achievement.

Now in this ageing of social infrastructure century, we developed our own diagnostic techniques as well as repair method of the existing slopes, we also established a control system that can be coordinates in maintenance work totally. In addition, we have developed special materials for long distance pumping, high strength and introduced in heavy environment, mountain area or long distance tunnel for headrace channel.

## New ReSP Method

**Ageing Shotcrete Slope Rebuild**  
**Ageing Shotcrete Slope Maintenance and Renovation**

- Keeping existing mortar shotcrete
- Organic fiber renovation mortar shotcrete
- Stable shotcrete quality with general machine
- Well adhesion in new and existing shotcrete with shear bolt installation

\*BC fiber is excellent in adhesion of the mortar, because it has a tensile strength is more than 600N/mm<sup>2</sup>, to grant the high bending toughness to the mortar. Pump distance (Hose Extend, Vertical)/ Shotcrete Machine: 100m, ±45m Pump: 200m, ±45m



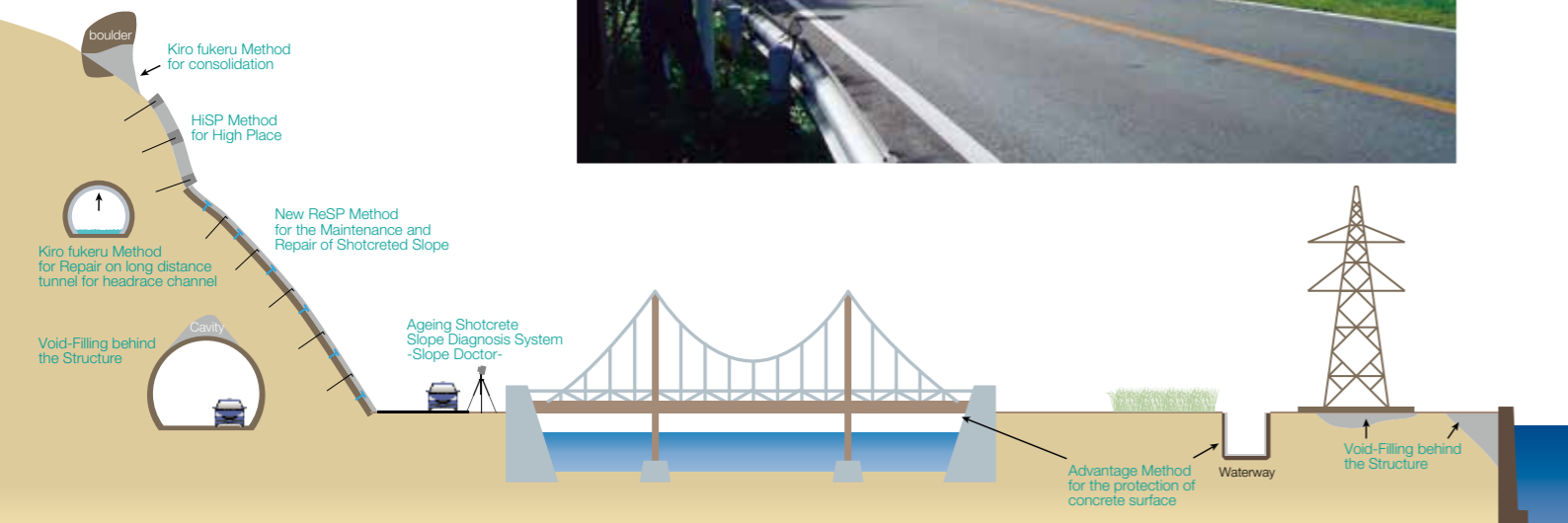
## SlopeDoctor

NETIS No.TH-040022-A (since October 2014)

**Ageing Shotcrete Slope Diagnosis**  
**Ageing Shotcrete Slope Diagnosis System**

- By non-destructive method based, diagnosis without ruining the environment
- The report of diagnosis is applied for optimal designing with social needs

Diagnosis Method: Infrared Rays  
Deflection Shake Method  
Cord Investigation (under conditions)

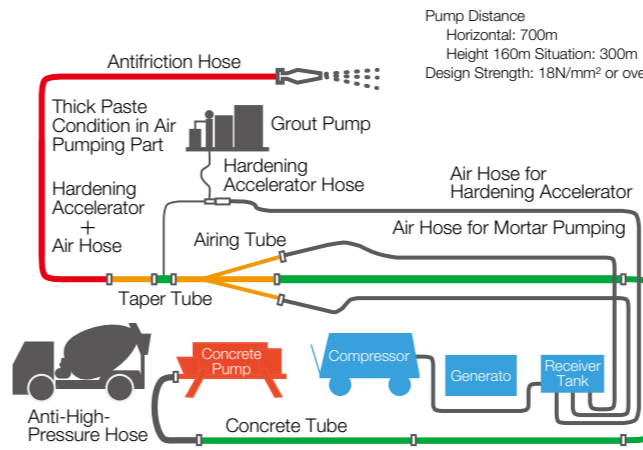


## HiSP Method

NETIS No.TH-040022-A (since October 2014)

**Shotcrete Mortar for High Place**

- Possible on long distance and high place
- Very low material separating keeps high strength
- Operation by compacted plant equipments



## Parfait Grout Method

NETIS No.KT-090052-V

**Filling of Cave and Gap**  
**High Quality Plasticity Grout Filling Method**

- Strong at standing water
- Controllable flow rate and pressure by <COGMA System>
- Mixture variation adjusted to the pump distance, strength and gravity



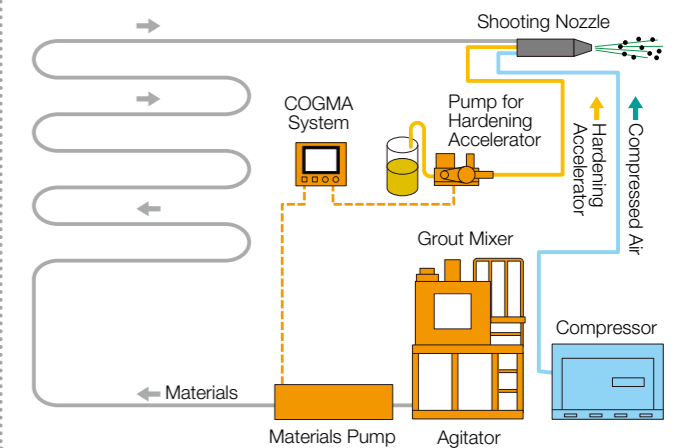
Pump Distance: ~2,000m (under conditions)  
Design Strength: 1.5~24N/mm<sup>2</sup>

## Kiro fukeru Method

NETIS No.TH-040022-A (since October 2014)

**Long Distance Shotcrete**  
**1km to Destination of 18 N/mm<sup>2</sup> Mortar Shotcrete**

- Long distance mortar shotcrete by special material
- Mortar and accelerator controllable by electron system



## Advantage Method

NETIS No.KK-050004-A (since October 2011)

**Concrete Building Long Lasting Method**  
**High Performance Materials for Maintenance Work with 100% Inorganic**

- High quality, long lasting and trackable cover
- Low cost performance without using giant machine



Standard construction thick: 2mm~  
Compressive strength: 57N/mm<sup>2</sup>

# Disaster Prevention and Environmental Conservation

Since Japan has geographical conditions that make it prone to being affected by natural disasters, large scale disasters have become more frequent in recent years. For this reason, in order to build a friendly, trusty and safely society in Japan, we have developed our slope protection method does not use concrete, using a method for spraying vegetative material base instead, or greening method by using surplus soil left in the site, based on the consideration of the disaster prevention environment. In addition, Anchor Method is necessary to slope disaster prevention, NITTOC accumulates a brilliant achievement about this method.

**Construction Performance and Method and Technology**

## Slope Protection Project

In order to protect the house at the upper slope, we have constructed the slope disaster prevention measures by Japanese technology.



Slope Collapse



Construction Work Completed



Ground Anchor Work in Progress

## Greening Project on Dumps Slope

For the dump slope after coal extraction, we have constructed a greening test work by Japanese technology. We arranged our existing technologies according to the local ability of technology and human resources and taught to Vietnam. The greening project will be continued to lead by Vietnam local engineer in future.



Spraying of Seeds and Foundation Soils



Greening Work on Shear Mountain



### Geofiber Method

NETIS No.KT-980183-VE Practical use facilitation technology

#### Non-Concrete Technology Environmental Friendly Slope Protection Method

- Instead of shotcrete method, decrease in using CO<sub>2</sub>
- All round slope greening
- Brilliant slope greening record



Using the sand from the right side nozzle, polyester continuous fiber from left side nozzle is injecting by the jet water, to making continuous fiber reinforced soil.



## Recycle Greening Method

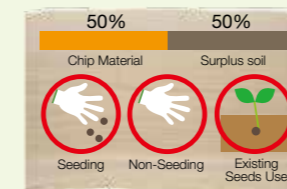
We have various recycle greening methods with surplus soil and chip in accordance with needs

### Nekko Chip Method

#### Recycle Greening Method by Existing Soil and Chip Material

- Possible for raw chip material recycle
- Possible for using original soil seed economically
- Construction by efficiency and effectively professional machine

\* under conditions, it is cheaper than vegetation materials base spraying work

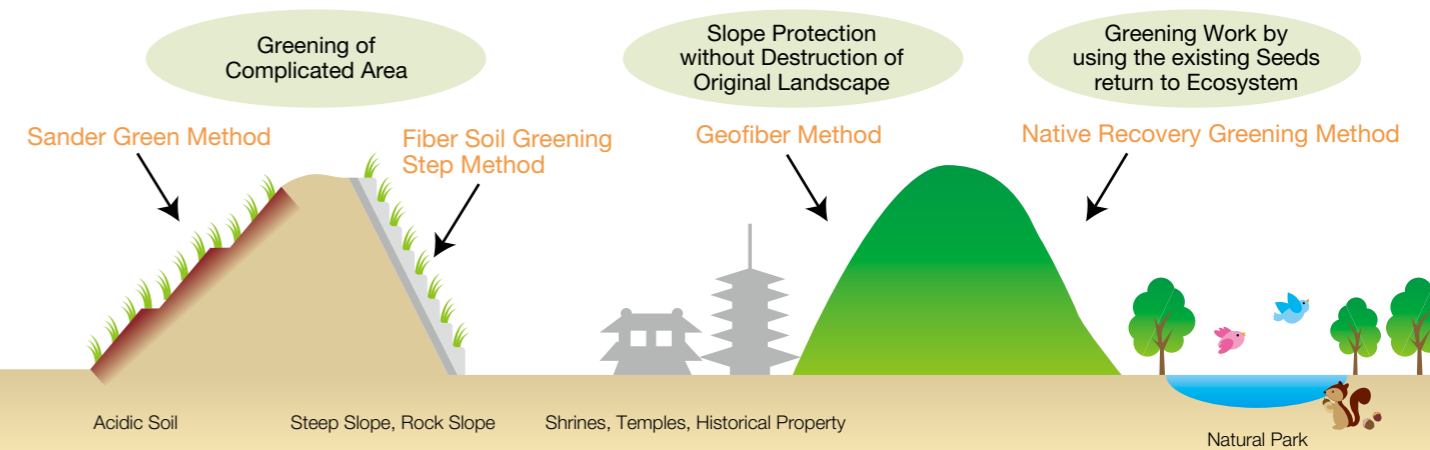
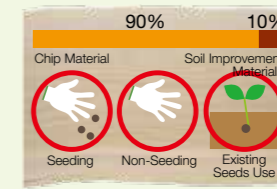


### Plant Leading Spraying Method

NETIS No.QS-980200-V

#### Using the deforestation material to be a foundation material of greening work

- Using existing seeds from forest, native recovery greening
- Also possible to greening on natural penetration





# Sustainability Plan

Sustainability

For the sound growth and development with legality and high transparency, Nittoc establishes “Basic Compliance Policy” or “Quality Management Policy” for business decisions and execution of operations.

