Annual Report 2016

Leading to the Future with our Technology of Protection

NITTOC

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NITTOC

NITTOC CONSTRUCTION CO., LTD.

Leading to the Future with our Technology of Protection

MISSION

With efficient management and comprehensive technical capabilities in foundation work, we are the company that provides safe and secure society and contributes to countries.

VISION

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

CONTENT

Advantage of NITTOC

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

3 Types of Business Field respond to Social Needs

We are holding 200 types of technology and construction method

Urban Regeneration

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

Maintenance and Renovation

NITTOC specializes in slope related technique which
accumulates a brilliant achievement.
Today in this aging of social infrastructure century,
we developed our own diagnostic techniques as well as
repair method for 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,
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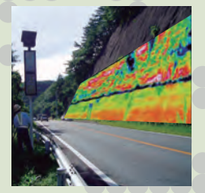
long distance tunnel for headrace channel.



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,
or greening method by using surplus soil left in the site,
based on the consideration of the disaster prevention environment.
In addition, NITTOC accumulates a brilliant achievement about Anchor Method,
that is necessary to slope disaster prevention.

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

Disaster Prevention and Environmental Conservation

Construction Performance, Method, and Technology

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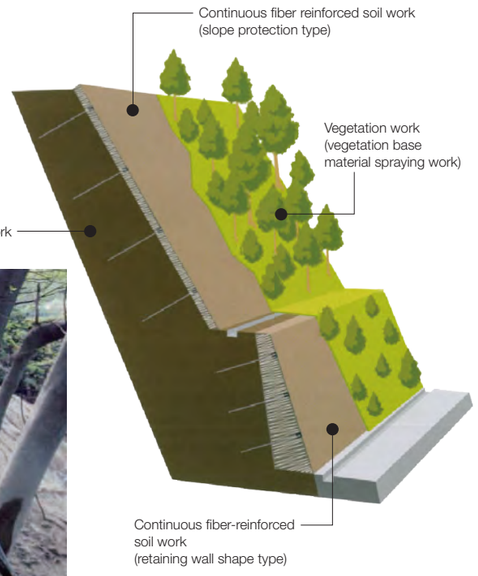
Non-Concrete Technology:

Geofiber Method

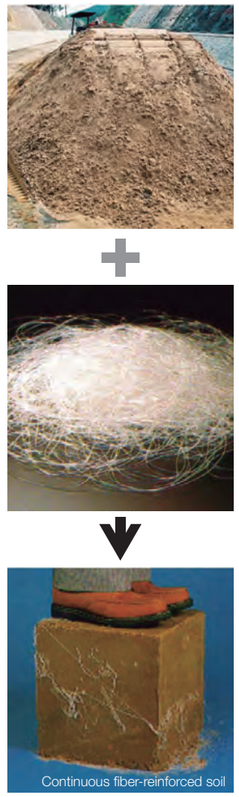
NETIS No. KT-980183-VE　Practical-use facilitation technology

Environment-Friendly Slope Protection Method

- Serves to decrease CO_2 emissions as a substitute method for the shotcrete method.
- Forms forest on slopes by enabling full-space greening.
- Has an abundant record of slope greening (approximately 3,000 projects in Japan and 150 overseas).



Sand from the right-side nozzle and polyester continuous fiber from the left-side nozzle are injected by jet water to form continuous fiber-reinforced soil.



Example of Construction:

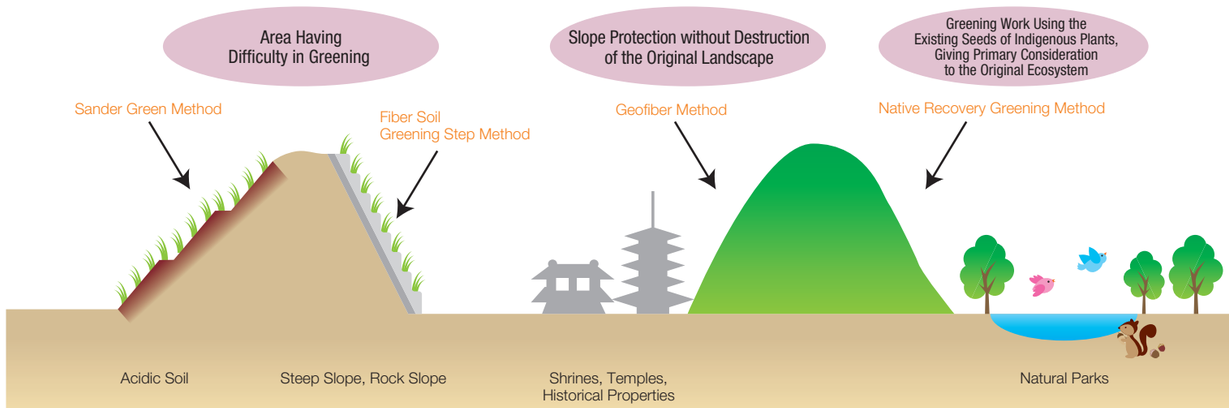
Kiyomizu-dera Temple (Kyoto)

The slope of the Kiyomizu-dera, a World Heritage site, collapsed due to the heavy rain caused by Typhoon Man-yi in September 2013.
In 2014 through 2015, the collapsed slope was reinforced by ground reinforcement work and ground anchor work, and covered with reinforced soil using the Geofiber Method. Since then, plants have grown at the site and the beautiful landscape full of greenery has returned.

During the work

Work completed

One year after the work completion



Our Business field

Native Recovery Greening Method

NETS No. CG-080004-V

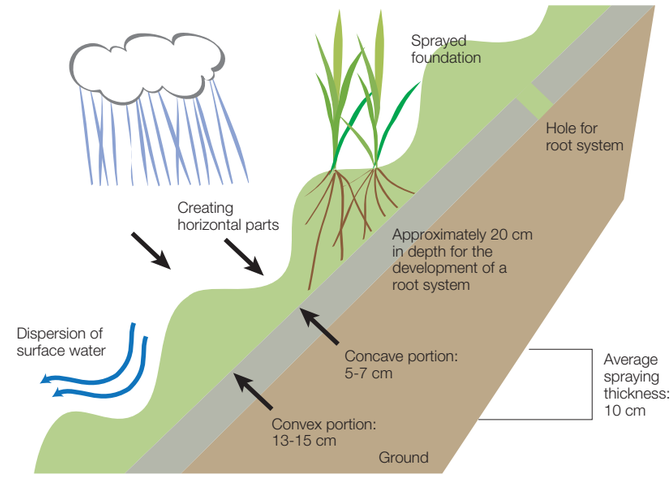
Efficiently Using Surface Soil Taken from Forests

- Recovers the vegetation of indigenous plants using buried seeds in the surface soil of forests.
- Adopted for works that take into account the ecosystem, especially around national and quasi-national parks.

Fiber Soil Greening Step Method

Greening of Mortar Shotcrete Surfaces and Bedrock

- Full-space greening by spraying the foundation materials for greening work on a slope without soil in the form of wave-shaped steps.

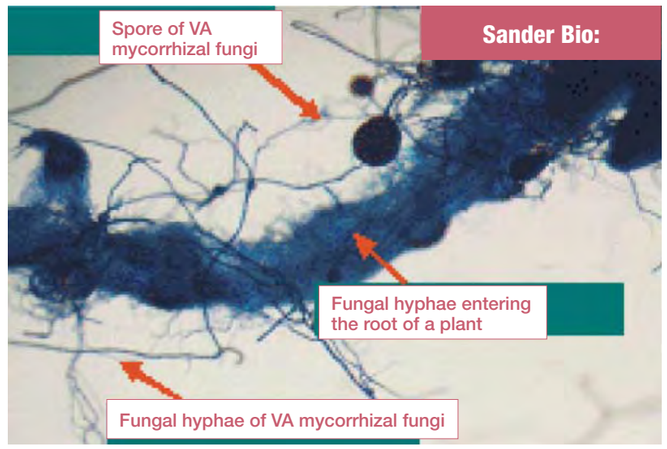


SANDER Green Method

NETIS No. SK-100014-A

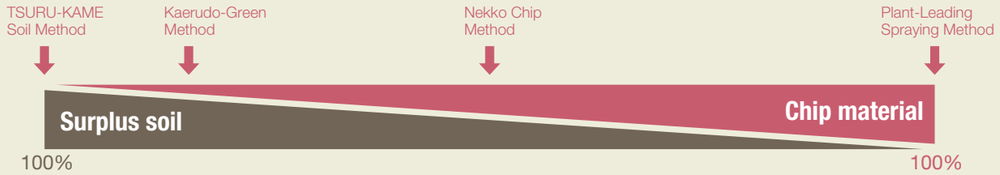
Recovery of Greenery on Strongly Acidic Soil Slopes

- Employs a simple method that mixes “Sander Powder,” which has a neutralizing effect, and “Sander Bio,” an acid-resistant VA mycorrhizal fungus material, with the foundation material for greening work.



Recycle Greening Method

We have various recycle greening methods to use surplus soil and chips in response to onsite needs.



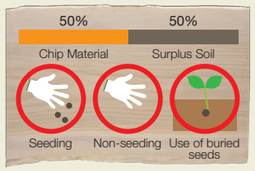
NEKKO Chip Method

NETIS No. CB-980067-VE

Recycling of Surplus Soil and Chip Material

- Recycles raw chip material.
- Uses buried seeds in the surface soil of forests economically.
- Ensures efficient and effective* work via a dedicated machinery system.

*The work can be executed cheaper than that for the vegetation base material s praying method, depending on conditions.

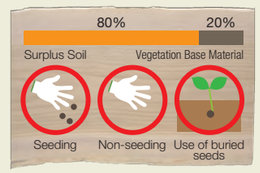


KAERUDO-Green Method

NETIS No. TH-020037-V

Using Excavated Soil including Surface Soil as a Foundation Material of Greening Work

- Recycles a wide variety of soils such as excavated soil, dredged soil and dehydrated cake.
- Uses buried seeds in the surface soil of forests economically.



TSURU-KAME Soil Method

NETIS No. SK-110005-A

Vegetation Base Material Spraying Method Using 100% Surplus Soil

- Utilizes surplus soil effectively onsite
- Excels in long-term durability*

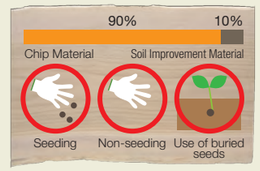
*Comparison with the greening foundation mainly consisting of bark compost

Plant-Leading Spraying Method

NETIS No. QS-980200-V

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

- Uses the chip material, which derives from the secondarily processed fragments of felled trees, as a foundation material for greening work without being converted into compost.
- Makes possible greening via the natural intrusion of plants



Urban Regeneration

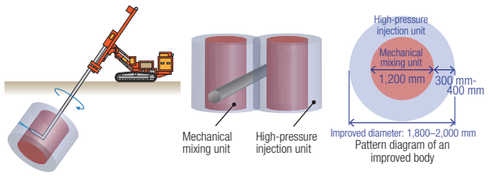
Construction Performance, Method, and Technology

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

L-Spin Column Method

Mechanical Mixing Method Combined with High-Pressure Injection

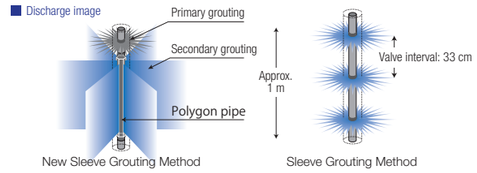
- Injects a hardening agent from the nozzle at the leading edge of an enlarged-diameter type mixing blade.
- Enables a diagonal construction method, which has been problematic for existing methods.
- Improves the properties of soft ground below hard ground by penetrating the hard ground.
- Makes wrapping possible



New Sleeve Grouting Method

Improving the Properties of the Ground at High Speed to Achieve High Quality for Long Permeation/ Grouting Intervals

- Realizes long permeation/grouting intervals using a hexagonal "polygon pipe."
- Makes high-speed, high-quality improvement possible.
- Achieves low cost and a reduction in the construction period.



WinBLADE Method

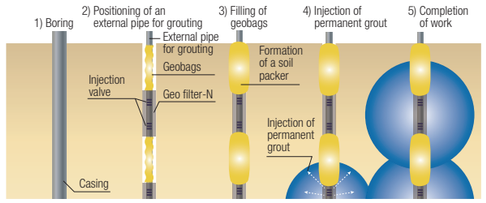
Underground Diameter Expanding Type Soil-Mixing Improvement Method

- Avoids underground objects.
- Enables vertical, horizontal and slanting operations.
- Achieves homogeneous soil improvement using a monitoring control system

Expacker-N Method

High Capacity and Speedy Grouting Method

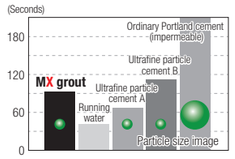
- Ensures a reliable permeation point.
- Offers speedy permeation and grouting for an extensive ground area.
- Applicable to a narrow operating area



High-Permeation, High-Strength, Grouting Material

"MX Grout"

- Involves a turbid ground-grouting material of which a major ingredient is blast-furnace slag.
- Achieves excellent permeability and durability.
- Features a lineup of "instantly coherent type" and "long-lasting coherent type" materials.

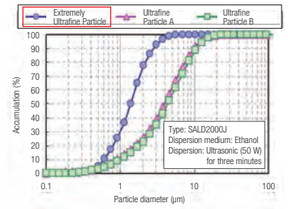


Naturally falling permeability time against No. 6 silica sand (15 cm in height)

High-Permeation, High-Strength, Grouting Material

"Extremely Ultrafine Cement"

- Achieves extremely high permeability like a liquid.
- Applies grouting for minor cracks.
- Uses in diverse grouting methods available

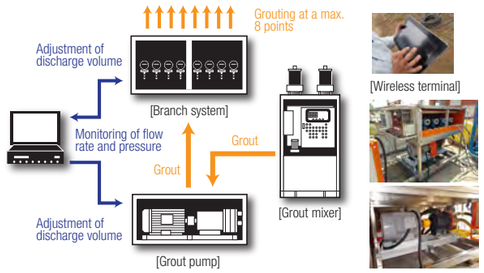


Grouting Management System:

Three-P Oct

New Management System for Grouting Method

- Makes pressure-controlled grouting possible.
- Provides the pumping operation via a tablet terminal.
- Achieves concentrated management via a terminal PC.



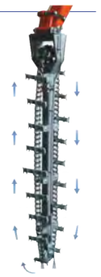
Improvement for Shallow- and Middle-Depth Layers:

Power Blender Method

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

Slurry Shooting Type Mixing Method for Shallow- and Middle-Depth Layers

- Involves a trencher-type mixing machine.
- Makes improvement up to 13 m in depth available.
- Makes homogeneous, improved soil via vertical mixing.



Ultrahigh Pressure Injection Mixing:

SUPERJET Method

NETIS No. KK-980026-V Target Design Comparison Technology

Large-Diameter Ground Improvement Method

- Forms columnar, improved soil to a maximum diameter of Ø5 m.
- Reduces the slime volume substantially.*
- Achieves ground improvement at high speed and high quality.

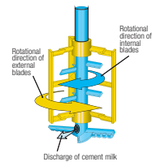
*Comparison with previous methods

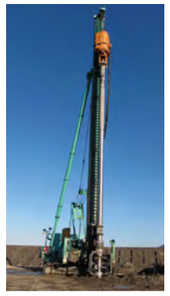
Hard Ground and Large-Diameter Improvement:

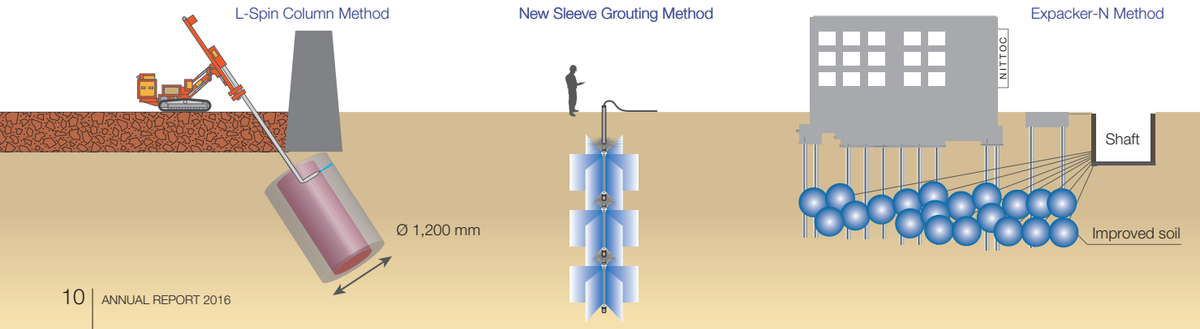
DCS Method

Opposite Direction Mixing-Type Deep-Layer Mixing Method

- Attains a large columnar diameter of 2,000 mm (the Company's track record).
- Achieves excellent mixing power.
- Offers applicability for hard ground.







Our Business field

Japan's Biggest-Class Drill Machine:
EinBand Drill

Rotary Percussion Drill that Enables Large-Diameter and Deep Drilling

- Features 3 times the torque and 2.5 times the feeding strength compared to conventional trenchers.
- Offers high drilling capacity to cope with large-diameter, deep anchoring works.
- Achieves high-precision drilling on hard rocks and boulders.

Lightweight Type Is Also Lined Up:
Soldier Pile Panel Wall Method

NETIS No. CB-9900007-V Target Design Comparison Technology

Earth Retaining Wall Method that Combines Soldier Piles with Concrete Panels

- Makes widening road width or recovery from a roadside collapse possible with small soil cutting volume.
- Provides optional self-supporting type (wall height up to 4 m) and the combined use with shoring (wall height up to 10 m).
- Includes availability for a wall height of more than 12 m when using lightweight materials at the back embankment.

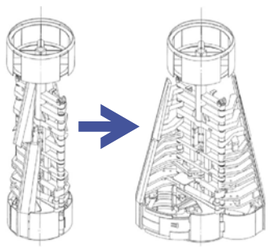
■ Conventional Type ■ Lightweight Type

Staple Building Foundation:
New ACE Method

Earth Drilling Bell Pile Method

- Maximum design strength of concrete: 60 N/mm^2
- Maximum diameter of the bell pile unit (shaft diameter of 2.2 m).

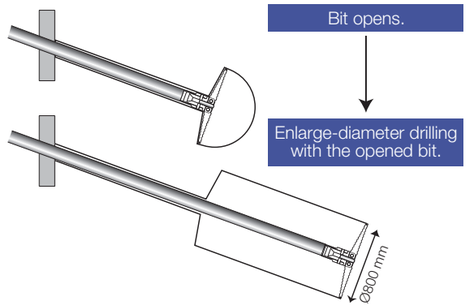
■ Bell pile bucket



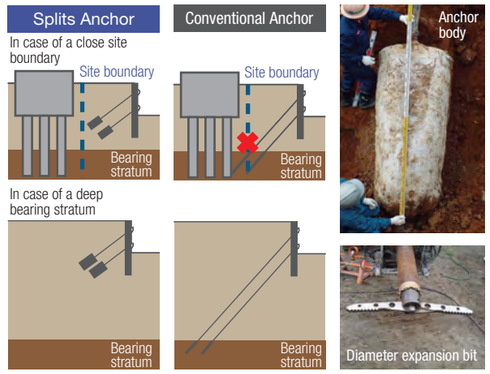
Firmly Fixable on Soft Ground:
Splits Anchor Method

Large Diameter, High-Strength Expand Diameter Type Anchor

- Achieves high pull-out resistance using a large-diameter anchor.
- Offers an adjustable anchor length via high fixation even on soft ground.



Applications of the Splits Anchor



Casting of Piles in Narrow Spaces:
Small Diameter Pile Method

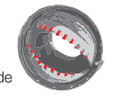
Casting Piles with High Bearing Capacity under Diversified Conditions

- Offers a casting method for piles of less than Ø350 mm.
- Makes casting possible at narrow sites (e.g., mountainous places, slopes and indoor places).
- Features a lineup of the anchor combination type in addition to the pile type.

Removal of Existing Piles:
Re-Born Pile Method

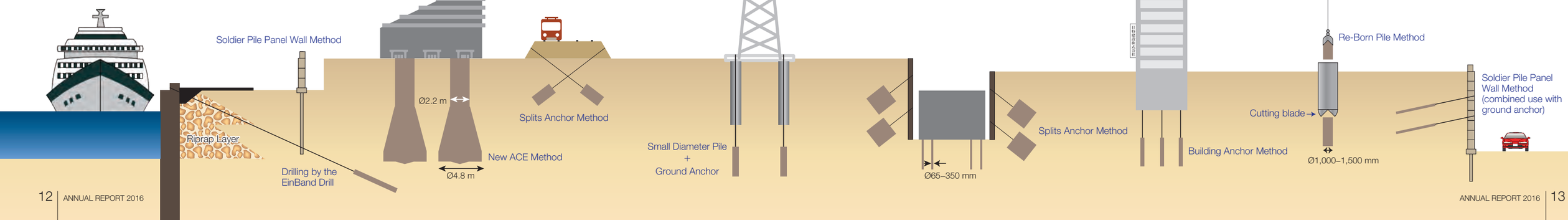
- Cuts and removes existing underground piles and/or structures with two cutting blades.
- Uses a circumferential all-casing drill.
- Makes secure backfilling possible.

■ Cutting blade



Building Anchor Technology

- Prevents lifting and/or falling of buildings
- Acquired the certification of The Building Center of Japan



Maintenance and Renovation

Method and Technology

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Today in this aging of social infrastructure century,
we developed our own diagnostic techniques as well as repair method for 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.

Preventive Maintenance and Management of Social Infrastructure:
Life Elongation Method for Slope Structures

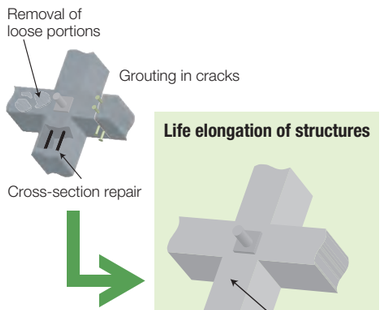
- Dividing slope structures into “Ground surface structures” and “Grounds with slope,” we propose appropriate countermeasures for both categories, depending on their respective soundness.