In addition, we enhance environmental activities including introduction of environmental management system in accordance with ISO 14001, or development of slope protection technique without cement.

## Corporate Governance

### Basic Policy on Corporate Governance

To respond to stakeholder’s expectations, we will follow not only the laws and norms, in additions, recognizing the importance in compliance to corporate ethic with social sense and common sense, to continue the development of company and acquire the social credibility. Elimination of illegal payoff against anti-social group, transparency of management, enhancement of integrity, builds up an organization that can contribute to the development of social infrastructure. We comply with these issues for basic policy on corporate governance.

### Basic Compliance Policy

We are aware of corporate social responsibility as a business operator, with a social sense as well as comply with laws, internal and external rules. We act as the follows:

- We will contribute to the economical activities and social development by running under the slogan of <advancing day by day> and code of conduct of <Safety First>, <Trust Establishing> and <Efforts for Technology Development>.
- We are not only complied with the law and

company rules, we will be proud of a Nittoc people through faithful activities based on the company ethics, and strive to be trusted from the society.

- We will strive to reflect the voices from the society, including the stakeholders, in corporate activities, as well as carry out the provision of corporate information properly as a <Opened Company>.
- We will recognize that efforts to environmental issue is essential to the existence and activities of the company, we will act voluntarily and actively.
- We strive for contribution in harmony with the local community as a company who work in the region and local community, participate voluntarily in community activities.

### Company Quality Policy

We contribute to country in security and safety environment by total technology ability and efficient management. We aim to establish an efficient management foundation in the harsh competition environment among companies, <Advancing Day by Day> as our slogan that contributes to safety and security national lands. We will continue working as the followings issues:

- Prerequisite for safety to ensure the quality.

We strive to ensure the safety first as our company slogan.

- Regard the needs of the customer accurately; we strive to utilize high technology to establish the credit of customer.
- Aim to improve quality by technology development that corresponds to social needs, and fulfill the corporate social responsibility.



1st April 2014  
NITTOC Construction Co., Ltd.  
Tamotsu NAKAMORI  
President & Representative Director

### Basic Policy of Information Disclosure

Our company group, for every stakeholder, shareholders and investors, we fairly disclose the appropriate information in time, we do not give specific information to specific person inequitably.

We quickly publish important information which is comply with the rules for timely disclosure stipulated by the Tokyo Stock Exchange. (hereinafter referred as “Timely Disclosure Rules”)



## Social Responsibility

### About Overseas Construction

Currently, Jakarta Indonesia representative office was established, we are focusing on overseas construction projects. We are going through the construction along with trial and errors with Indonesia local workers since the differences of culture and customs between two countries. In the future, we are also learning as well as to educate the local workers, to achieve the construction performance.



### Our Overseas Contribution in Future

Since Indonesian landslides are similar to Japan, we expect to utilize our knowledge, our history of fighting the landslides disaster to Indonesia. We believe that it is possible to meet the needs from abroad and Japanese worldwide companies by our valuable performance and experiences. Now, Japan is trying to export her national policy “Disaster Prevention Technology” to foreign countries, our company also will contribute to this field as a specialist and showcase to the world.

### Training of Global Talent

To respond the international community, we have trainings Indonesian engineer by overseas training, language training and overseas construction site training. Here we introduce our one of global employee.

### Sound of Local Employee

I have started working from October 2014 since NITTOC is expands the active area in Indonesia. I was assigned a slope protection project in Rancamaya for the first time. I was involved in variety of works such as construction, quality management, safety and cost management. It was felt very interesting because it was just assigned one work task for one employee only when I was worked at previous company. Now I am in a training scheme in Japan for the purpose of whole business skill up. I am please that company gives me this opportunity. I would like to learn a lot and contribute to the development of Indonesia.

#### Yesi Pratiwi

International Department,  
Strategy Division  
Nationality: Indonesia



## Environmental Responsibility

### Environmental Policy

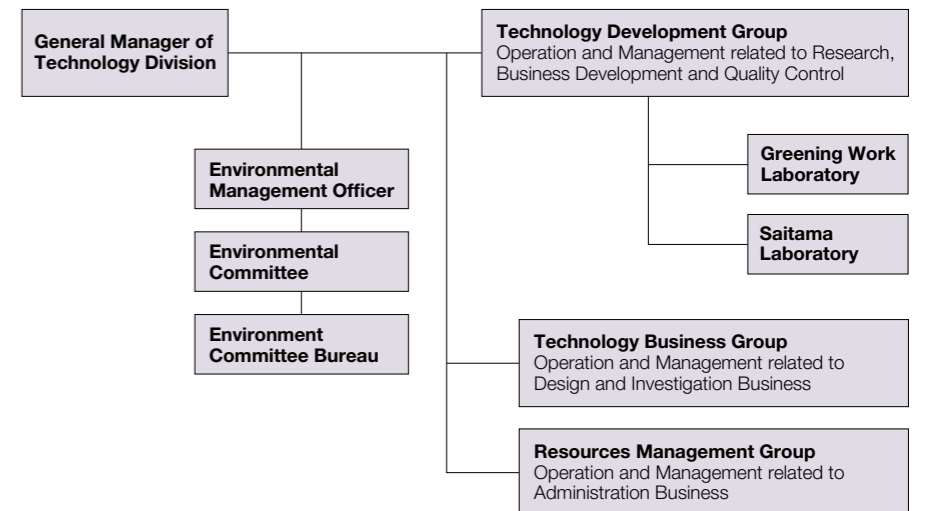
NITTOC has general power with that specializes in <Disaster Prevention and Environmental Conservation>, <Urban Regeneration> and <Maintenance and Renovation>, listed in one of the management philosophy of contributing to the society. Technology Division establishes the followings issue as our environmental policy based on our management philosophy.

- Technology Division recognizes global environment conservation as one of the business activities. We are aim to reduce the load of global environment by improving the environmental management system.
- Effective utilization of limited resources and reduce the load of environment to be a resource recycling society. We promote the research, development, design and study to construct an environmental symbiosis society for earth biological including humans.
- Promote all activities about waste reduction, increase recycling rate, resources saving, energy saving, ecosystem conservation, landscape conservation and environmental friendly products utilization.
- Comply with environment related laws and regulations, agreements, customer and industry requirements, actively fulfill social responsibility for environmental protection.
- Education for personnel of Technology Division to improve environmental conservation awareness.
- Expose the implementation of environmental policy and environmental conservation activities as needed in order to cooperate with customers and the community.

### Promotion of Environment Management System by ISO14001

In February 1999, we composed <Environment Committee Bureau> by Environmental Management Promotion Committee of each environment related departments. In October 1999, we established a consultative organization <Environmental Committee>, which is chaired by the Environmental Management Officer. In November of the same year, we announced the <NITTOC Construction Co., Ltd. Technology Division Environmental Policy>. After that, we aimed to build an environmental management system, in March 2000, registered in the ISO14001 Environmental Management System.

### Technology Division Environmental Management System Network



## Environmental Protection Technology. Landscape Conservation Technology of Cultural Property



### Environmental Greening (Geofiber Method)

#### Environmental friendly slope protection technology without using concrete

Geofiber method is totally greening environmental friendly type slope protection method that can be apply to land, river and dams revetment. It is harmonized with the surrounding environment, response to biological diversity and ecosystem conservation, formation of a recycling society, cost reduction and various functions, we have a number of performances done.



### Landscape Conservation of Cultural Property

Our technology also helps to restore the landscape while protecting the valuable cultural property of historic spot in safety.

#### Kiyomizu-dera temple (Kyoto)

The slope of the Kiyomizu-dera, the world Heritage has collapsed cause of heavy rain by typhoon No.13 on September 2013. The period from year 2014 to 2015, the collapsed slope was reinforced by ground reinforcement work and ground anchor work, and covered with Geofiber method. From now on the plants grows up, and it will come back to landscape with full of greenery.

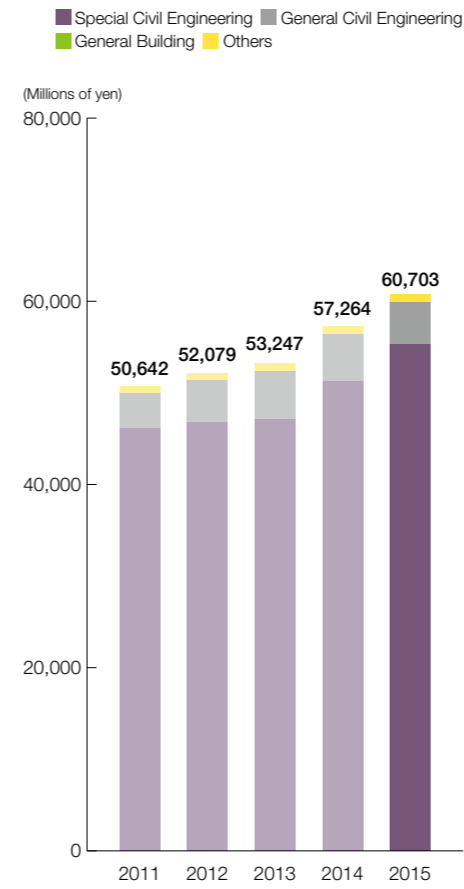
- View from the stage of Kiyomizudera
- Slope under the Koyasu-no-tou, National important cultural property



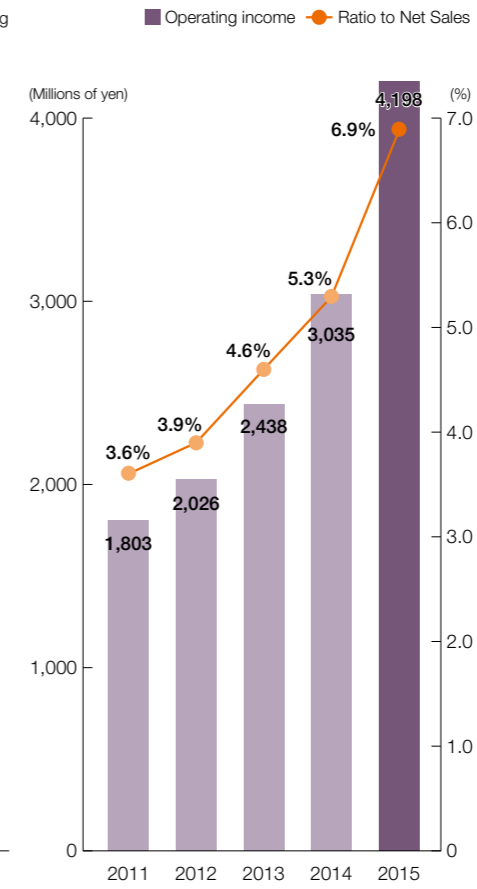
# Financial Highlights

	Millions of yen					Thousands of U.S. dollars
	2011	2012	2013	2014	2015	2015
Net sales	¥50,642	¥52,079	¥53,247	¥57,264	¥60,703	\$505,145
Ordinary income	1,509	1,877	2,249	2,904	3,905	32,501
Net income	2,318	1,823	3,532	1,663	1,664	13,848
Comprehensive income	2,280	1,838	3,632	1,715	1,694	14,102
Total net assets	10,403	12,044	15,029	16,370	18,116	150,756
Total assets	35,620	36,576	39,111	41,047	42,306	352,054
Net cash provided by (used in) operating activities	3,566	723	4,933	1,011	2,435	20,268
Net cash provided by (used in) investing activities	32	(202)	(206)	(189)	(277)	(2,306)
Net cash provided by (used in) financing activities	(1,191)	(936)	(1,756)	(678)	(775)	(6,453)
Cash and cash equivalents at end of period	9,578	9,163	12,132	12,277	13,698	113,994