Life Elongation Method for Slope Structures

Repair of ground surface structures				Reinforcement of grounds with slope			
Soundness evaluation division	Pressure receiving plate	Slope frame	Spraying	Spraying	Slope frame	Pressure receiving plate	Soundness evaluation division
B (minor decline in soundness)	Crack sealing, Grout filling work, filling work						B (minor decline in soundness)
	Repair and reinforcement work of shotcrete slopes (New ReSP Method)						
	Surface coating work			Ground reinforcement work, void filling work (Parfait Grout Method)			
D (remarkable decline in soundness)	Cross-section repair	Thickening work and cross-section repair		Ground anchor work + Pressure receiving plate work			E (dangerous)
Preventive maintenance:	Surface coating work and impregnation work						

Example of Countermeasure Work

Countermeasures depending on actual changes



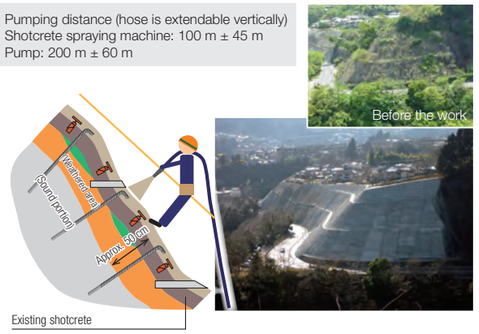
New ReSP Method

NETIS No. QS-110014-V Target Design Comparison Technology

Repair/Reinforcement Method on Aged Shotcrete Slopes

- Keeps existing mortar shotcrete without shaving off existing shotcrete.
- Sprays organic-fiber-reinforced mortar shotcrete.
- Ensures stable spraying using a general-purpose, wet-type spray machine.
- Adheres the former and new shotcrete surfaces with shear bolts.

Pumping distance (hose is extendable vertically)
Shotcrete spraying machine: 100 m ± 45 m
Pump: 200 m ± 60 m

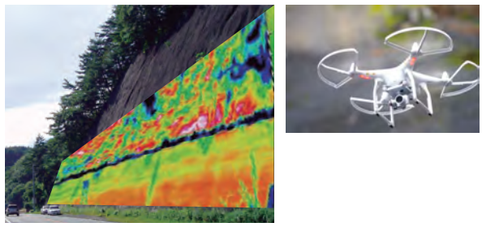


Diagnosis of the Soundness of Aged Shotcrete Slope:
Slope Doctor

Aged Shotcrete Slope Diagnosis System

- The diagnosis is mainly based on non-destructive investigations combined with several relevant surveys.
- We propose an optimum design for each project by reflecting social needs on the results of obsolescence diagnosis.

Analysis method: thermal infrared radiation imaging method, flexural oscillation method, coring method (combined use depending on conditions)



Life Elongation of Concrete Structures:
Advantage Method

Repair of Concrete Structures Using 100% Inorganic High-Performance Materials

- Uses surface-coating materials that have excellent strength, durability and tracking ability.
- Achieves excellent cost performance without using any large machinery

Standard coating thickness: 2 mm or more
Compression strength: 57 N/mm²

Our Business field

Long-Distance Mortar Shotcrete:
Kiro Fukeru Method

NETIS No. HR-140019-A

Mortar Shotcrete is Possible at a Rate of 18 N/mm² or more to a Destination of 1 km Distant

- Makes mortar shotcrete possible for a long distance using special materials.
- Stabilizes mortar quality via the electronic control of the flow rate of mortar and hardening accelerator by the COGMA system.

Pumping distance: 1,000 m (with a hose extension)
Design strength: 18 N/mm² or more

COGMA System

NITTOC's original control system to systematically calculate and control the flow rates of mixed mortar materials and hardening accelerator.

Void/Cavity Filling Method:
Parfait Grout Method

NETIS No. KT-090052-V

High-Quality Plastic Grout Filling Method

- Attains high applicability in a water environment (of standing water).
- Features automatic control of the flow rate and pressure by the COGMA System.
- Offers four basic mixture variations and special mixtures depending on the pumping distance, desired strength and specific gravity

Pumping distance: Approximately up to 2,000 m (differs depending on the mixture variation)
Design strength: 1.5–24 N/mm²

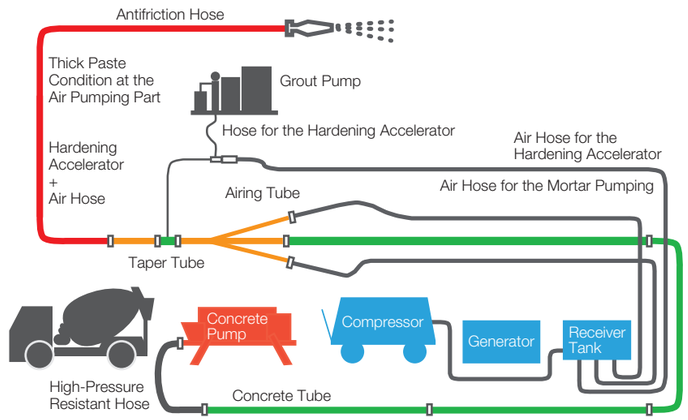
Mortar Shotcrete at Elevated Places:
HiSP Method

Pumping Shotcrete System Combined with Air Pumping

- Makes shotcrete possible for a long distance and at elevated places.
- Ensures stable quality and high strength due to a low level of separation of materials.
- Compact plant equipment for the shotcrete operation.

Pumping distance: 700 m (horizontal feed only)
300 m (in case the difference in elevation between the hose and the pump is 160 m)
Design strength: 18 N/mm² or more

Example of Construction



Fiscal 2015: Schedule of Fairs Where We Plan to Exhibit

NITTOC considers various technology fairs and exhibitions as ideal venues to showcase NITTOC's original technology. At such events, NITTOC can directly pitch to potential orderers, consultants and other interested parties and provide an opportunity for its engineering sales team to promote the adoption of its new construction methods and/or technologies. We proactively exhibit our technologies at the technology fairs held in various regions in Japan. We will continuously present our technologies at the fairs to be held throughout Japan in the current fiscal year.

No.	Name of Construction Technology Fair	Organizer	Venue	Period	Technology Presented
1	E Tohoku '15	EE Tohoku Executive Committee	Yume Messe Miyagi	June 3 (Wed.) and June 4 (Thurs.)	New ReSP Method, Soldier Pile Panel Wall Method, and WinBLADE Method
2	Infrastructure Inspection and Maintenance Exhibition	Japan Management Association	Tokyo Big Sight	July 22 (Wed.) through July 24 (Fri.)	New ReSP Method, Slope Doctor, etc.
3	FUKUI CONSTRUCTION TECHNOLOGY FAIR	CONSTRUCTION TECHNOLOGY FAIR Executive Committee	FUKUIKEN SANGYO KAIKAN	Sept. 2 (Wed.) and Sept. 3 (Thurs.)	—
4	50th Japan National Conference on Geotechnical Engineering	The Japanese Geotechnical Society	Hokkaido University of Science	Sept. 1 (Tues.) through Sept. 3 (Thurs.)	—
5	Kyushu Construction Technology Forum 2015 in Fukuoka	Kyushu Construction Technology Forum Executive Committee	Fukuoka International Congress Center	Oct. 5 (Mon.) and Oct. 6 (Tues.)	New ReSP Method, Geofiber Method, etc.
6	Construction Fair Hokuriku in Kanazawa	Construction Fair Hokuriku in Kanazawa Executive Committee	Ishikawa Industrial Exhibition Hall	Oct. 16 (Fri.) and Oct. 17 (Sat.)	New ReSP Method, WinBLADE Method, etc.
7	Construction Technology Fair in Chubu	Ministry of Land, Infrastructure, Transport and Tourism, Chubu Regional Development Bureau, etc.	Fukiage Hall	Oct. 21 (Wed.) and Oct. 22 (Thurs.)	New ReSP Method, Licos, Aki-Mos, etc.
8	Construction Technology Expo 2015 Kinki	Kinki Construction Association, etc.	MyDome Osaka	Oct. 28 (Wed.) and Oct. 29 (Thurs.)	Geofiber Method, WinBLADE Method, etc.
9	Presentation Conference of the International Society for Soil Mechanics and Geotechnical Engineering in Fukuoka	International Society for Soil Mechanics and Geotechnical Engineering (ISSMGE)	Fukuoka International Congress Center	Nov. 9 (Mon.) through Nov. 12 (Thurs.)	—
10	Highway Techno Fair	EXPRESS HIGHWAY RESEARCH FOUNDATION	Tokyo Big Sight	Nov. 25 (Wed.) and Nov. 26 (Thurs.)	Licos, Aki-Mos, New ReSP Method, etc.
11	Construction Technology Forum 2015 in Hiroshima	Construction Technology Forum Executive Committee	Hiroshima Prefectural Industrial Exhibition Hall	Nov. 27 (Fri.) and Nov. 28 (Sat.)	—

Our Award-Winning History

The Japan Society of Civil Engineers publicly recognizes engineers who have excellent achievements in the field of bridge and steel structural engineering with the Tanaka Award. The Company's works have been awarded twice in the past. We would like to introduce the works for which the Tanaka Award was honored.

Our works for which the Tanaka Award was honored by the Japan Society of Civil Engineers:

Shin-Toyo Bridge in fiscal 2007

Clients: Local governments of Adachi-ku and Kita-ku, Tokyo, and Central Tokyo Branch Office, Urban Renaissance Agency
Designer: NIPPON ENGINEERING CONSULTANTS CO., LTD.
Constructors: Joint Venture of KAWADA INDUSTRIES, INC., IHI Corporation and JFE Engineering Corporation; SHIMAMURA CO., LTD.; and NITTOC CONSTRUCTION CO., LTD.
Location: Connecting 34, Shinden 3-chome, Adachi-ku, Tokyo, and 15, Toshima 6-chome, Kita-ku, Tokyo
Structure format: (Superstructure) Steel-structured, simple box girder + Composite arch bridge (steel floor slab)
(Substructure) (skeleton) Reverse T-type bridge abutment, (foundation) Steel pipe pile by the inner excavation method
Bridge length: 105.0 m
Span length: 102.7 m