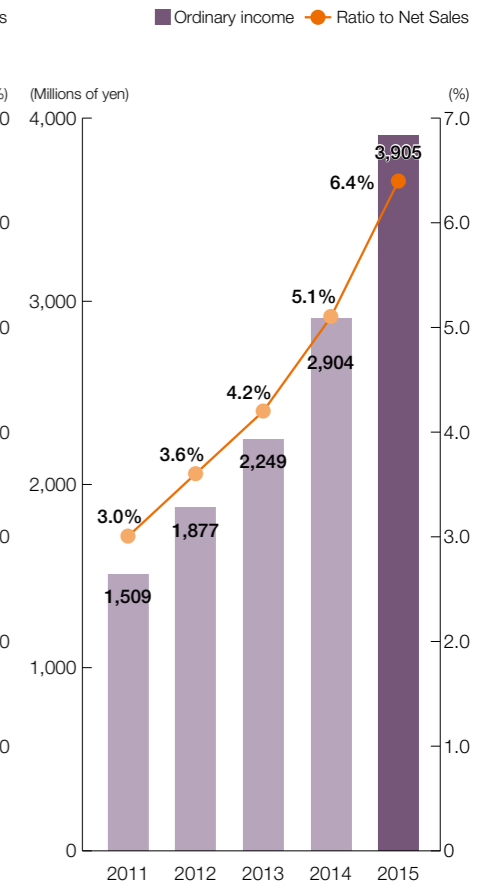
Net sales



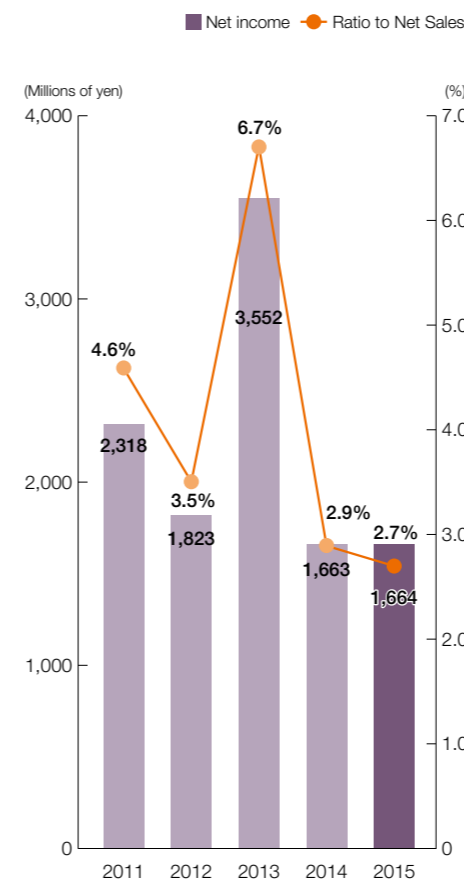
Operating income-Ratio to Net Sales



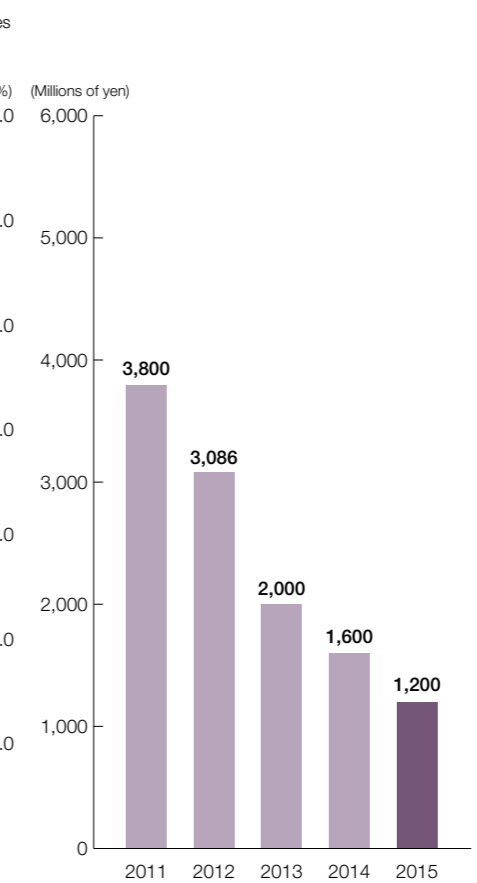
Ordinary income-Ratio to Net Sales



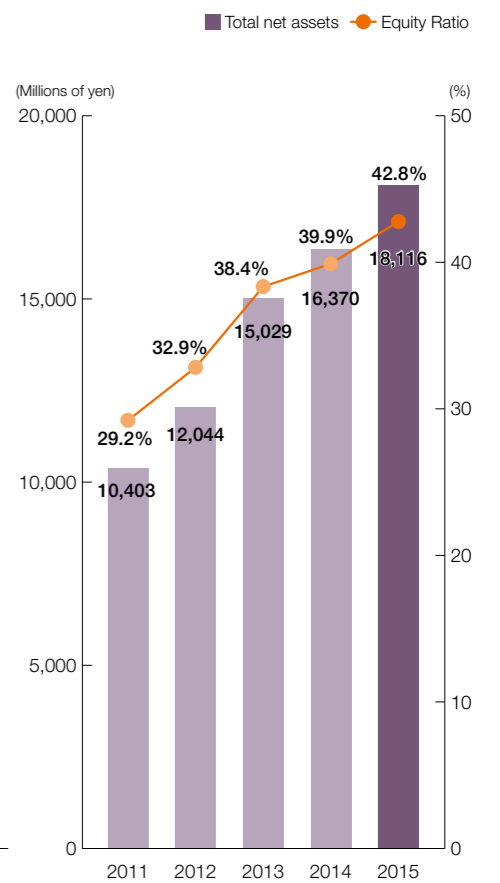
Net income-Ratio to Net Sales



Interest-bearing debt



Total net assets-Equity Ratio





## 1. Consolidated Financial Statements, etc.

### (1) Consolidated Financial Statements

#### 1) Consolidated Balance Sheets

March 31, 2014 and 2015

	Millions of yen		Thousands of
	2014	2015	U.S.Dollars( *)
			2015
<b>Assets</b>			
Current assets			
Cash and deposits	12,277	13,698	113,994
Notes receivable, accounts receivable from completed construction contracts and other	16,631	16,702	138,988
Merchandise and finished goods	22	20	172
Real estate for sale	0	0	0
Costs on uncompleted construction contracts	*5 1,499	*5 1,618	13,472
Raw materials and supplies	163	148	1,234
Deferred tax assets	349	591	4,922
Other	430	681	5,674
Allowance for doubtful accounts	(16)	(192)	(1,600)
Total current assets	31,359	33,270	276,858
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	*1 1,027	*1 829	6,899
Machinery, vehicles, tools, furniture and fixtures, net	*1 329	*1 446	3,715
Land	5,340	4,560	37,948
Leased assets, net	*1 25	*1 40	339
Construction in progress	8	1	9
Other, net	*4 2	*4 2	16
Total property, plant and equipment	6,733	5,879	48,928
Intangible assets	212	223	1,858
Investments and other assets			
Investment securities	*2 708	831	6,920
Deferred tax assets	1,626	1,593	13,259
Other	409	539	4,486
Allowance for doubtful accounts	(2)	(31)	(258)
Total investments and other assets	2,742	2,933	24,408
Total non-current assets	9,688	9,036	75,195
Total assets	41,047	42,306	352,054

\* Refer to the note "Basis of Presenting Consolidated Financial Statements"

	Millions of yen		Thousands of
	2014	2015	U.S.Dollars( *)
			2015
<b>Liabilities</b>			
Current liabilities			
Notes payable, accounts payable for construction contracts and other	14,634	12,175	101,321
Short-term loans payable	400	400	3,328
Advances received on uncompleted construction contracts	1,820	2,487	20,702
Lease obligations	21	20	169
Income taxes payable	657	1,491	12,408
Provision for warranties for completed construction	18	77	645
Provision for loss on construction contracts	*5 69	*5 89	748
Provision for bonuses	477	543	4,523
Other	881	2,086	17,358
Total current liabilities	18,981	19,372	161,205
Non-current liabilities			
Long-term loans payable	1,200	800	6,657
Lease obligations	31	34	289
Deferred tax liabilities	98	134	1,122
Net defined benefit liability	4,241	3,831	31,888
Other	123	16	134
Total non-current liabilities	5,695	4,817	40,091
Total liabilities	24,677	24,189	201,297
<b>Net assets</b>			
Shareholders' equity			
Capital stock	6,052	6,052	50,365
Capital surplus	2,022	2,022	16,828
Retained earnings	8,774	10,500	87,382
Treasury shares	(540)	(551)	(4,585)
Total shareholders' equity	16,308	18,024	149,991
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	178	282	2,353
Remeasurements of defined benefit plans	(116)	(190)	(1,588)
Total accumulated other comprehensive income	61	91	765
Total net assets	16,370	18,116	150,756
Total liabilities and net assets	41,047	42,306	352,054

\* Refer to the note "Basis of Presenting Consolidated Financial Statements"

2) [Consolidated Statements of Income and Consolidated Statements of Comprehensive Income]  
[Consolidated Statements of Income]  
Fiscal Years Ended March 31, 2014 and 2015

	Millions of yen		Thousands of
	2014	2015	U.S.Dollars ( * )
Net sales			2015
Net sales of completed construction contracts	56,991	60,578	504,104
Sales on other business	272	125	1,041
Total net sales	57,264	60,703	505,145
Cost of sales			
Cost of sales of completed construction contracts	*1 49,140	*1 50,808	422,801
Cost of sales on other business	165	40	336
Total cost of sales	49,306	50,848	423,138
Gross profit			
Gross profit on completed construction contracts	7,851	9,770	81,302
Gross profit - other business	107	84	704
Total gross profit	7,958	9,854	82,007
Selling, general and administrative expenses	*2,3 4,923	*2,3 5,656	47,067
Operating income	3,035	4,198	34,939
Non-operating income			
Interest income	1	0	7
Dividend income	12	16	140
Patent income	32	22	185
Other	10	19	166
Total non-operating income	57	60	500
Non-operating expenses			
Interest expenses	48	38	320
Guarantee commission	55	51	425
Implementation charge for payables factoring	50	—	—
Factoring fee for receivables	22	30	251
Provision of allowance for doubtful accounts	—	173	1,446
Other	12	59	494
Total non-operating expenses	188	353	2,938
Ordinary income	2,904	3,905	32,501
Extraordinary income			
Gain on sales of non-current assets	*4 3	*4 32	270
Gain on sales of investment securities	—	9	78
Total extraordinary income	3	41	348
Extraordinary losses			
Loss on retirement of non-current assets	*5 2	*5 2	25
Impairment loss	—	*6 978	8,143
Total extraordinary losses	2	981	8,169
Income before income taxes and minority interests	2,906	2,965	24,681
Income taxes - current	733	1,699	14,140
Income taxes - deferred	508	(397)	(3,308)
Total income taxes	1,242	1,301	10,832
Income before minority interests	1,663	1,664	13,848
Net income	1,663	1,664	13,848

\* Refer to the note “Basis of Presenting Consolidated Financial Statements”

[Consolidated Statements of Comprehensive Income]  
Fiscal Years Ended March 31, 2014 and 2015

	Millions of yen		Thousands of
	2014	2015	U.S.Dollars ( * )
Income before minority interests	1,663	1,664	13,848
Other comprehensive income			
Valuation difference on available-for-sale securities	51	104	868
Remeasurements of defined benefit plans, net of tax	—	(73)	(614)
Total other comprehensive income	*1 51	*1 30	253
Comprehensive income	1,715	1,694	14,102
Comprehensive income attributable to			
Owners of parent	1,715	1,694	14,102
Minority interests	—	—	—

\* Refer to the note “Basis of Presenting Consolidated Financial Statements”

3) Consolidated Statements of Changes in Net Assets  
Fiscal year ended March 31, 2014

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,052	2,022	7,366	(539)	14,902
Cumulative effects of changes in accounting policies					—
Restated balance	6,052	2,022	7,366	(539)	14,902
Changes of items during period					
Dividends of surplus			(255)		(255)
Net income			1,663		1,663
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(0)		0	0
Change of scope of consolidation					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(0)	1,408	(1)	1,406
Balance at end of current period	6,052	2,022	8,774	(540)	16,308

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	126	—	126	15,029
Cumulative effects of changes in accounting policies				—
Restated balance	126	—	126	15,029
Changes of items during period				
Dividends of surplus				(255)
Net income				1,663
Purchase of treasury shares				(1)
Disposal of treasury shares				0
Change of scope of consolidation				—
Net changes of items other than shareholders' equity	51	(116)	(65)	(65)
Total changes of items during period	51	(116)	(65)	1,341
Balance at end of current period	178	(116)	61	16,370

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,052	2,022	8,774	(540)	16,308
Cumulative effects of changes in accounting policies			358		358
Restated balance	6,052	2,022	9,133	(540)	16,667
Changes of items during period					
Dividends of surplus			(340)		(340)
Net income			1,664		1,664
Purchase of treasury shares				(10)	(10)
Disposal of treasury shares		0		0	0
Change of scope of consolidation			43		43
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	1,367	(10)	1,356
Balance at end of current period	6,052	2,022	10,500	(551)	18,024

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	178	(116)	61	16,370
Cumulative effects of changes in accounting policies				358
Restated balance	178	(116)	61	16,729
Changes of items during period				
Dividends of surplus				(340)
Net income				1,664
Purchase of treasury shares				(10)
Disposal of treasury shares				0
Change of scope of consolidation				43
Net changes of items other than shareholders' equity	104	(73)	30	30
Total changes of items during period	104	(73)	30	1,387
Balance at end of current period	282	(190)	91	18,116

Fiscal year ended March 31, 2015

(Thousands of U.S.Dollars(\*))

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	50,365	16,828	73,021	(4,500)	135,715
Cumulative effects of changes in accounting policies			2,985		2,985
Restated balance	50,365	16,828	76,006	(4,500)	138,700
Changes of items during period					
Dividends of surplus			(2,835)		(2,835)
Net income			13,848		13,848
Purchase of treasury shares				(85)	(85)
Disposal of treasury shares		0		0	0
Change of scope of consolidation			362		362
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	11,376	(85)	11,291
Balance at end of current period	50,365	16,828	87,382	(4,585)	149,991

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	1,484	(973)	511	136,226
Cumulative effects of changes in accounting policies				2,985
Restated balance	1,484	(973)	511	139,211
Changes of items during period				
Dividends of surplus				(2,835)
Net income				13,848
Purchase of treasury shares				(85)
Disposal of treasury shares				0
Change of scope of consolidation				362
Net changes of items other than shareholders' equity	868	(614)	253	253
Total changes of items during period	868	(614)	253	11,545
Balance at end of current period	2,353	(1,588)	765	150,756

4) [Consolidated Statements of Cash Flows]

Fiscal Years Ended March 31, 2014 and 2015

	Millions of yen		Thousands of U.S.Dollars(*)
	2014	2015	2015
<b>Cash flows from operating activities</b>			
Income before income taxes and minority interests	2,906	2,965	24,681
Depreciation	198	257	2,136
Increase (decrease) in allowance for doubtful accounts	(156)	204	1,700
Increase (decrease) in provision for warranties for completed construction	(7)	59	495
Increase (decrease) in provision for loss on construction contracts	37	20	168
Increase (decrease) in provision for bonuses	63	64	534
Increase (decrease) in provision for retirement benefits	(4,034)	—	—
Increase (decrease) in net defined benefit liability	4,060	38	319
Loss (gain) on sales of property, plant and equipment	(3)	(32)	(270)
Loss on retirement of property, plant and equipment	2	2	24
Interest and dividend income	(14)	(17)	(148)
Interest expenses	48	38	320
Foreign exchange losses (gains)	—	3	28
Loss (gain) on sales of investment securities	—	(9)	(78)
Impairment loss	—	978	8,144
Decrease (increase) in notes and accounts receivable - trade	(1,947)	(45)	(380)
Decrease (increase) in costs on uncompleted construction contracts	73	(102)	(852)
Decrease (increase) in other assets	(51)	(466)	(3,874)
Increase (decrease) in notes and accounts payable - trade	1,401	(2,471)	(20,567)
Increase (decrease) in advances received on uncompleted construction contracts	(385)	657	5,474
Increase (decrease) in accrued consumption taxes	(524)	5	45
Increase (decrease) in other liabilities	(203)	1,131	9,414
Subtotal	1,463	3,282	27,314
Interest and dividend income received	14	17	148
Interest expenses paid	(48)	(38)	(320)
Income taxes paid	(416)	(826)	(6,874)
Net cash provided by (used in) operating activities	1,011	2,435	20,268
<b>Cash flows from investing activities</b>			
Purchase of investment securities	(61)	(3)	(26)
Purchase of property, plant and equipment	(113)	(353)	(2,939)
Proceeds from sales of property, plant and equipment	3	35	291
Advances received on sale of property, plant and equipment	—	185	1,539
Purchase of intangible assets	(26)	(54)	(450)
Proceeds from sales of investment securities	—	19	164
Collection of loans receivable	0	1	16
Payments for guarantee deposits	(6)	(114)	(949)
Other, net	13	5	48
Net cash provided by (used in) investing activities	(189)	(277)	(2,306)

\* Refer to the note "Basis of Presenting Consolidated Financial Statements"

	Millions of yen		Thousands of U.S.Dollars ( * )
	2014	2015	2015
Cash flows from financing activities			
Repayments of long-term loans payable	(400)	(400)	(3,328)
Repayments of lease obligations	(24)	(25)	(209)
Proceeds from disposal of treasury shares	0	0	0
Purchase of treasury shares	(1)	(10)	(85)
Cash dividends paid	(252)	(340)	(2,830)
Net cash provided by (used in) financing activities	(678)	(775)	(6,453)
Effect of exchange rate change on cash and cash equivalents	—	(3)	(28)
Net increase (decrease) in cash and cash equivalents	144	1,379	11,480
Cash and cash equivalents at beginning of period	12,132	12,277	102,165
Increase in cash and cash equivalents from newly consolidated subsidiary	—	41	348
Cash and cash equivalents at end of period	*1 12,277	*1 13,698	113,994

\* Refer to the note “Basis of Presenting Consolidated Financial Statements”

## 【Notes】

### (Basis of Presenting Consolidated Financial Statements)

The accompanying consolidated financial statements have been prepared from the accounts maintained by NITTO CONSTRUCTION CO., LTD. (the “Company”) and its consolidated subsidiaries in accordance with the provisions set forth in the Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and mainly operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥120.17 to US\$1.00, the approximate rate of exchange on March 31, 2015. Such translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

### (Going-Concern Assumption)

Not applicable

### (Significant Items on Basis for Preparation of Consolidated Financial Statements)

#### 1. Scope of Consolidation

Number of consolidated subsidiaries: 3

Midori Industries Co., Ltd.

Yamaguchi Earth Engineering Co., Ltd.

Shimane Earth Engineering Co., Ltd.

Note: The Company has included all of its subsidiaries in the scope of consolidation effective from the fiscal year ended March 31, 2014, regardless of their importance. Although Shimane Earth Engineering Co., Ltd. was excluded from the scope of consolidation for the previous consolidated fiscal year due to a contradiction with other systems, it has been included in the scope of consolidation effective from the end of the consolidated fiscal year under review as said contradiction was eliminated.

#### 2. Application of the Equity Method

Not applicable

#### 3. Fiscal Years, etc. of Consolidated Subsidiaries

The year-end date of the fiscal year of the consolidated subsidiaries is March 31, which is the same as the consolidated balance sheet date.

#### 4. Standards on Accounting Procedures

##### (1) Valuation standard and valuation method for significant assets

##### 1) Securities

- Held-to-maturity debt securities

Amortized cost method (by the straight-line method)

- Available-for-sale securities

Securities with market quotations:

Valued at fair market value as of the consolidated fiscal year-end date (All changes in valuation difference are included directly in net assets. Cost of securities sold is determined by the moving-average method).

Securities without market quotations:

Valued at cost based on the moving-average method.

##### 2) Inventories

- Merchandise

Stated at cost using the first-in first-out method (The figures shown in the consolidated balance sheets have been calculated by writing down the book value based on the decline in profitability.)

- Real estate for sale

Stated at cost using the specific identification method (The figures shown in the consolidated balance sheets have been calculated by writing down the book value based on the decline in profitability.)

- Costs on uncompleted construction contracts

Stated at cost using the specific identification method

- Raw materials and supplies  
Stated at cost using the first-in first-out method (The figures shown in the consolidated balance sheets have been calculated by writing down the book value based on the decline in profitability.)
- (2) Depreciation methods of major depreciable assets
  - 1) Property, plant and equipment (excluding leased assets): The declining-balance method is applied.  
However, the straight-line method is adopted for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for machinery equipment.  
The useful lives and the residual value are based on standards in accordance with methods stipulated in the Corporation Tax Act.
  - 2) Intangible assets (excluding leased assets): The straight-line method is applied.  
The useful lives are based on standards in accordance with methods stipulated in the Corporation Tax Act. Computer software for internal use is amortized by the straight-line method over the estimated internal useful life (five years).
  - 3) Leased assets  
The straight-line method, in which the lease period is utilized as the useful life assuming the residual value is zero, is adopted for the leased assets of finance lease transactions without transfer of ownership.
- (3) Recognition standards for significant reserves
  - 1) Allowance for doubtful accounts  
The allowance for doubtful accounts is recorded at an amount of estimated uncollectible receivables based on past bad debt experience for general receivables, and by individually considering the collectibility for certain doubtful receivables including loans with potential default to prepare for possible loan losses including notes and accounts receivable - trade and loans receivable.
  - 2) Provision for warranties for completed construction  
The provision for warranties for completed construction is recorded at an amount based on the estimated compensation amount regarding the net sales of completed construction contracts for the consolidated fiscal year under review to prepare for expenses such as warranty against defects relative to completed construction works.
  - 3) Provision for loss on construction contracts  
The provision for loss on construction contracts is recorded at an estimated loss amount regarding construction works on hand at the end of the consolidated fiscal year under review for which loss is expected, and for which the amount can be reasonably estimated, to prepare for possible losses from construction contracts that the Group has received orders thereof.
  - 4) Provision for bonuses  
The provision for bonuses is recorded at an amount of possible disbursement corresponding to the consolidated fiscal year under review based on the estimated amount to provide for bonuses to employees.
- (4) Accounting procedure for retirement benefits
  - 1) Method of allocating the projected retirement benefits to periods  
In calculating the projected benefit obligation, the benefit formula basis is used to allocate the projected retirement benefits to periods up to the end of the consolidated fiscal year under review.
  - 2) Amortization method for actuarial gains/losses and prior service cost  
Actuarial gains or losses are amortized for the pro-rata amount computed by the straight-line method over a certain period (10 years) within the average remaining service period of employees at the time of recognition, commencing from the consolidated fiscal year following the recognition.  
The prior service cost is amortized by the straight-line method over a certain period (10 years) within the average remaining service period of employees at the time of recognition.
  - 3) Adoption of the simplified method for small and medium-sized entities  
For the calculation of net defined benefit liability and retirement benefit expenses, the consolidated subsidiaries of the Company have adopted the simplified method, according to which the amount of payables for voluntary retirement of all employees at the end of the period is treated as projected benefit obligation.

- (5) Recognition standards for significant revenues and expenses  
Recognition standards for net sales of completed construction contracts and cost of sales of completed construction contracts
  - 1) Works for which the outcome of the construction activity is deemed certain with regard to the portion of construction in progress by the end of the consolidated fiscal year under review  
The percentage-of-completion method has been applied to such works (the degree of completion of construction is estimated by the cost-to-cost method).
  - 2) Other works  
The completed-contract method has been applied.

Net sales of completed construction contracts, to which the percentage-of-completion method was applied, were ¥38,884 million (\$323,579 thousand) for the consolidated fiscal year under review.