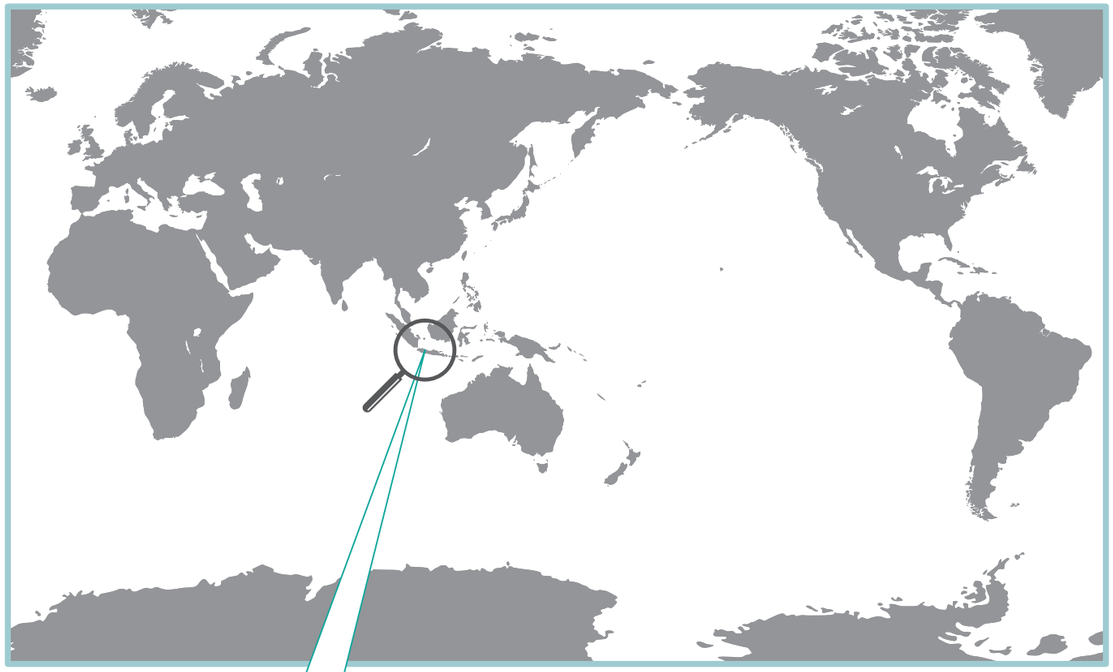
Photo credit : Japan Society of civil Engineers

Fudo Ohashi Bridge (former Yamba Dam Lake No. 2 Bridge) in fiscal 2010

Client: Ministry of Land, Infrastructure, Transport and Tourism, Kanto Regional Development Bureau
Designers: Ministry of Land, Infrastructure, Transport and Tourism, Kanto Regional Development Bureau; CTI Engineering Co., Ltd.
Constructors: KAWADA CONSTRUCTION CO., LTD., Construction Joint Venture of GST, KOYAMA KENSETSU KOGYO Co., Ltd., NISSAN RINKAI Construction Co., Ltd., and NITTOC CONSTRUCTION CO., LTD.
Location: Connecting Oaza Hayashi and Kawarayu, Naganohara-machi, Agatsuma-gun, Gunma
Structure format: PC Five-span continuous steel-concrete compound truss extradosed bridge
Superstructure: A1: Reverse T-type bridge abutment—caisson pile
A2: Reverse T-type bridge abutment—spread foundation
P1: Normal strength (24N) RC pier—caisson pile
Substructure: P2–P4: High strength (40N) RC pier—caisson pile
Bridge length/Span length: 590.0 m

Photo credit : Japan Society of civil Engineers

Overseas Deployment



Overseas Deployment

The Republic of Indonesia has a population of over 240 million and continues to record high economic growth. However, the social infrastructure is not sufficiently maintained or improved as presented by the everyday traffic congestion and the frequent shortages of electricity.
As part of its growth strategy, the Company intends to acquire orders for infrastructure works in Indonesia because of its high economic growth. Our overseas deployment will not be limited to Indonesia but will be extended to infrastructure works in the growing Southeast Asia region.

About Overseas Construction Projects

Since the Jakarta Indonesia Representative Office was established in 2012, we have made preparations to establish a subsidiary while concurrently undertaking construction projects. Through a trial-and-error process, we have achieved solid construction performance jointly with local staff and workers despite differences in customs and business practices between Japan and Indonesia. Aggressively engaged in the development of infrastructure in Indonesia, we will further contribute to the improvement of infrastructure not only in high-growth Indonesia but also throughout Southeast Asia

Construction of Jakarta Mass Rapid Transit Project

Overseas Deployment

Introduction of Overseas Construction 1

Construction of Jakarta Mass Rapid Transit Project

Indonesia

Tremendous traffic congestion occurs routinely on major roads in Jakarta as a chronic phenomenon. To address this serious traffic issue, Indonesia's first high-speed railway is now under construction. NITTOC is committed to participating in the construction works of this railway project.
Regarding the Jakarta MRT Project including Indonesia's first shield

construction work, SOWJ Joint Venture (SHIMIZU CORPORATION, OBAYASHI CORPORATION, WIJAYA KARYA and Jaya Konstruksi) and SMCC-HK Joint Venture (Sumitomo Mitsui Construction Company and HUTAMA KARYA) received orders for the underground sections of the construction project. NITTOC has executed the ground improvement for protection of the pit mouths of the shield starting shaft and the shield arrival shaft (chemical solution grouting method), as well as the anchoring work of makeshift earth retaining wall following open-cut works and the ground improvement of the defective parts of continuous walls (chemical solution grouting method), in association with the construction of the station house.

Orderer:	PT. Mass Rapid Transit Jakarta
Description of the work:	Protection of the pit mouth of the shield arrival shaft, protection of the defective parts of continuous walls of the station house (chemical solution grouting work)
Grouting volume:	1,521,478 L
Description of work:	Protection of the pit mouths of the shield starting/arrival shaft, protection of the defective parts of continuous walls of the station house (chemical solution grouting work)
Grouting volume:	544,852 L

Introduction of Overseas Construction 2

Construction of Floodway Ciliwung River Project

Indonesia

In Indonesia, floods occur almost every year. The Ciliwung river that flows into Jakarta, the capital, often floods during heavy rainfall. Flood control is indispensable to ensure the safety of the city. NITTOC is engaged in the construction works to control such floods.

The order for this construction project was received by an Indonesian national constructor (WIJAYA KARYA), which undertook the jacking work to connect underground floodways of an inside diameter of 3,500 mm. As the sagging of several water supply pipes was detected after the jacking pipe passed under existing water supply pipes during construction, the Company was assigned to conduct the countermeasure work and implemented the ground improvement work (chemical solution grouting method).

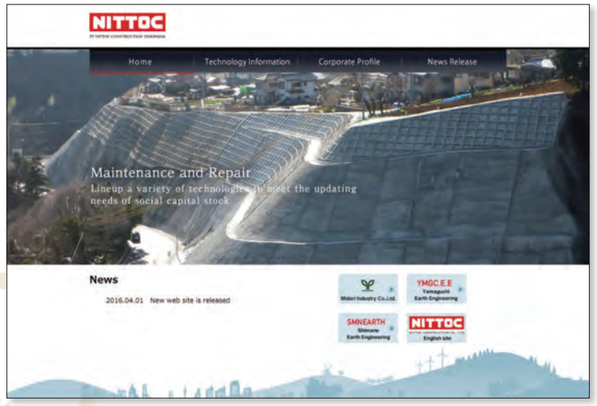
Orderer:	DKI JAKARTA (Special Capital City District of Jakarta)
Description of the work:	Chemical solution grouting to protect water supply pipes (a countermeasure against sagging), standby operation for possible grouting of chemical agents when the jacking pipe reaches the arrival shaft and back-filling grouting after the jacking is completed, in association with the jacking work of an inside diameter of 3,500 mm as part of flooding countermeasures.

Overseas Deployment (subsidiary in Indonesia)

The Company resolved to establish a joint venture with PT PANCA DUTA PRAKARSA, which will undertake the construction business in Indonesia, and both companies entered into a joint venture agreement in October 2015, according to which PT NITTOC CONSTRUCTION INDONESIA was established in March 2016.
The Company will conduct aggressive order-receiving activity through PT NITTOC CONSTRUCTION INDONESIA, the newly established consolidated subsidiary, to obtain orders for specialized works such as slope and ground improvement related to infrastructure in Indonesia.

Outline of the Joint Venture

Trade name	PT NITTOC CONSTRUCTION INDONESIA
Representative	Yasunobu Okumiya
Location	South Jakarta City, Republic of Indonesia
Date of operational start	April 2016
Description of business	Construction business in Indonesia
Fiscal year-end	March 31
Capital	Indonesian Rupiah (IDR) 51,000 million (Approximately JPY 413 million) Note: Calculated at an exchange rate of 1 rupiah = 0.0081 yen
Composition of shareholders	NITTOC CONSTRUCTION CO., LTD.: 65% PT PANCA DUTA PRAKARSA: 35%



Web site of PT NITTOC CONSTRUCTION INDONESIA
http://www.nittoc-id.co.id/

Feedback from Local Employees

Anto Togatorop

Affiliation: Jakarta Indonesia Representative Office
Nationality: Indonesian

I joined NITTOC CONSTRUCTION in November 2014. NITTOC CONSTRUCTION is my first job with a construction company.
In January 2015, I was dispatched to the Headquarters in Japan for training.
At the training, I learned about the accounting of construction companies, which I had not understood well since joining NITTOC. The training lecture was easy to understand, and I was able to learn from the ground up. I thought the lecturer at that training was the best I have ever experienced. Through the training experience, I found that the accounting of construction companies is really interesting.
We can learn two things at NITTOC. First, I can upgrade my Japanese-language skills while working. Second, I will improve my professional skills in the fields of accounting, financial affairs and tax affairs, which are my primary areas of responsibility.
In the future, I would like to study hard to upgrade my business skills and contribute to the corporate growth of NITTOC in Indonesia.

Maudy Maori

Affiliation: Jakarta Indonesia Representative Office
Nationality: Indonesian

I joined NITTOC CONSTRUCTION in June 2014.
When I joined, there were only two Japanese staff and myself in the local office. At present, the office has about 20 employees including Japanese and Indonesian staff.
My job duties are secretariat and general affairs. I am always taking on new tasks. In addition, I feel the way of executing duties is different between Japan and Indonesia and that is sometimes troublesome. Fortunately, however, I received training about my duties in Japan and currently receive guidance from superiors and senior staff.
A local subsidiary was established in March 2016, and the number of our construction works has been increasing. I would like to do my best to help the company expand.

Maftuha Paisol

Affiliation: Jakarta Indonesia Representative Office
Nationality: Indonesian

I joined in August 2015 and went to Japan to learn about Japanese personnel administration practices. Thanks to considerable support from the General Affairs Department of the Headquarters, I wish to continue to receive guidance and encouragement in the fields of personnel administration and international business.
I became friends with many colleagues at the Headquarters during the training session. They warmly welcomed me despite my different cultural background. I learned about the labor environment at the Headquarters through the training. As the Headquarters staff were all favorable to me, I experienced many splendid days in Japan.
Based on knowledge and experience I gained through the training in Japan, I would like to work harder so that I can contribute to the expansion of NITTOC's business in Indonesia.