- (6) Scope of cash and cash equivalents in the consolidated statements of cash flows  
Cash and cash equivalents in the consolidated statements of cash flows comprise cash on hand, bank deposits available for withdrawal on demand and readily convertible short-term investments with maturities of three months or less, which are exposed to minor risk of fluctuation in value.
- (7) Other items of significance concerning the preparation of consolidated financial statements
  - 1) Accounting procedure for consumption taxes and others  
Transactions subject to consumption tax and local consumption tax are recorded at amounts exclusive of the consumption taxes.
  - 2) Application of consolidated tax return system  
The consolidated tax return system is applied.

(Change in Accounting Policies)

(Application of the Accounting Standards for Retirement Benefits)

The “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012; hereinafter the “Standard”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015; hereinafter the “Guidance”) have been applied effective from the fiscal year ended March 31, 2015, with regard to the provisions set forth in the main clause of Paragraph 35 of the Standard and the main clause of Paragraph 67 of the Guidance. Consequently, the Company reviewed the calculation method of projected benefit obligations and service cost and has changed the method of allocating the projected benefit amounts to periods from the straight-line attribution to the benefit formula basis. The decision method for the discount rate also has been changed from the previous method, according to which the discount rate is determined based on the number of service years similar to those within the employees’ average remaining service period, to a single-weighted average discount rate, in which the projected payment period for retirement benefits and the amount for each projected payment period are reflected.

The application of the Standard complies with the transitional accounting treatment set forth in Paragraph 37 of the Standard, and the effects of this change in calculation method of projected benefit obligations and service cost are adjusted as retained earnings at the beginning of the consolidated fiscal year under review.

As a result, at the beginning of the consolidated fiscal year under review, the net defined benefit liability decreased by ¥557 million (\$4,638 thousand), whereas retained earnings increased by ¥358 million (\$2,958 thousand). Meanwhile, operating income decreased by ¥37 million (\$314 thousand), ordinary income and income before income taxes and minority interests for the consolidated fiscal year under review each decreased by the same amount.

The impact on per share information is stated below.

(Change in Presentation Method)

(Consolidated Statements of Cash Flows)

“Payments for guarantee deposits,” which were included in “Other, net” under “Cash flows from investing activities” for the previous consolidated fiscal year, have been separately presented effective from this consolidated fiscal year due to increased importance in terms of amount. To reflect this change in presentation method, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, ¥7 million (\$63 thousand), which was presented as a component of “Other, net” under “Cash flows from investing activities,” is reclassified as negative ¥6 million (\$52 thousand) in “Payments for guarantee deposits” and ¥13 million (\$115 thousand) as a component of “Other, net.”

(Consolidated Balance Sheets)

\*1 Accumulated depreciation of property, plant and equipment

As of March 31			
2014		2015	
	¥7,404 million	¥7,343 million	\$61,110 thousand

\*2 The amounts related to the nonconsolidated subsidiaries were as follows:

As of March 31			
	2014	2015	2015
Investment securities (shares)	¥10 million	¥— million	\$— thousand

3 Contingent liabilities

(1) The Company guarantees loans payable for the purchase of its properties for sale.

As of March 31				
2014		2015		2015
9 properties	¥26 million	9 properties	¥21 million	\$179 thousand

(2) The Company guarantees housing funds, the loans payable of its employees borrowed from banks, in accordance with the Housing Loan Financing Rules.

As of March 31			
2014		2015	
	¥45 million	¥33 million	\$278 thousand

(3) Litigation-related

Fiscal year ended March 31, 2014 (As of March 31, 2014)

The Company received a filing of damage suit (claimed amount of ¥277 million) regarding directors' retirement benefits as of September 5, 2013, from several former company officers. The case is pending in court at present.

The Company considers that said claim for damages by the former company officers has no foundation, and legal advisors to the Company concur with the Company. Accordingly, the Company intends to challenge the plaintiffs on this case.

Fiscal year ended March 31, 2015 (As of March 31, 2015)

The Company received a filing of damage suit (claimed amount of ¥277 million (\$2,308 thousand)) regarding directors' retirement benefits as of September 5, 2013, from several former company officers. The case is pending in court at present.

The Company considers that said claim for damages by the former company officers has no foundation, and legal advisors to the Company concur with the Company. Accordingly, the Company intends to challenge the plaintiffs on this case.

\*4 Reduction entry

The amount of reduction entry, which is subtracted from the acquisition prices of property, plant and equipment due to acceptance of a state subsidy, and the breakdown thereof were as follows:

As of March 31			
2014		2015	
Other	¥2 million	¥2 million	\$17 thousand

\*5 Presentation of inventories and provision for loss on construction contracts

Fiscal year ended March 31, 2014 (As of March 31, 2014)

Both the costs on uncompleted construction contracts and the provision for loss on construction contracts, which are related to construction contracts that are expected to generate losses, are presented without offsetting each other.

Of the costs on uncompleted construction contracts relating to construction contracts that are expected to generate losses, the amount corresponding to the provision for loss on construction contracts is ¥1 million.

Fiscal year ended March 31, 2015 (As of March 31, 2015)

Both the costs on uncompleted construction contracts and the provision for loss on construction contracts, which are related to construction contracts that are expected to generate losses, are presented without offsetting each other.

Of the costs on uncompleted construction contracts relating to construction contracts that are expected to generate losses, the amount corresponding to the provision for loss on construction contracts is ¥89 million (\$743 thousand).

6 Commitment line agreements

The Company has entered into commitment line agreements with our four banks to facilitate efficient fund procurement of working capital.

The unused balance of the borrowings relative to the commitment line agreements as of March 31 was as follows:

As of March 31	Millions of yen		Thousands of U.S.Dollars
	2014	2015	2015
Total amount of the commitment line	2,200	2,200	18,307
Balance of executed loans	—	—	—
Unused balance	2,200	2,200	18,307

(Consolidated Statements of Income)

\*1 Provision for loss on construction contracts included in the cost of sales of completed construction contracts

Fiscal year ended March 31		
2014	2015	2015
¥67 million	¥84 million	\$707 thousand

\*2 Major expense items of selling, general and administrative expenses and their amounts were as follows:

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2014	2015	2015
Employees' salaries and allowances	2,383	2,636	21,936
Provision for bonuses	185	220	1,838
Retirement benefit expenses	244	324	2,698
Provision of allowance for doubtful accounts	(40)	30	254
Depreciation	71	69	577

\*3 Research and development expenses included in general and administrative expenses

Fiscal year ended March 31		
2014	2015	2015
¥163 million	¥162 million	\$1,354 thousand

\*4 The breakdown of gain on sales of non-current assets was as follows:

Fiscal year ended March 31			
2014	2015	2015	
Machinery, vehicles, tools, furniture and fixtures	¥3 million	¥32 million	\$270 thousand

\*5 The breakdown of loss on retirement of non-current assets was as follows:

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2014	2015	2015
Buildings and structures	1	2	18
Machinery, vehicles, tools, furniture and fixtures	0	0	5
Total	2	2	24

\*6 Impairment loss

For the fiscal year ended March 31, 2015, the Company reported impairment loss for the following asset groups.

Use	Type	Location	Impairment loss	
			Millions of yen	Thousands of U.S.Dollars
Idle assets	Building, structures and fixtures	Chuo-ku, Tokyo	198	1,648
Assets planned to be sold	Land	Chuo-ku, Tokyo	780	6,495

(Grouping method)

The Company has, in principle, grouped business-use assets by department/branch which are the minimum profit-reporting unit and grouped shared assets such as the head office by the entire business as a profit-reporting unit. Meanwhile, the Company has separately grouped individual assets such as assets planned to be sold and idle assets.

(Breakdown of impairment loss recognized)

	Millions of yen	Thousands of U.S.Dollars
Building and structures	197	1,640
Machinery, vehicles, tools, furniture and fixtures	0	7
Land	780	6,495
Total	978	8,143

(Background)

As the Akashi-cho Suboffice Building became unused and idle, the Company examined the possibility of utilizing said non-current assets, and then a resolution for disposing of and selling said assets was adopted by the Board of Directors. The Company reported impairment loss for said non-current assets, because the recoverable amount and substantial disposal value of said assets became lower than its book value.

(Calculation method of recoverable amounts)

Recoverable amounts for assets planned to be sold are measured by using the net selling value. The net selling value is determined based on the successful bidding price, etc., via competitive bidding. Recoverable amounts for idle assets are evaluated by using the memorandum value by taking into account their substantial disposal value.



## (Consolidated Statements of Comprehensive Income)

\*1 Amounts of reclassification and the tax-effect equivalent in relation to "Other comprehensive income"

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2014	2015	2015
Valuation difference on available-for-sale securities			
Accrued in the fiscal year	80	149	1,241
Amount of reclassification	—	(8)	(72)
Before tax-effect adjustment	80	140	1,169
Amount of tax-effect equivalent	28	(36)	(300)
Valuation difference on available-for-sale securities	51	104	868
Remeasurements of defined benefit plans, net of tax			
Accrued in the fiscal year	—	(95)	(792)
Amount of reclassification	—	(4)	(40)
Before tax-effect adjustment	—	(100)	(833)
Amount of tax-effect equivalent	—	26	218
Remeasurements of defined benefit plans, net of tax	—	(73)	(614)
Total other comprehensive income	51	30	253

## (Consolidated statements of Changes in Net Assets)

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

## 1. Class and total number of issued shares and of treasury shares

Fiscal year ended March 31, 2014	Number of shares at the beginning	Increase in number of shares	Decrease in number of shares	Number of shares at the end
Issued shares				
Common shares	43,919,291	—	—	43,919,291
Total	43,919,291	—	—	43,919,291
Treasury shares				
Common shares	1,325,180	4,280	356	1,329,104
Total	1,325,180	4,280	356	1,329,104

## Notes:

- The increase in number of treasury shares represents the increase from the purchase of less-than-one-unit shares.
- The decrease in number of treasury shares represents the decrease due to sales of the Company's own shares in response to the request for additional purchase of less-than-one-unit shares by shareholders.

## 2. Dividends

## (1) Amount of dividends paid

Resolution	Class of shares	Total dividends	Source of dividends	Dividend per share	Record date	Effective date
Annual Shareholders' Meeting on June 27, 2013	Common shares	¥255 million	Retained earnings	¥6.00	March 31, 2013	June 28, 2013

## (2) Dividends for which the record date is during the consolidated fiscal year under review but for which the effective date is after the end of the consolidated fiscal year under review

Resolution	Class of shares	Total dividends	Source of dividends	Dividend per share	Record date	Effective date
Annual Shareholders' Meeting on June 27, 2014	Common shares	¥340 million	Retained earnings	¥8.00	March 31, 2014	June 30, 2014

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

1. Class and total number of issued shares and of treasury shares

Fiscal year ended March 31, 2015	Number of shares at the beginning	Increase in number of shares	Decrease in number of shares	Number of shares at the end
Issued shares				
Common shares	43,919,291	—	—	43,919,291
Total	43,919,291	—	—	43,919,291
Treasury shares				
Common shares	1,329,104	19,881	137	1,348,848
Total	1,329,104	19,881	137	1,348,848

Notes:

- The increase in number of treasury shares represents the increase from the purchase of less-than-one-unit shares and the purchase from shareholders whose address could not be determined.
- The decrease in number of treasury shares represents the decrease due to sales of the Company's own shares in response to the request for additional purchase of less-than-one-unit shares by shareholders.

2. Dividends

(1) Amount of dividends paid

Resolution	Class of shares	Total dividends	Source of dividends	Dividend per share	Record date	Effective date
Annual Shareholders' Meeting on June 27, 2014	Common shares	¥340 million (\$2,835 thousand)	Retained earnings	¥8.00	March 31, 2014	June 30, 2014

(2) Dividends for which the record date is during the consolidated fiscal year under review but for which the effective date is after the end of the consolidated fiscal year under review

Resolution	Class of shares	Total dividends	Source of dividends	Dividend per share	Record date	Effective date
Annual Shareholders' Meeting on June 25, 2015	Common shares	¥383 million (\$3,188 thousand)	Retained earnings	¥9.00	March 31, 2015	June 26, 2015

(Consolidated Statements of Cash Flows)

\*1 A reconciliation of the balance of cash and cash equivalents in the consolidated statements of cash flows to cash and deposits included in the consolidated balance sheets

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2014	2015	2015
Cash and deposits	12,277	13,698	113,994
Cash and cash equivalents	12,277	13,698	113,994

(Lease Transactions)

(Lessee)

Finance lease transactions that do not transfer ownership

1. Details of leased assets

- Property, plant and equipment  
Mainly consist of machinery and equipment.
- Intangible assets  
Software

2. Depreciation method of leased assets

As described in the "(Significant Items on Basis for Preparation of Consolidated Financial Statements)

4. Standards on Accounting Procedures (2) Depreciation methods of major depreciable assets."

(Financial Instruments)

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

1. Status of Financial Instruments

(1) Policies on financial instruments

The Group procures working capital, which is necessary to pursue business purposes, in the form of borrowings from banks and invests temporary surplus funds in short-term deposits, etc. The Group utilizes derivatives within the limit of actual demand and not for speculative purposes. In the consolidated fiscal year under review, no derivative transactions were utilized.

(2) Description of financial instruments and related risks

Notes receivable, accounts receivable from completed construction contracts and other, which are trade receivables, are exposed to the credit risk of the respective counterparties. Investment securities are mainly stocks of companies with which the Company holds business relationships, and are exposed to market price fluctuation risk.

Notes payable, accounts payable for construction contracts and other, which are trade payables, generally entail the concentrated due date for payments and are exposed to liquidity risk.

The loans payable as working capital are exposed to market price fluctuation risk (interest rate risk).

(3) Risk management system for financial instruments

1) Management of credit risk (default risk of the counterparties)

The Group regularly monitors notes receivable, accounts receivable from completed construction contracts and other regarding main counterparties at the relevant departments/sections in accordance with the Credit Exposure Management Rules and the Credit Management Manual. In addition to the management of credit balances by counterparty, the Group works to early grasp and reduce recovery concerns due to the aggravation of financial positions at the counterparties.

2) Management of market risk (market price fluctuation risk)

The Group regularly checks the current market value of shares included in the category of investment securities and makes efforts to comprehend the financial positions of the issuers (counterparties) and continuously reviews the holding status of such investment securities by taking into account market conditions and the relationship with the respective counterparties.

The Group strives to restrict the interest rate risk for the borrowings by appropriately and timely managing the balance of borrowings. In the consolidated fiscal year under review, no derivative transactions (interest-rate swaps) were utilized.

3) Management of liquidity risk (the risk of non-repayment on the due date) relating to fund procurement

At the Group, the Accounting Department prepares and renews the cash-flow plan based on reports from the respective departments/sections. The department also manages liquidity risk with measures such as the maintenance of liquidity on hand and entering into commitment line agreements with our banks.

## 2. Market Values of Financial Instruments

The carrying value in the consolidated balance sheets, the market value and the difference thereof as of March 31, 2014, were as follows.

Financial instruments for which it is deemed extremely difficult to measure the market value are not included in the table below. (Refer to Note 2.)

(Millions of yen)

	Carrying value in the consolidated balance sheets	Market value	Difference
(1) Cash and deposits	12,277	12,277	—
(2) Notes receivable, accounts receivable from completed construction contracts and other	16,631	16,631	—
(3) Investment securities Available-for-sale securities	587	587	—
<b>Total assets</b>	<b>29,496</b>	<b>29,496</b>	<b>—</b>
(1) Notes payable, accounts payable for construction contracts and other	14,634	14,634	—
(2) Short-term loans payable	400	400	—
(3) Long-term loans payable	1,200	1,200	—
<b>Total liabilities</b>	<b>16,234</b>	<b>16,234</b>	<b>—</b>
Derivative transactions	—	—	—

Notes:

1. Calculation method of the market value of financial instruments, as well as securities and derivative transactions

### Assets

(1) Cash and deposits and (2) Notes receivable, accounts receivable from completed construction contracts and other

As these instruments are settled within a short term and their market values and book values are similar, their book values are assumed as their market values.

(3) Investment securities

The market value of investment securities is based on the prices listed at stock exchanges.

For details of securities by holding purpose, please refer to the notes titled "Securities."

### Liabilities

(1) Notes payable, accounts payable for construction contracts and other

As these instruments are settled within a short term and their market values and book values are similar, their book values are assumed as their market values.

(2) Short-term loans payable and (3) Long-term loans payable

The book values of these instruments are assumed as their market values because these loans payable with variable interest rates sufficiently reflect the market interest rate within a short period and the credit standing of the Company does not greatly differ after the execution of such loan agreements.

### Derivative transactions

The Group conducts no derivative transactions.

## 2. Financial instruments for which it is deemed extremely difficult to measure the market value

Classification	Carrying value in the consolidated balance sheets Millions of yen
Shares in subsidiaries and associates (unlisted stocks)	10
Available-for-sale securities (unlisted stocks)	110

The above securities are not included in "(3) Investment securities" because they have no market prices and it is deemed extremely difficult to measure their market values.

## 3. Redemption schedules for monetary receivables and securities with maturity dates after the consolidated balance sheet date (March 31, 2014)

(Millions of yen)

	Within one year	Over one year and within five years	Over five years and within 10 years	Over 10 years
Cash and deposits	12,277	—	—	—
Notes receivable, accounts receivable from completed construction contracts and other	16,631	—	—	—
Investment securities				
Available-for-sale securities with maturity dates	—	—	—	—
<b>Total</b>	<b>28,908</b>	<b>—</b>	<b>—</b>	<b>—</b>

4. The repayment schedules for short-term and long-term loans payable are shown in the "Schedules of Loans Payable," a consolidated supplementary statement.

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

### 1. Status of Financial Instruments

#### (1) Policies on financial instruments

The Group procures working capital, which is necessary to pursue business purposes, in the form of borrowings from banks and invests temporary surplus funds in short-term deposits, etc. The Group utilizes derivatives within the limit of actual demand and not for speculative purposes. In the consolidated fiscal year under review, no derivative transactions were utilized.

#### (2) Description of financial instruments and related risks

Notes receivable, accounts receivable from completed construction contracts and other, which are trade receivables, are exposed to the credit risk of the respective counterparties. Investment securities are mainly stocks of companies with which the Company holds business relationships, and are exposed to market price fluctuation risk.

Notes payable, accounts payable for construction contracts and other, which are trade payables, generally entail the concentrated due date for payments and are exposed to liquidity risk.

The loans payable as working capital are exposed to market price fluctuation risk (interest rate risk).

#### (3) Risk management system for financial instruments

##### 1) Management of credit risk (default risk of the counterparties)

The Group regularly monitors notes receivable, accounts receivable from completed construction contracts and other regarding main counterparties at the relevant departments/sections in accordance with the Credit Exposure Management Rules and the Credit Management Manual. In addition to the management of credit balances by counterparty, the Group works to early grasp and reduce recovery concerns due to the aggravation of financial positions at the counterparties.

2) Management of market risk (market price fluctuation risk)

The Group regularly checks the current market value of shares included in the category of investment securities and makes efforts to comprehend the financial positions of the issuers (counterparties) and continuously reviews the holding status of such investment securities by taking into account market conditions and the relationship with the respective counterparties.

The Group strives to restrict the interest rate risk for the borrowings by appropriately and timely managing the balance of borrowings. In the consolidated fiscal year under review, no derivative transactions (interest-rate swaps) were utilized.

3) Management of liquidity risk (the risk of non-repayment on the due date) relating to fund procurement

At the Group, the Accounting Department prepares and renews the cash-flow plan based on the reports from the respective departments/sections. The department also manages liquidity risk with measures such as the maintenance of liquidity on hand and entering into commitment line agreements with our banks.

2. Market Values of Financial Instruments

The carrying value in the consolidated balance sheets, the market value and the difference thereof as of March 31, 2015, were as follows.

Financial instruments for which it is deemed extremely difficult to measure the market value are not included in the table below. (Refer to Note 2.)

(Millions of yen)

	Carrying value in the consolidated balance sheets	Market value	Difference
(1) Cash and deposits	13,698	13,698	—
(2) Notes receivable, accounts receivable from completed construction contracts and other	16,702	16,702	—
(3) Investment securities Available-for-sale securities	720	720	—
Total assets	31,121	31,121	—
(1) Notes payable, accounts payable for construction contracts and other	12,175	12,175	—
(2) Short-term loans payable	400	400	—
(3) Long-term loans payable	800	800	—
Total liabilities	13,375	13,375	—
Derivative transactions	—	—	—

(Thousands of U.S.Dollars)

	Carrying value in the consolidated balance sheets	Market value	Difference
(1) Cash and deposits	113,994	113,994	—
(2) Notes receivable, accounts receivable from completed construction contracts and other	138,988	138,988	—
(3) Investment securities Available-for-sale securities	5,998	5,998	—
Total assets	258,981	258,981	—
(1) Notes payable, accounts payable for construction contracts and other	101,321	101,321	—
(2) Short-term loans payable	3,328	3,328	—
(3) Long-term loans payable	6,657	6,657	—
Total liabilities	111,306	111,306	—
Derivative transactions	—	—	—

Notes:

1. Calculation method of the market value of financial instruments, as well as securities and derivative transactions

Assets

(1) Cash and deposits and (2) Notes receivable, accounts receivable from completed construction contracts and other

As these instruments are settled within a short term and their market values and book values are similar, their book values are assumed as their market values.

(3) Investment securities

The market value of investment securities is based on the prices listed at stock exchanges.

For details of securities by holding purpose, please refer to the notes titled "Securities."

Liabilities

(1) Notes payable, accounts payable for construction contracts and other

As these instruments are settled within a short term and their market values and book values are similar, their book values are assumed as their market values.

(2) Short-term loans payable and (3) Long-term loans payable

The book values of these instruments are assumed as their market values because these loans payable with variable interest rates sufficiently reflect the market interest rate within a short period and the credit standing of the Company does not greatly differ after the execution of such loan agreements.

Derivative transactions

The Group conducts no derivative transactions.

2. Financial instruments for which it is deemed extremely difficult to measure the market value

Classification	Carrying value in the consolidated balance sheets
Available-for-sale securities (unlisted stocks)	¥110 million \$921 thousand

The above securities are not included in "(3) Investment securities" because they have no market prices and it is deemed extremely difficult to measure their market values.

3. Redemption Schedules for monetary receivables and securities with maturity dates after the consolidated balance sheet date (March 31, 2015)

(Millions of yen)

	Within one year	Over one year and within five years	Over five years and within 10 years	Over 10 years
Cash and deposits	13,698	—	—	—
Notes receivable, accounts receivable from completed construction contracts and other	16,702	—	—	—
Investment securities				
Available-for-sale securities with maturity dates	—	—	—	—
<b>Total</b>	<b>30,400</b>	<b>—</b>	<b>—</b>	<b>—</b>

(Thousands of U.S.Dollars)

	Within one year	Over one year and within five years	Over five years and within 10 years	Over 10 years
Cash and deposits	113,994	—	—	—
Notes receivable, accounts receivable from completed construction contracts and other	138,988	—	—	—
Investment securities				
Available-for-sale securities with maturity dates	—	—	—	—
<b>Total</b>	<b>252,982</b>	<b>—</b>	<b>—</b>	<b>—</b>

4. The repayment schedules for short-term and long-term loans payable and lease obligations are shown in the “Schedules of Loans Payable,” a consolidated supplementary statement.