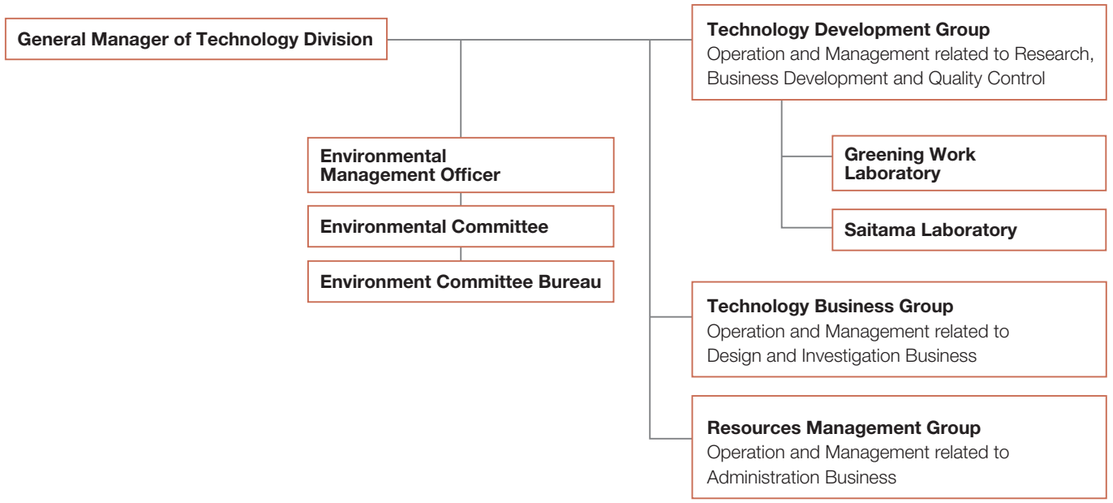
Environmental Responsibility

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.

Technology Division Environmental Management System Network



Landscape Conservation Technology for Cultural Properties

Our landscape conservation technology helps to restore the landscape while protecting the security of valuable cultural properties and historical sites.

Kiyomizu-dera Temple (Kyoto)

The slope of the Kiyomizu-dera, a World Heritage site, collapsed due to the heavy rain caused by Typhoon Man-yi in September 2013.
In 2014 through 2015, the collapsed slope was reinforced by ground reinforcement work and ground anchor work, and covered with reinforced soil using the Geofiber Method. Plants will grow at the site and the beautiful landscape full of greenery will return soon.

Slope seen from the stage of Kiyomizu-dera Temple

Slope under the Koyasu-no-tou, a National Important Cultural Property

Utsunomiya Castle Site Park (Tochigi)

Utsunomiya Castle Site Park is maintained as an important basis for the revitalization of central downtown areas of the city and urban disaster prevention, with partial restoration of the former Utsunomiya Castle, which is faithful to historical facts, as a main feature.
The Geofiber Method was adopted for the restoration of the earthworks, and the beautiful green earthworks now have been maintained for 10 years since the restoration work was completed.

Before the work

After the work

Kashima Jingu Shrine (Ibaraki)

The slope of Kashima Jingu Shrine located in Kashima-shi, Ibaraki, collapsed due to the mudslides caused by Typhoon Wipha in October 2013. The Geofiber Method was adopted for the restoration work of the collapsed slope.
The restoration work was completed without fouling the Mitarashi Pond, located at the side of the slope, because no cement was used.

Before the work

After the work

Tohoku Branch: Katsurahama Swimming Beach Cleanup Activity (Akita, June 2015)

Together with several member corporations of the Akita Prefecture Geofiber Association, we participated in a cleanup activity of the Katsurahama Swimming Beach in Akita-shi.
A total of 30 persons including four employees of the branch participated. We cleaned up peripheral roads and the parking lots, and mowed weeds by bringing in a grass cutter. The activity was completed by loading the waste on a truck. As in the previous year, we cleaned up various places prior to the opening of the swimming beach so that swimmers could comfortably enjoy pleasant time during the estival swimming season. We intend to continue participating in this activity in the coming years.

Tohoku Branch: Seaside Disaster-Preventive Forest Afforestation and Maintenance Activity (by volunteers) (Miyagi, April 2015)

Several employees of the Tohoku Branch cooperated in a maintenance activity for the Sennen Kibo-no-Oka forest, where we planted seedlings in 2014. The participants in this activity were recruited by the Tohoku Regional Forest Office. The activity was conducted at the site of seaside disaster-preventive forest in Natori-shi, Miyagi. Nine employee participants conducted the maintenance activity, which involved the replanting of new seedlings instead of dead ones within an afforestation area of 0.1 hectare (1,000 m^2). We will continue to be committed to the afforestation of the disaster-preventive forest and carefully monitor the subsequent growth of the forest.

Tokyo Branch: Repair of a Bus Stop (Tochigi, December 2015)

Several employees repaired the Kamikuriyama Bus Stop located near the construction site.

Activity content:
1) **Rust removal of the signs and application of rust-resistant paint**
2) **Cleanup of the bus shelter**
3) **Picking up trash and mowing the weeds in the neighboring area**

Our repair activity seems to have pleased the bus company and nearby inhabitants. We believe that such activities contributed to the local community.

Hokuriku Branch: ECHIGO Tanada Supporter (Niigata, June through November, 2015)

The ECHIGO Tanada Supporter (“Tanada” means terrace paddy field.) is a group established by prefectural government employees of the Department of Agricultural Land, Niigata, to protect the landscape and topographical functions of terrace paddy fields jointly with local residents. Sympathizing with the group’s purpose, volunteer employees of the branch cooperated in mowing and cleanup activities at several terrace paddy fields in Niigata Prefecture. They participated six times in such activities from June to November 2015.

Activity content:
1) **Mowing near small reservoirs: 5 times**
2) **Dredging of waterways and mowing: twice**
3) **Mowing from farm roads and paths between rice fields: 5 times**

Hiroshima Branch: Sand Erosion Control Facility Inspection Activity by the Yamaguchi Prefecture Disaster Prevention and Sand Control Volunteers Association (Yamaguchi, November 2015)

To prevent a landslide disaster, several employees participated in inspecting landslide black spots (steep slopes and landslide prevention areas) and sand erosion control facilities in Yamaguchi Prefecture in cooperation with the Sand Control Section, Department of Civil Engineering and Architecture, Yamaguchi.
Approximately 20 participants including persons affiliated with the Association were divided into several groups of 3-5 persons each to inspect the current conditions of the targeted sand control dams located in Yamaguchi Prefecture. Our inspection activity included finding cracks and water leakage points and the exposure of reinforcing bars. As a result, several deteriorated parts with potential danger were discovered from our inspection.

Corporate Governance

I. Basic Policy on Corporate Governance

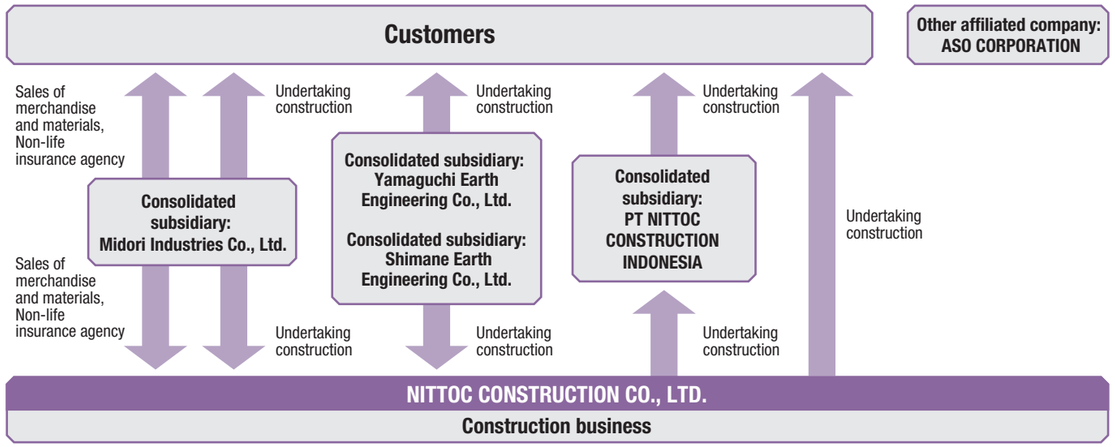
The Company attaches great importance to the interests of all stakeholders supporting its corporate activities and recognizes the importance of corporate ethics that comply not only with various legal norms but also with decency and common sense. At the same time, the Company’s basic policy on corporate governance is determined to be the establishment of a corporate organization that can contribute to the development of social infrastructure by raising transparency and the soundness of management through efforts such as sustainable, corporate development; the acquisition of social credibility; and the elimination of illegal payoffs to antisocial groups.

Reason for Adopting the Corporate Governance System

Based on the aforementioned basic policy on corporate governance, we have adopted the corporate governance system described below with the aim of thorough risk management and compliance and improved internal control with regard to swift responses to changes in the business environment, as well as to the decision making, execution and supervision of business operations.

Summary of Our Corporate Governance System

NITTOC’s corporate governance system

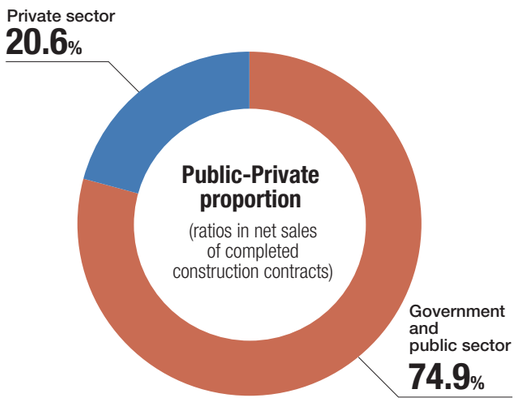


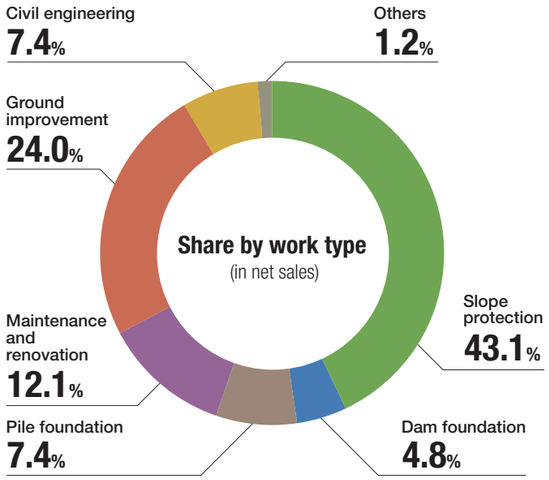
II. Status of Development of the Internal Control System

To raise the confidence of society and its corporate value, the Company addresses the “reinforcement of internal control (compliance and risk management)” as the most important management task. The Company considers the management are responsible for establishment of the system for ensuring appropriate business operations, and has stipulated the “Basic Policy on an Internal Control System.”
The “Basic Policy for Establishing an Internal Control System” refers to the overall commitment regarding such establishment of an internal control system by the Management Strategy Division, whereas the Audit Department is in charge of monitoring the status of the development and operational status of internal controls.
To establish the system for ensuring appropriate financial reporting and monitor such financial reporting, the Internal Control Department is formed under the Management Strategy Division.
The “Basic Policy on an Internal Control System” is regularly reviewed by the Corporate Planning Department, Management Strategy Division, and revised by resolution of the Board of Directors, as required.