(Securities)

Fiscal year ended March 31, 2014 (As of March 31, 2014)

1. Held-to-maturity debt securities (As of March 31, 2014)  
Not applicable

2. Available-for-sale securities (As of March 31, 2014)

(Millions of yen)

	Carrying value in the consolidated balance sheets	Acquisition cost	Difference
(1) Securities with carrying value in the consolidated balance sheets exceeding acquisition cost			
Shares	587	310	277
Bonds			
National government bonds, local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Subtotal	587	310	277
(2) Securities with carrying value in the consolidated balance sheets not exceeding acquisition cost			
Shares	—	—	—
Bonds			
National government bonds, local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Subtotal	—	—	—
<b>Total</b>	<b>587</b>	<b>310</b>	<b>277</b>

Note: Shares for which it is deemed extremely difficult to measure the market value

Classification	Carrying value in the consolidated balance sheets Millions of yen
Shares in subsidiaries and associates (unlisted stocks)	10
Available-for-sale securities (unlisted stocks)	110

3. Available-for-sale securities sold during the consolidated fiscal year under review (From April 1, 2013 to March 31, 2014)  
Not applicable

Fiscal year ended March 31, 2015 (As of March 31, 2015)

1. Held-to-maturity debt securities (As of March 31, 2015)  
Not applicable

2. Available-for-sale securities (As of March 31, 2015)

(Millions of yen)

	Carrying value in the consolidated balance sheets	Acquisition cost	Difference
(1) Securities with carrying value in the consolidated balance sheets exceeding acquisition cost			
Shares	720	302	417
Bonds			
National government bonds, local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Subtotal	720	302	417
(2) Securities with carrying value in the consolidated balance sheets not exceeding acquisition cost			
Shares	0	0	0
Bonds			
National government bonds, local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Subtotal	0	0	0
Total	720	303	417

Note: Shares for which it is deemed extremely difficult to measure the market value

Classification	Carrying value in the consolidated balance sheets	
	Millions of yen	Thousands of U.S.Dollars
Available-for-sale securities (unlisted stocks)	110	921

(Thousands of U.S.Dollars)

	Carrying value in the consolidated balance sheets	Acquisition cost	Difference
(1) Securities with carrying value in the consolidated balance sheets exceeding acquisition cost			
Shares	5,996	2,519	3,476
Bonds			
National government bonds, local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Subtotal	5,996	2,519	3,476
(2) Securities with carrying value in the consolidated balance sheets not exceeding acquisition cost			
Shares	2	2	(0)
Bonds			
National government bonds, local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Subtotal	2	2	(0)
Total	5,998	2,522	3,476

3. Available-for-sale securities sold during the consolidated fiscal year under review (From April 1, 2014 to March 31, 2015)

(Millions of yen)

Class	Sales amount	Total gains on sale	Total losses on sale
Shares	19	9	—
Bonds			
National government bonds, local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Total	19	9	—

(Thousands of U.S.Dollars)

Class	Sales amount	Total gains on sale	Total losses on sale
Shares	166	78	—
Bonds			
National government bonds, local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Total	166	78	—

## (Derivative Transactions)

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

- Derivatives for which hedge accounting is not applied  
Not applicable as no derivative transactions are utilized.
- Derivatives for which hedge accounting is applied  
Not applicable as no derivative transactions are utilized.

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

- Derivatives for which hedge accounting is not applied  
Not applicable as no derivative transactions are utilized.
- Derivatives for which hedge accounting is applied  
Not applicable as no derivative transactions are utilized.

## (Retirement Benefits)

## 1. Outline of adopted employee retirement benefit plans

The Company and its consolidated subsidiaries have adopted unfunded retirement benefit plans to provide for retirement benefits for their employees. Half of the retirement benefit plans are defined benefit plans and the remaining portion are defined contribution plans.

The defined benefit plans are lump-sum severance payment plans to provide retirement benefits by means of a point scheme based on service period.

In the defined contribution plans, the contribution is clearly sectionalized by individual and the pension benefit amount is determined based on the total of the contributions and the return on plan assets thereof.

In addition to the above, the Company and its consolidated subsidiaries are affiliated with the multiemployer plans of the Employees' Pension Fund. As the rational computation of plan assets cannot be ensured for the multiemployer pension plans, accounting is processed in a similar manner as that for the defined contribution plans.

At the consolidated subsidiaries, net defined benefit liability and retirement benefit expenses are calculated by the simplified method. They are included in the following relevant items because of their immateriality in the consolidated financial statements.

## 2. Defined benefit plans

## (1) Reconciliation of the beginning/ending balance of projected benefit obligations

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2014	2015	2015
Beginning balance of projected benefit obligations	4,167	4,241	35,299
Cumulative effects of changes in accounting policies	—	(557)	(4,638)
Restated balance	4,167	3,684	30,660
Service cost	186	230	1,914
Interest cost	41	36	306
Accrued amount of actuarial differences	25	123	1,027
Accrued amount of prior service cost	—	(28)	(234)
Retirement benefits paid	(179)	(215)	(1,794)
Ending balance of projected benefit obligations	4,241	3,831	31,879

## (2) Reconciliation of the beginning/ending balance of plan assets

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

Not applicable

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

Not applicable

## (3) Reconciliation of the ending balance of projected benefit obligations and plan assets, and the net defined benefit liability and the net defined benefit asset in the consolidated balance sheets

As of March 31	Millions of yen		Thousands of U.S.Dollars
	2014	2015	2015
Projected benefit obligations under unfunded plans	4,241	3,831	31,879
Net carrying value in the consolidated balance sheets of relevant liabilities and assets	4,241	3,831	31,879
Net defined benefit liability	4,241	3,831	31,879
Net carrying value in the consolidated balance sheets of relevant liabilities and assets	4,241	3,831	31,879

## (4) Retirement benefit expenses and the breakdown of the amounts thereof

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2014	2015	2015
Service cost	186	228	1,902
Interest cost	41	36	306
Amortization of actuarial differences	(16)	2	19
Amortization of prior service cost	(5)	(7)	(60)
Retirement benefit expenses relative to the defined benefit plans	205	260	2,168

(5) Remeasurements of defined benefit plans, net of tax

The breakdown of items (before deducting tax-effect amounts) reported under remeasurements of defined benefit plans, net of tax, is as follows:

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2014	2015	2015
Prior service cost	—	(7)	(60)
Actuarial differences	—	2	19
Total	—	(4)	(40)

(6) Remeasurements of defined benefit plans (accumulated)

The breakdown of items (before deducting tax-effect amounts) reported under remeasurements of defined benefit plans (accumulated) is as follows:

As of March 31	Millions of yen		Thousands of U.S.Dollars
	2014	2015	2015
Unrecognized prior service cost	37	58	486
Unrecognized actuarial differences	(219)	(340)	(2,833)
Total	(181)	(282)	(2,346)

(7) Matters regarding plan assets

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

Not applicable

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

Not applicable

(8) Matters regarding the basis for actuarial calculations

Major basis for actuarial calculations (presented in weighted average figures)

As of March 31	2014	2015
Discount rate	1.00%	0.69%

3. Defined contribution plans

The amount to be contributed by the Company and its consolidated subsidiaries under the defined contribution plans was ¥160 million for the fiscal year ended March 31, 2014, and ¥158 million (\$1,319 thousand) for the fiscal year ended March 31, 2015.

4. Multiemployer plans

The amount to be contributed under the multiemployer plans of the Japan Geotechnical Consultants Employees' Pension Fund, of which the accounting is processed in the same manner as that for the defined contribution plans, was ¥312 million for the fiscal year ended March 31, 2014, and ¥349 million (\$2,911 thousand) for the fiscal year ended March 31, 2015.

(1) Most recent plan assets reserved under the multiemployer plans

As of March 31	Millions of yen		Thousands of U.S.Dollars
	2014	2015	2015
Plan assets	65,443	69,469	578,089
Total of the actuarial liability based on the pension financing calculation and the minimum liability reserves (Note)	71,002	73,202	609,153
Net amount	(5,559)	(3,733)	(31,064)

Note: This item corresponds to the "Amount of the benefit obligations based on pension financing calculation" in the fiscal year ended March 31, 2014.

(2) Ratio of the Group's contribution to the multiemployer plans relative to the contributions to the overall retirement benefit plans

Fiscal year ended March 31, 2014: 12.77% (As of March 31, 2013)

Fiscal year ended March 31, 2015: 12.78% (As of March 31, 2014)

(3) Supplementary explanation

The major factors of the net amount in Item (1) above were the balance of the prior service liability (¥5,559 million for the fiscal year ended March 31, 2014, and ¥5,156 million (\$42,905 thousand) for the fiscal year ended March 31, 2015) and the general reserve (¥1,423 million (\$11,841 thousand) for the fiscal year ended March 31, 2015), based on the pension financing calculation.

The amortization method for the prior service liability under the multiemployer plans is the principal and interest equal amortization with a 20-year amortization period. The Group amortized the special contribution (¥103 million for the fiscal year ended March 31, 2014, and ¥107 million (\$892 thousand) for the fiscal year ended March 31, 2015), which may be appropriated for said amortization, in the consolidated financial statements.

The ratios in Item (2) above do not agree with the Group's actual ratios of contributions.

(Stock Options)

Not applicable



## (Tax-Effect Accounting)

## 1. Breakdown of significant components that caused deferred tax assets and liabilities

As of March 31	Millions of yen		Thousands of U.S.Dollars
	2014	2015	2015
Deferred tax assets			
Real estate for sale	5	4	40
Accrued enterprise tax	52	131	1,095
Provision for bonuses	206	207	1,723
Allowance for doubtful accounts	6	75	627
Provision for warranties for completed construction	6	25	213
Provision for loss on construction contracts	24	29	247
Non-current assets (Impairment loss)	16	338	2,817
Defined contribution pension benefits payable	88	41	347
Net defined benefit liability	1,511	1,238	10,303
Unrealized gains	24	45	378
Other	99	131	1,097
Subtotal of deferred tax assets	2,043	2,270	18,891
Valuation reserve	(66)	(85)	(709)
Total of deferred tax assets	1,976	2,184	18,181
Deferred tax liabilities			
Valuation difference on available-for-sale securities	(98)	(134)	(1,122)
Total of deferred tax liabilities	(98)	(134)	(1,122)
Net deferred tax assets	1,878	2,049	17,058

Note: Net deferred tax assets for the fiscal year ended March 31, 2014 and for the fiscal year ended March 31, 2015, are included in the following account items in the consolidated balance sheets.

As of March 31	Millions of yen		Thousands of U.S.Dollars
	2014	2015	2015
Current assets—Deferred tax assets	349	591	4,922
Non-current assets—Deferred tax assets	1,626	1,593	13,259
Non-current liabilities—Deferred tax liabilities	(98)	(134)	(1,122)

## 2. The breakdown of items causing the difference between the effective statutory tax rate and the effective income tax rate after the adoption of tax-effect accounting

Fiscal year ended March 31	2014	2015
	(%)	(%)
Effective statutory tax rate (Reconciliation)	38.0	35.6
Non-deductible expenses such as entertainment expenses	0.6	0.6
Per capita inhabitant tax	3.6	3.8
Exclusion from revenues such as dividend income	(0.1)	(0.1)
Valuation reserve	(1.5)	0.2
Special deduction of income tax	—	(2.1)
Reduction of deferred tax assets at the balance sheet date caused by change in income tax rate	1.1	6.4
Other	1.0	(0.5)
Effective income tax rate after the adoption of tax-effect accounting	42.7	43.9

## 3. Revision to the amounts of deferred tax assets/liabilities due to the revision of the income tax rate

Following the promulgation on March 31, 2015 of the “Act on Partial Revision of the Income Tax Act, etc.” (Act No. 9, 2015), and the “Act on Partial Revision of the Local Tax Act, etc.” (Act No. 2, 2015), the effective statutory tax rate, which was used to measure deferred tax assets and deferred tax liabilities for the consolidated fiscal year under review, has been changed from the previous 35.6% to 33.1% for temporary differences expected to be eliminated in the consolidated fiscal year beginning on April 1, 2015, and to 32.3% for temporary differences expected to be eliminated in the consolidated fiscal year beginning on or after April 1, 2016.

As a result of this change in the tax rate, deferred tax assets (the amount after deducting the amount of deferred tax liabilities) decreased by ¥185 million (\$1,541 thousand), whereas income taxes—deferred increased by ¥189 million (\$1,578 thousand), valuation difference on available-for-sale securities increased by ¥13 million (\$116 thousand) and remeasurements of defined benefit plans increased by negative ¥9 million (\$78 thousand) for the consolidated fiscal year under review from the corresponding figures with the previous calculation method.