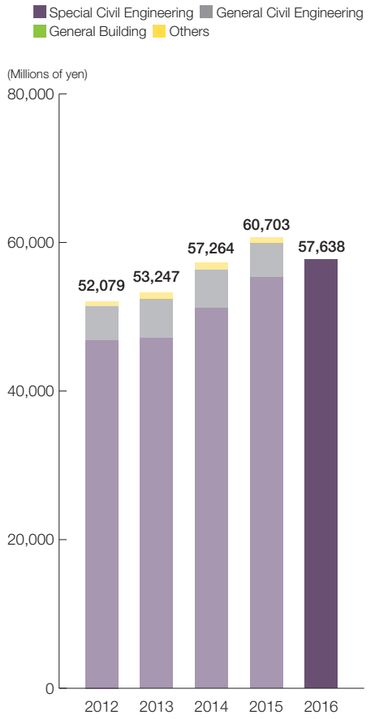
Financial Highlights

	Millions of yen					Thousands of U.S. dollars
	2012	2013	2014	2015	2016	2016
Net sales	¥52,079	¥53,247	¥57,264	¥60,703	¥57,638	$511,522
Ordinary income	1,877	2,249	2,904	3,905	3,431	30,457
Profit attributable to owners of parent	1,823	3,532	1,663	1,664	2,110	18,729
Comprehensive income	1,838	3,632	1,715	1,694	1,894	16,813
Net assets	12,044	15,029	16,370	18,116	19,781	175,556
Total assets	36,576	39,111	41,047	42,306	40,385	358,408
Net cash provided by (used in) operating activities	723	4,933	1,011	2,435	△630	5,592
Net cash provided by (used in) investing activities	(202)	(206)	(189)	(277)	(1,209)	(10,734)
Net cash provided by (used in) financing activities	(936)	(1,756)	(678)	(775)	(△1,592)	(△14,133)
Cash and cash equivalents at end of period	9,163	12,132	12,277	13,698	12,681	112,545

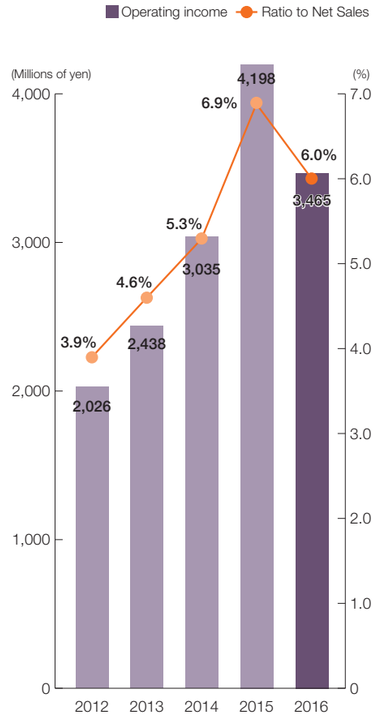




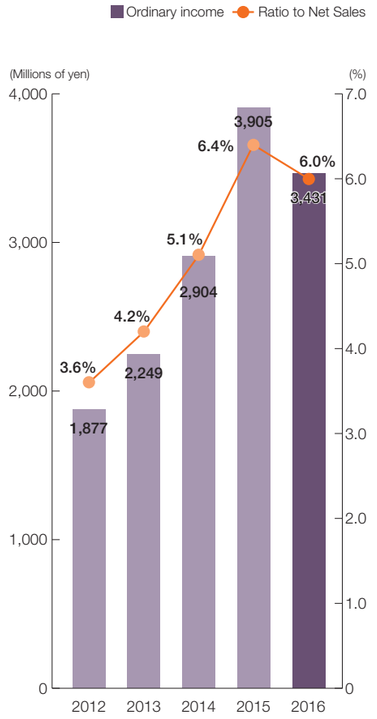
Net sales



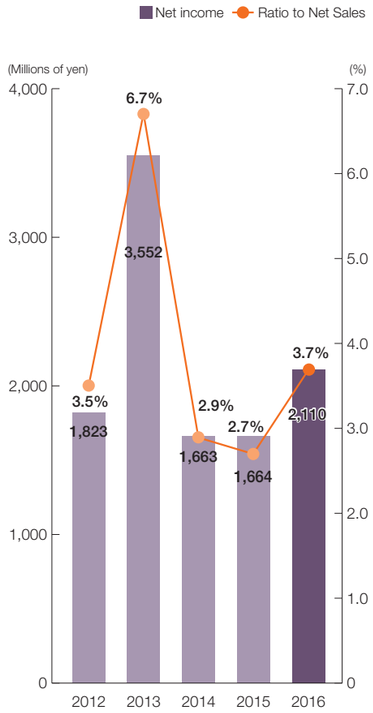
Operating income·Ratio to Net Sales



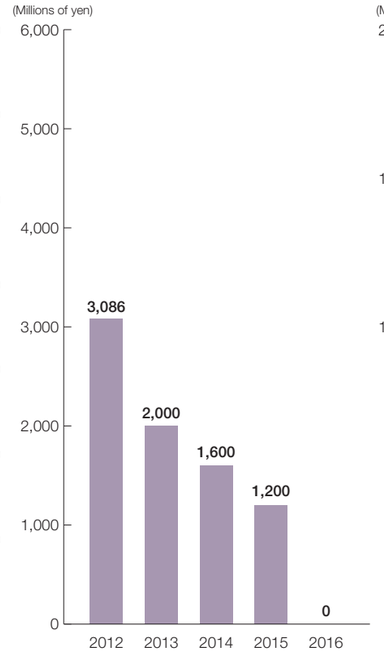
Ordinary income·Ratio to Net Sales



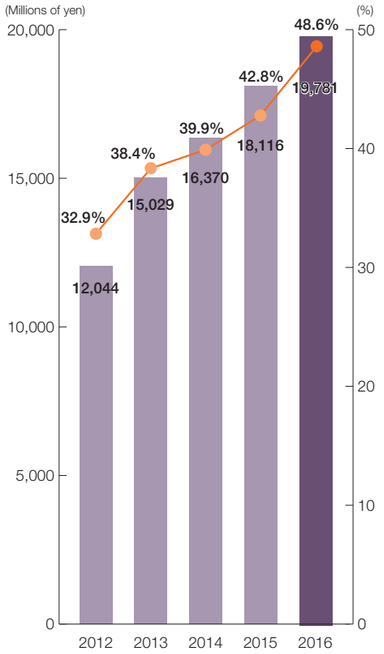
Net income·Ratio to Net Sales



Interest-bearing debt



Total net assets·Equity Ratio



5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

March 31, 2015 and 2016

	Millions of yen		Thousands of U.S.Dollars(*)
	2015	2016	2016
Assets			
Current assets			
Cash and deposits	13,698	12,681	112,545
Notes receivable, accounts receivable from completed construction contracts and other	16,702	15,578	138,250
Electronically recorded monetary claims－operating	—	1,917	17,018
Merchandise and finished goods	20	30	274
Real estate for sale	0	0	0
Costs on uncompleted construction contracts	*4 1,618	*4 1,664	14,775
Raw materials and supplies	148	152	1,355
Deferred tax assets	591	411	3,653
Other	681	997	8,850
Allowance for doubtful accounts	(192)	(14)	(129)
Total current assets	33,270	33,420	296,594
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	*1 829	*1 963	8,552
Machinery, vehicles, tools, furniture and fixtures, net	*1 446	*1 471	4,180
Land	4,560	2,788	24,743
Leased assets, net	*1 40	*1 50	450
Construction in progress	1	24	221
Other, net	*3 2	*3 2	18
Total property, plant and equipment	5,879	4,300	38,167
Intangible assets	223	205	1,827
Investments and other assets			
Investment securities	831	664	5,899
Deferred tax assets	1,593	1,284	11,400
Other	539	531	4,716
Allowance for doubtful accounts	(31)	(22)	(196)
Total investments and other assets	2,933	2,458	21,819
Total non-current assets	9,036	6,965	61,814
Total assets	42,306	40,385	358,408

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

	Millions of yen		Thousands of U.S.Dollars(*)
	2015	2016	2016
Liabilities			
Current liabilities			
Notes payable, accounts payable for construction contracts and other	12,175	10,547	93,608
Short-term loans payable	400	—	—
Advances received on uncompleted construction contracts	2,487	2,509	22,272
Lease obligations	20	23	210
Income taxes payable	1,491	133	1,187
Provision for warranties for completed construction	77	105	935
Provision for loss on construction contracts	*4 89	*4 139	1,242
Provision for bonuses	543	555	4,926
Other	2,086	2,413	21,420
Total current liabilities	19,372	16,429	145,804
Non-current liabilities			
Long-term loans payable	800	—	—
Lease obligations	34	34	306
Deferred tax liabilities	134	75	671
Net defined benefit liability	3,831	4,013	35,621
Other	16	50	449
Total non-current liabilities	4,817	4,174	37,048
Total liabilities	24,189	20,603	182,852
Net assets			
Shareholders’ equity			
Capital stock	6,052	6,052	53,713
Capital surplus	2,022	2,022	17,946
Retained earnings	10,500	12,228	108,520
Treasury shares	(551)	(552)	(4,901)
Total shareholders’ equity	18,024	19,750	175,279
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	282	171	1,520
Foreign currency translation adjustment	—	(6)	(55)
Remeasurements of defined benefit plans	(190)	(284)	(2,523)
Total accumulated other comprehensive income	91	(119)	(1,058)
Non-controlling interests	—	150	1,335
Total net assets	18,116	19,781	175,556
Total liabilities and net assets	42,306	40,385	358,408

*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, 2015 and 2016

	Millions of yen		Thousands of U.S.Dollars(*)
	2015	2016	2016
Net sales			
Net sales of completed construction contracts	60,578	57,479	510,109
Sales on other business	125	159	1,413
Total net sales	60,703	57,638	511,522
Cost of sales			
Cost of sales of completed construction contracts	*1 50,808	*1 48,018	426,149
Cost of sales on other business	40	63	565
Total cost of sales	50,848	48,082	426,714
Gross profit			
Gross profit on completed construction contracts	9,770	9,460	83,960
Gross profit - other business	84	95	847
Total gross profit	9,854	9,556	84,807
Selling, general and administrative expenses	*2,3 5,656	*2,3 6,090	54,049
Operating income	4,198	3,465	30,758
Non-operating income			
Interest income	0	0	2
Dividend income	16	19	173
Patent income	22	26	235
Other	19	12	106
Total non-operating income	60	58	519
Non-operating expenses			
Interest expenses	38	19	169
Guarantee commission	51	37	334
Factoring fee for receivables	30	17	158
Provision of allowance for doubtful accounts	173	—	—
Other	59	17	157
Total non-operating expenses	353	92	819
Ordinary income	3,905	3,431	30,457
Extraordinary income			
Gain on sales of non-current assets	*4 32	*4 5	46
Gain on sales of investment securities	9	—	—
Total extraordinary income	41	5	46
Extraordinary losses			
Loss on retirement of non-current assets	*5 2	*5 9	86
Impairment loss	*6 978	*6 24	218
Total extraordinary losses	981	34	305
Profit before income taxes	2,965	3,402	30,199
Income taxes - current	1,699	770	6,840
Income taxes - deferred	(397)	522	4,640
Total income taxes	1,301	1,293	11,480
Profit	1,664	2,109	18,718
Loss attributable to non-controlling interests	—	(1)	(10)
Profit attributable to owners of parent	1,664	2,110	18,729

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

[Consolidated Statements of Comprehensive Income]

Fiscal Years Ended March 31, 2015 and 2016

	Millions of yen		Thousands of U.S.Dollars(*)
	2015	2016	2016
Profit	1,664	2,109	18,718
Other comprehensive income			
Valuation difference on available-for-sale securities	104	(111)	(989)
Foreign currency translation adjustment	—	(9)	(85)
Remeasurements of defined benefit plans, net of tax	(73)	(93)	(829)
Total other comprehensive income	*1 30	*1 (214)	(1,905)
Comprehensive income	1,694	1,894	16,813
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	1,694	1,899	16,854
Comprehensive income attributable to non-controlling interests	—	(4)	(40)

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

(3) Consolidated Statements of Changes in Net Assets

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)
Profit attributable to owners of parent			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				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	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)
Profit attributable to owners of parent						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, 2016

(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	10,500	(551)	18,024
Cumulative effects of changes in accounting policies					—
Restated balance	6,052	2,022	10,500	(551)	18,024
Changes of items during period					
Dividends of surplus			(383)		(383)
Profit attributable to owners of parent			2,110		2,110
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares					
Change of scope of consolidation					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,727	(1)	1,726
Balance at end of current period	6,052	2,022	12,228	(552)	19,750

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	282	—	(190)	91	—	18,116
Cumulative effects of changes in accounting policies						—
Restated balance	282	—	(190)	91	—	18,116
Changes of items during period						
Dividends of surplus						(383)
Profit attributable to owners of parent						2,110
Purchase of treasury shares						(1)
Disposal of treasury shares						—
Change of scope of consolidation						—
Net changes of items other than shareholders' equity	(111)	(6)	(93)	(211)	150	(60)
Total changes of items during period	(111)	(6)	(93)	(211)	150	1,665
Balance at end of current period	171	(6)	(284)	(119)	150	19,781

Fiscal year ended March 31, 2016

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

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	53,713	17,946	93,191	(4,889)	159,961
Cumulative effects of changes in accounting policies					-
Restated balance	53,713	17,946	93,191	(4,889)	159,961
Changes of items during period					
Dividends of surplus			(3,400)		(3,400)
Profit attributable to owners of parent			18,729		18,729
Purchase of treasury shares				(11)	(11)
Disposal of treasury shares					
Change of scope of consolidation					
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	15,329	(11)	15,317
Balance at end of current period	53,713	17,946	108,520	(4,901)	175,279

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,509	-	(1,693)	816	-	160,777
Cumulative effects of changes in accounting policies						-
Restated balance	2,509	-	(1,693)	816	-	160,777
Changes of items during period						
Dividends of surplus						(3,400)
Profit attributable to owners of parent						18,729
Purchase of treasury shares						(11)
Disposal of treasury shares						-
Change of scope of consolidation						-
Net changes of items other than shareholders' equity	(989)	(55)	(829)	(1,874)	1,335	(528)
Total changes of items during period	(989)	(55)	(829)	(1,874)	1,335	14,778
Balance at end of current period	1,520	(55)	(2,523)	(1,058)	1,335	175,556

(4) Consolidated Statements of Cash Flows

Fiscal Years Ended March 31, 2015 and 2016

	Millions of yen		Thousands of U.S.Dollars(*)
	2015	2016	2016
Cash flows from operating activities			
Profit before income taxes	2,965	3,402	30,199
Depreciation	257	276	2,457
Increase (decrease) in allowance for doubtful accounts	204	(186)	(1,655)
Increase (decrease) in provision for warranties for completed construction	59	27	247
Increase (decrease) in provision for loss on construction contracts	20	50	443
Increase (decrease) in provision for bonuses	64	11	103
Increase (decrease) in net defined benefit liability	38	54	479
Loss (gain) on sales of property, plant and equipment	(32)	(5)	(46)
Loss on retirement of property, plant and equipment	2	9	85
Interest and dividend income	(17)	(19)	(176)
Interest expenses	38	19	169
Foreign exchange losses (gains)	3	3	34
Loss (gain) on sales of investment securities	(9)	—	—
Impairment loss	978	24	218
Decrease (increase) in notes and accounts receivable - trade	(45)	(793)	(7,041)
Decrease (increase) in costs on uncompleted construction contracts	(102)	(45)	(407)
Decrease (increase) in other assets	(466)	(191)	(1,695)
Increase (decrease) in notes and accounts payable - trade	(2,471)	(1,627)	(14,447)
Increase (decrease) in advances received on uncompleted construction contracts	657	21	193
Increase (decrease) in accrued consumption taxes	5	507	4,505
Increase (decrease) in other liabilities	1,131	(311)	(2,767)
Subtotal	3,282	1,228	10,900
Interest and dividend income received	17	19	176
Interest expenses paid	(38)	(19)	(169)
Income taxes paid	(826)	(1,859)	(16,499)
Net cash provided by (used in) operating activities	2,435	(630)	(5,592)
Cash flows from investing activities			
Purchase of investment securities	(3)	(3)	(34)
Purchase of property, plant and equipment	(353)	(349)	(3,097)
Proceeds from sales of property, plant and equipment	35	1,576	13,995
Advances received on sale of property, plant and equipment	185	—	—
Purchase of intangible assets	(54)	(11)	(98)
Proceeds from sales of investment securities	19	—	—
Collection of loans receivable	1	0	5
Payments for guarantee deposits	(114)	(45)	(406)
Proceeds from collection of guarantee deposits	6	45	403
Other, net	(1)	(3)	(32)
Net cash provided by (used in) investing activities	(277)	1,209	10,734

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

	Millions of yen		Thousands of U.S.Dollars(*)
	2015	2016	2016
Cash flows from financing activities			
Repayments of long-term loans payable	(400)	(1,200)	(10,649)
Proceeds from share issuance to non-controlling shareholders	—	12	113
Repayments of lease obligations	(25)	(20)	(183)
Proceeds from disposal of treasury shares	0	—	—
Purchase of treasury shares	(10)	(1)	(11)
Cash dividends paid	(340)	(383)	(3,401)
Net cash provided by (used in) financing activities	(775)	(1,592)	(14,133)
Effect of exchange rate change on cash and cash equivalents	(3)	(3)	(34)
Net increase (decrease) in cash and cash equivalents	1,379	(1,017)	(9,025)
Cash and cash equivalents at beginning of period	12,277	13,698	121,571
Increase in cash and cash equivalents from newly consolidated subsidiary	41	—	—
Cash and cash equivalents at end of period	*1 13,698	*1 12,681	112,545

*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 NITTOC 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 ¥112.68 to US$1.00, the approximate rate of exchange on March 31, 2016. 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: 4

Midori Industries Co., Ltd.
Yamaguchi Earth Engineering Co., Ltd.
Shimane Earth Engineering Co., Ltd.
PT NITTOC CONSTRUCTION INDONESIA

(Change in the scope of consolidation)

The Company established PT NITTOC CONSTRUCTION INDONESIA in Indonesia in March 2016 and has included it in the scope of consolidation.

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 same depreciation method as that applied to non-current assets owned by the Company is adopted for leased assets of finance lease transactions where ownership of leased assets is transferred to the lessee.
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) Accounting procedure for deferred assets

Deferred organization expenses and business commencement expenses are fully charged to income as incurred.

(4) 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.

(5) 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, commencing from the consolidated fiscal year following the 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

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

March 31, 2015 and 2016

	Millions of yen		Thousands of U.S.Dollars(*)
	2015	2016	2016
Assets			
Current assets			
Cash and deposits	13,698	12,681	112,545
Notes receivable, accounts receivable from completed construction contracts and other	16,702	15,578	138,250
Electronically recorded monetary claims－operating	—	1,917	17,018
Merchandise and finished goods	20	30	274
Real estate for sale	0	0	0
Costs on uncompleted construction contracts	*4 1,618	*4 1,664	14,775
Raw materials and supplies	148	152	1,355
Deferred tax assets	591	411	3,653
Other	681	997	8,850
Allowance for doubtful accounts	(192)	(14)	(129)
Total current assets	33,270	33,420	296,594
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	*1 829	*1 963	8,552
Machinery, vehicles, tools, furniture and fixtures, net	*1 446	*1 471	4,180
Land	4,560	2,788	24,743
Leased assets, net	*1 40	*1 50	450
Construction in progress	1	24	221
Other, net	*3 2	*3 2	18
Total property, plant and equipment	5,879	4,300	38,167
Intangible assets	223	205	1,827
Investments and other assets			
Investment securities	831	664	5,899
Deferred tax assets	1,593	1,284	11,400
Other	539	531	4,716
Allowance for doubtful accounts	(31)	(22)	(196)
Total investments and other assets	2,933	2,458	21,819
Total non-current assets	9,036	6,965	61,814
Total assets	42,306	40,385	358,408

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

Standards for Tax-Effect Accounting" (Business Accounting Council) regarding the recoverability of deferred tax assets.

(Review on the treatment of the requirements for the classification and amounts of deferred tax assets)
(i) Treatment for the entities that do not meet the requirements of any of the five categories
(ii) Requirements for Categories 2 and 3
(iii) Treatment of unscheduled deductible temporary differences for the entities in Category 2
(iv) Treatment for the period in which a reasonable estimate is possible for the taxable income before temporary differences for the entities in Category 3
(v) Treatment for the entities that satisfy Category 4 requirements but are applicable to Category 2 or 3

(2) Scheduled date of adoption
To be applied from the beginning of the consolidated fiscal year starting on April 1, 2016, or later

(3) Impact of adopting this accounting standard
The impact of applying the "Implementation Guidance on Recoverability of Deferred Tax Assets" on the consolidated financial statements is currently being evaluated.

(Change in Presentation Method)
(Consolidated Statements of Cash Flows)
"Proceeds from collection of guarantee deposits," which was 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, ¥5 million ($51 thousand), which was presented as a component of "Other, net" under "Cash flows from investing activities," is reclassified as ¥6 million ($62 thousand) in "Proceeds from collection of guarantee deposits" and negative ¥1 million ($10 thousand) as a component of "Other, net."

*1 Accumulated depreciation of property, plant and equipment

As of March 31		
2015	2016	2016
¥7,343 million	¥6,494 million	$57,640 thousand

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

As of March 31				
2015		2016		2016
9 properties	¥21 million	8 properties	¥17 million	$151 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				
2015		2016		2016
	¥33 million		¥23 million	$210 thousand

(3) Litigation-related
Fiscal year ended March 31, 2015 (As of March 31, 2015)
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, 2016 (As of March 31, 2016)
Not applicable

*3 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			
2015		2016	2016
Other	¥2 million	¥2 million	$18 thousand

*4 Presentation of inventories and provision for loss on construction contracts
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.

Fiscal year ended March 31, 2016 (As of March 31, 2016)
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 ¥60 million ($537 thousand).