## (Asset Retirement Obligation)

End of fiscal year ended March 31, 2014 (As of March 31, 2014)

This information is omitted due to their immateriality.

End of fiscal year ended March 31, 2015 (As of March 31, 2015)

This information is omitted due to their immateriality.

## (Segment Information, etc.)

## 【Segment Information】

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

The reportable segments of the Group are the components of the Company and its consolidated subsidiaries, for which separate financial information is available, and which are subject to regular reviews and evaluation by the Board of Directors in deciding the allocation of management resources and in assessing business performance.

The Group’s operations consist of the construction business as well as several other business activities such as sales of merchandise and materials, and insurance agency. As these businesses are insignificant in terms of information for disclosure and the sole reportable segment of the Group is the “Construction business,” segment information for these businesses is omitted.

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

The reportable segments of the Group are the components of the Company and its consolidated subsidiaries, for which separate financial information is available, and which are subject to regular reviews and evaluation by the Board of Directors in deciding the allocation of management resources and in assessing business performance.

The Group's operations consist of the construction business as well as several other business activities such as sales of merchandise and materials, and insurance agency. As these businesses are insignificant in terms of information for disclosure and the sole reportable segment of the Group is the "Construction business," segment information for these businesses is omitted.

**【Related Information】**

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

1. Information by product and service

This information is omitted as net sales to outside customers in the classification of sole product/service exceed 90% of the net sales on the consolidated statements of income.

2. Information by geographic region

(1) Net sales

This information is omitted as net sales to outside customers in Japan exceed 90% of the net sales on the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted as the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3. Information by major customer

This information is omitted as there are no specific outside customers to whom net sales account for 10% or more of the net sales on the consolidated statements of income.

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

1. Information by product and service

This information is omitted as net sales to outside customers in the classification of sole product/service exceed 90% of the net sales on the consolidated statements of income.

2. Information by geographic region

(1) Net sales

This information is omitted as net sales to outside customers in Japan exceed 90% of the net sales on the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted as the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3. Information by major customer

This information is omitted as there are no specific outside customers to whom net sales account for 10% or more of the net sales on the consolidated statements of income.

**【Information on Impairment Loss of Non-Current Assets by Reportable Segment】**

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

Not applicable

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

The information is omitted as the reportable segment is solely the construction business.

**【Information on Amortized Amount and Unamortized Balance of Goodwill by Reportable Segment】**

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

Not applicable

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

Not applicable

**【Information on Gain on Bargain Purchase by Reportable Segment】**

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

Not applicable

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

Not applicable

**【Related Party Information】**

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

Not applicable

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

Not applicable

## (Per-Share Information)

Fiscal year ended March 31	2014	2015	
Net assets per share	¥384.37	¥425.56	(\$3.54)
Net income per share	¥39.06	¥39.08	(\$0.33)
Diluted net income per share	Diluted net income per share is not disclosed as no potential shares exist.	Diluted net income per share is not disclosed as no potential shares exist.	

Notes:

1. The basis for calculation of “net income per share” and “diluted net income per share” is as follows:

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2014	2015	2015
Net income per share			
Net income	1,663	1,664	13,848
Amounts not attributable to common shareholders	—	—	
Net income attributable to common shares	1,663	1,664	13,848
Average number of common shares during the fiscal year (Thousands of shares)	42,592	42,582	

2. As stated in “Change in accounting policies,” the Company applied the Standard and the Guidance for retirement benefits and followed the transitional treatment provided for in Paragraph 37 of the Standard.

This resulted in an increase of ¥8.43 (\$0.07) in net assets per share for the fiscal year ended March 31, 2015. The impact of this increase on net income per share is immaterial.

## (Significant Subsequent Events)

Not applicable

## 5) 【Consolidated Supplementary Statements】

## 【Schedules of Bonds Payable】

Not applicable

## 【Schedules of Loans Payable】

Classification	Beginning balance of the fiscal year ended March 31, 2015		Ending balance of the fiscal year ended March 31, 2015		Average interest rate (%)	Repayment deadline
	Millions of yen	Thousands of U.S.Dollars	Millions of yen	Thousands of U.S.Dollars		
Short-term loans payable	—	—	—	—	—	—
Current portion of long-term loans payable	400	3,328	400	3,328	1.80	—
Current portion of lease obligations	21	183	20	169	—	—
Long-term loans payable (excluding the current portion of long-term loans payable)	1,200	9,985	800	6,657	1.80	2016–2018
Lease obligations (excluding the current portion of lease obligations)	31	261	34	289	—	2016–2020
Other interest-bearing debt	—	—	—	—	—	—
Total	1,653	13,759	1,255	10,444	—	—

Notes:

- The “Average interest rate” represents the weighted average rate for the balance of loans payable at the fiscal year-end.
- The “Average interest rate” for lease obligations is not stated because the amount of lease obligations before subtracting the amount equivalent to interest, which is included in the total lease payment, is reported on the consolidated balance sheets.
- The repayment schedules within five years after the consolidated balance sheet date for long-term loans payable (excluding the current portion of long-term loans payable) are as follows:

Classification	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years
Long-term loans payable (Millions of yen)	400	400	—	—

Classification	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years
Long-term loans payable (Thousands of U.S.Dollars)	3,328	3,328	—	—

- The repayment schedules within five years after the consolidated balance sheet date for lease obligations (excluding the current portion of lease obligations) are as follows:

Classification	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years
Lease obligations (Millions of yen)	19	7	5	3

Classification	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years
Lease obligations (Thousands of U.S.Dollars)	158	62	42	25

【Schedules of Asset Retirement Obligation】 or 【Detail of Asset Retirement Obligation】  
Not applicable

(2) 【Other】

Quarterly data for the fiscal year ended March 31, 2015

Cumulative periods	Three months (From April 1, 2014 to June 30, 2014)	Six months (From April 1, 2014 to September 30, 2014)	Nine months (From April 1, 2014 to December 31, 2014)	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)
Net sales (Millions of yen)	10,794	23,987	41,310	60,703
Income (loss) before income taxes and minority interests (Millions of yen)	(7)	610	443	2,965
Net income (loss) (Millions of yen)	(60)	285	190	1,664
Net income (loss) per share (Yen)	(1.42)	6.70	4.48	39.08

Accounting periods	First quarter (From April 1, 2014 to June 30, 2014)	Second quarter (From July 1, 2014 to September 30, 2014)	Third quarter (From October 1, 2014 to December 31, 2014)	Fourth quarter (From January 1, 2015 to March 31, 2015)
Quarterly net income (loss) per share (Yen)	(1.42)	8.12	(2.22)	34.61



**YASUMORI AUDIT CORPORATION**  
CERTIFIED PUBLIC ACCOUNTANT

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FAX. TOKYO 03-3473-4939

**Independent Auditor's Report**

The Board of Directors  
NITTOC CONSTRUCTION CO., LTD.

We have audited the accompanying consolidated financial statements of NITTOC CONSTRUCTION CO., LTD. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

**Management's Responsibility for the Consolidated Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of NITTOC CONSTRUCTION CO., LTD. and its consolidated subsidiaries as at March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

**Convenience Translation**

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

*Yasumori Audit Corporation*

September 11, 2015  
Tokyo, Japan

# Corporate Profile

(Current as of March 31, 2015)

## CORPORATE OVERVIEW

Company Name	NITTOC CONSTRUCTION CO., LTD.	
Head Office	14-14, 8-Chome, Ginza, Chuo-ku, Tokyo 104-0061 Japan	
Established	17 December 1947	
Paid-in Capital	6,052 million Yen	
Number of Employees	1,174	
President	Tamotsu NAKAMORI	
Business Line	Civil Engineering Works Slope Protection, Landslide Protection Works, Revegetation Works Ground Improvement Methods, Grouting, Piling, Sewage Maintenance and Renovation Construction Consulting, Other	
Sales Offices	Asahikawa / Hakodate / Doto / Aomori / Morioka / Sanriku / Akita / Yamagata / Fukushima / Gunma / Utsunomiya / Mito / Chiba / Saitama / Yokohama / Nagano / Sado / Joetsu / Kanazawa / Fukui / Toyama / Gifu / Mie / Shizuoka / Keiji / Kobe / Nara / Wakayama / Takamatsu / Matsuyama / Kochi / Tottori / Matsue / Okayama / Yamaguchi / Nagasaki / Saga / Oita / Kumamoto / Miyazaki / Kagoshima / Okinawa	

## STAFFING (as of 31 March 2015)

Technical Staff	898	
Administrative Staff	276	Total 1,174
Professional Engineer	47	
Registered 1st and 2nd Class Civil Engineer	746	
Registered 1st and 2nd Class Architect	11	
Registered Surveyor and Assistant-Surveyor	278	

## SUBSIDIARIES

Midori Industries Co.,Ltd 3-10-6, Higashi-Nihonbashi, Chuo-ku, Tokyo 103-0004 Japan
Shimane Earth Engineering Co.,Ltd 124-1, Higashi-Asahi-Cho, Matsue-Shi, Shimane 690-0001 Japan
Yamaguchi Earth Engineering Co.,Ltd 2-3-13, Hirano, Yamaguchi-Shi, Yamaguchi, 753-0015 Japan

## MANAGEMENT MEMBERS

President and Representative Director	Tamotsu Nakamori
Directors	Norihisa Nagai
Directors	Yasunobu Okumiya
Directors	Akira Sakoda
Directors	Sumiteru Anda
Directors	Hiroshi Yamada
Outside Directors	Satoshi Mizukawa
Outside Directors	Iwao Aso
Standing Corporate Auditors	Manabu Yodoya
Standing Corporate Auditors	Yukiharu Sakumoto
Corporate Auditors	Katsuaki Takiguchi

## CORPORATE HISTORY

In 1938, the construction of Uryuu Dai-ichi Dam for a huge water reservoir with a reservoir capacity of 240 million cubic meters commenced at the foot of Mt. Taisetsu in Hokkaido. The dam was a gravity type concrete structure 45.5 meters high and in order to lead the project to a successful completion, an extraordinary amount of energy was poured into improving existing techniques and technologies for the disposal of the breccia-conglomerate at the site of the foundation. A variety of innovative technologies accumulated to date at Nittoc originated through this project.

- 1947** Company established in Hokkaido by Takuichi MATSUSHITA
- 1953** Renamed Yachiyo Chika Kogyo
- 1957** Headquarters relocated to Tokyo (Minato-ku)
- 1959** Renamed Nippon Tokushu Doboku Kogyo
- 1961** Headquarters relocated to Tokyo (Chuo-ku)
- 1962** Participated in Mendoza Electric Power Development Project in Argentina
- 1963** Completed Kurobe Dai-yon Dam Project
- 1964** Established representative office in Hong Kong (Made into a local subsidiary in the following year)
- 1967** Concluded business tie-up providing technical guidance in dam grouting and cooperated with local construction company in Taipei (Taiwan)
- 1971** Participated in the 12th Antarctic expedition project in Antarctica (Continued to work on a glacier investigation project in Antarctica, the North Pole and Himalayas until 1983)
- 1972** Established Nittoc Construction Co., Ltd. Participated in Parana Hydraulic Power Generation Development Project (Brazil)
- 1980** Participated in Agoyan Hydraulic Power Generation Development Project (Ecuador)
- 1985** Shares listed on 1st section of Tokyo Stock Exchange Concluded business tie-up providing technical vegetation and slope protection with local construction company in Taipei (Taiwan)
- 1988** Established a local corporation to exploit mineral resource development in Queensland (Australia)
- 1989** Participated in Marsyangdi Hydroelectric Power Project (Nepal)
- 2003** Received ISO9001 certification in Japan
- 2005** Suspended international business activities
- 2012** Established international section under company Headquarters and recommenced international business activities Established representative office in Jakarta (Indonesia)
- 2013** Reorganized international section (Later formed into International Department)