5 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
	2015	2016	2016
Total amount of the commitment line	2,200	2,200	19,524
Balance of executed loans	—	—	—
Unused balance	2,200	2,200	19,524

(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		
2015	2016	2016
¥84 million	¥50 million	$443 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
	2015	2016	2016
Employees' salaries and allowances	2,636	2,685	23,832
Provision for bonuses	220	231	2,050
Retirement benefit expenses	324	293	2,606
Provision of allowance for doubtful accounts	30	8	75

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

Fiscal year ended March 31		
2015	2016	2016
¥162 million	¥188 million	$1,669 thousand

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

Fiscal year ended March 31			
2015	2016	2016
Machinery, vehicles, tools, furniture and fixtures	¥32 million	¥5 million	$46 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
	2015	2016	2016
Buildings and structures	2	9	82
Machinery, vehicles, tools, furniture and fixtures	0	0	3
Total	2	9	86

*6 Impairment loss

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

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
Idle assets	Building, structures and fixtures	Chuo-ku, Tokyo	198
Assets planned to be sold	Land	Chuo-ku, Tokyo	780

(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
Building and structures	197
Machinery, vehicles, tools, furniture and fixtures	0
Land	780
Total	978

(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.

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

For the fiscal year ended March 31, 2016, 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	Land, buildings and structures	Nikko-shi, Tochigi	24	218

(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	2	21
Land	22	197
Total	24	218

(Background)
As the Imaichi Materials Center became unused and idle, the Company examined the possibility of utilizing said non-current assets, and reported impairment loss due to the low possibility of its reutilization.

(Calculation method of recoverable amounts)
Recoverable amounts for buildings and structures are evaluated by using the memorandum value, whereas the recoverable amount for land is based on the appraised value of the real estate.

(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
	2015	2016	2016
Valuation difference on available-for-sale securities			
Accrued in the fiscal year	149	(170)	(1,515)
Amount of reclassification	(8)	—	—
Before tax-effect adjustment	140	(170)	(1,515)
Amount of tax-effect equivalent	(36)	59	526
Valuation difference on available-for-sale securities	104	(111)	(989)
Foreign currency translation adjustment			
Accrued in the fiscal year	—	(9)	(85)
Foreign currency translation adjustment	—	(9)	(85)
Remeasurements of defined benefit plans, net of tax			
Accrued in the fiscal year	(95)	(128)	(1,138)
Amount of reclassification	(4)	0	5
Before tax-effect adjustment	(100)	(127)	(1,133)
Amount of tax-effect equivalent	26	34	303
Remeasurements of defined benefit plans, net of tax	(73)	(93)	(829)
Total other comprehensive income	30	(214)	(1,905)

(Consolidated Statements of Changes in Net Assets)
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:
1. 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.
2. 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	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	Retained earnings	¥9.00	March 31, 2015	June 26, 2015

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

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

Fiscal year ended March 31, 2016	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	1,348,848	2,556	—	1,351,404
Total	1,348,848	2,556	—	1,351,404

Note: The increase in number of treasury shares represents the increase from the purchase of less-than-one-unit shares.

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 25, 2015	Common shares	¥383 million ($3,401 thousand)	Retained earnings	¥9.00	March 31, 2015	June 26, 2015

(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 24, 2016	Common shares	¥425 million ($3,777 thousand)	Retained earnings	¥10.00	March 31, 2016	June 27, 2016

(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
	2015	2016	2016
Cash and deposits	13,698	12,681	112,545
Cash and cash equivalents	13,698	12,681	112,545

(Lease Transactions)

(Lessee)

Finance lease transactions that transfer ownership

1. Details of leased assets
   (1) Property, plant and equipment
   Consist of machinery and equipment.
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."

Finance lease transactions that do not transfer ownership

1. Details of leased assets
   (1) Property, plant and equipment
   Mainly consist of machinery and equipment.
   (2) 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, 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	—	—	—

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

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	—	—	—	—
Total	30,400	—	—	—

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

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

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, electronically recorded monetary claims－operating 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.

(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, electronically recorded monetary claims－operating 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.

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, 2016, 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	12,681	12,681	—
(2) Notes receivable, accounts receivable from completed construction contracts, electronically recorded monetary claims–operating and other	17,495	17,495	—
(3) Investment securities Available-for-sale securities	553	553	—
Total assets	30,731	30,731	—
(1) Notes payable, accounts payable for construction contracts and other	10,547	10,547	—
Total liabilities	10,547	10,547	—
Derivative transactions	—	—	—

(Thousands of U.S.Dollars)

	Carrying value in the consolidated balance sheets	Market value	Difference
(1) Cash and deposits	112,545	112,545	—
(2) Notes receivable, accounts receivable from completed construction contracts, electronically recorded monetary claims–operating and other	155,269	155,269	—
(3) Investment securities Available-for-sale securities	4,916	4,916	—
Total assets	272,731	272,731	—
(1) Notes payable, accounts payable for construction contracts and other	93,608	93,608	—
Total liabilities	93,608	93,608	—
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, electronically recorded monetary claims－operating 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.

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	$982 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, 2016)

(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	12,681	—	—	—
Notes receivable, accounts receivable from completed construction contracts, electronically recorded monetary claims–operating and other	17,495	—	—	—
Investment securities				
Available-for-sale securities with maturity dates	—	—	—	—
Total	30,177	—	—	—

(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	112,545	—	—	—
Notes receivable, accounts receivable from completed construction contracts, electronically recorded monetary claims–operating and other	155,269	—	—	—
Investment securities				
Available-for-sale securities with maturity dates	—	—	—	—
Total	267,814	—	—	—

4. The repayment schedules for lease obligations are shown in the “Schedule of Loans Payable,” a consolidated supplementary statement.

(Securities)

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
Available-for-sale securities (unlisted stocks)	110

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	—

Fiscal year ended March 31, 2016 (As of March 31, 2016)

1. Held-to-maturity debt securities (As of March 31, 2016)
Not applicable

2. Available-for-sale securities (As of March 31, 2016)

(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	550	303	247
Bonds			
National government bonds, local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Subtotal	550	303	247
(2) Securities with carrying value in the consolidated balance sheets not exceeding acquisition cost			
Shares	3	3	(0)
Bonds			
National government bonds, local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Subtotal	3	3	(0)
Total	553	307	246

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	982

(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	4,887	2,690	2,197
Bonds			
National government bonds, local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Subtotal	4,887	2,690	2,197
(2) Securities with carrying value in the consolidated balance sheets not exceeding acquisition cost			
Shares	28	34	(5)
Bonds			
National government bonds, local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Subtotal	28	34	(5)
Total	4,916	2,724	2,191

3. Available-for-sale securities sold during the consolidated fiscal year under review (From April 1, 2015 to March 31, 2016)
Not applicable

(Derivative Transactions)
Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)
1. Derivatives for which hedge accounting is not applied
Not applicable as no derivative transactions are utilized.

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

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
1. Derivatives for which hedge accounting is not applied
Not applicable as no derivative transactions are utilized.

2. 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
	2015	2016	2016
Beginning balance of projected benefit obligations	4,241	3,831	33,998
Cumulative effects of changes in accounting policies	(557)	—	—
Restated balance	3,684	3,831	33,998
Service cost	230	233	2,072
Interest cost	36	26	234
Accrued amount of actuarial differences	123	139	1,239
Accrued amount of prior service cost	(28)	—	—
Retirement benefits paid	(215)	(216)	(1,923)
Ending balance of projected benefit obligations	3,831	4,013	35,621

(2) Reconciliation of the beginning/ending balance of plan assets
Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)
Not applicable

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
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
	2015	2016	2016
Projected benefit obligations under unfunded plans	3,831	4,013	35,621
Net carrying value in the consolidated balance sheets of relevant liabilities and assets	3,831	4,013	35,621
Net defined benefit liability	3,831	4,013	35,621
Net carrying value in the consolidated balance sheets of relevant liabilities and assets	3,831	4,013	35,621

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

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2015	2016	2016
Service cost	228	233	2,072
Interest cost	36	26	234
Amortization of actuarial differences	2	9	82
Amortization of prior service cost	(7)	(8)	(76)
Retirement benefit expenses relative to the defined benefit plans	260	260	2,312

(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 is as follows:

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2015	2016	2016
Prior service cost	(7)	(8)	(76)
Actuarial differences	2	(119)	(1,056)
Total	(4)	(127)	(1,133)

(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
	2015	2016	2016
Unrecognized prior service cost	58	49	442
Unrecognized actuarial differences	(340)	(459)	(4,078)
Total	(282)	(409)	(3,635)

(7) Matters regarding plan assets

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

Not applicable

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

Not applicable

(8) Matters regarding the basis for actuarial calculations

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

As of March 31	2015	2016
Discount rate	0.69%	0.35%

3. Defined contribution plans

The amount to be contributed by the Company and its consolidated subsidiaries under the defined contribution plans was ¥158 million for the fiscal year ended March 31, 2015, and ¥159 million ($1,414 thousand) for the fiscal year ended March 31, 2016.

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 ¥349 million for the fiscal year ended March 31, 2015, and ¥283 million ($2,514 thousand) for the fiscal year ended March 31, 2016.

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

As of March 31	Millions of yen		Thousands of U.S.Dollars
	2015	2016	2016
Plan assets	69,469	74,069	657,339
Total of the actuarial liability based on the pension financing calculation and the minimum liability reserves	73,202	76,919	682,632
Net amount	(3,733)	(2,850)	(25,292)

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

Fiscal year ended March 31, 2016: 13.06% (As of March 31, 2015)

(3) Supplementary explanation

The major factors of the net amount in Item (1) above were the balance of the prior service liability (¥5,156 million for the fiscal year ended March 31, 2015, and ¥4,663 million ($41,382 thousand) for the fiscal year ended March 31, 2016) and the general reserve (¥1,813 million ($16,089thousand) for the fiscal year ended March 31, 2016), 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 (¥107 million for the fiscal year ended March 31, 2015, and ¥108 million ($960 thousand) for the fiscal year ended March 31, 2016), 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
	2015	2016	2016
Deferred tax assets			
Loss carried forward	—	13	116
Real estate for sale	4	4	40
Accrued enterprise tax	131	14	124
Provision for bonuses	207	197	1,755
Allowance for doubtful accounts	75	11	100
Provision for warranties for completed construction	25	32	288
Provision for loss on construction contracts	29	43	383
Non-current assets (Impairment loss)	338	21	190
Defined contribution pension benefits payable	41	4	35
Net defined benefit liability	1,238	1,229	10,912
Unrealized gains	45	40	356
Asset retirement obligation	—	10	92
Other	131	154	1,372
Subtotal of deferred tax assets	2,270	1,777	15,770
Valuation reserve	(85)	(80)	(716)
Total of deferred tax assets	2,184	1,696	15,053
Deferred tax liabilities			
Valuation difference on available-for-sale securities	(134)	(75)	(671)
Total of deferred tax liabilities	(134)	(75)	(671)
Net deferred tax assets	2,049	1,620	14,382

Note: Net deferred tax assets for the fiscal year ended March 31, 2015 and for the fiscal year ended March 31, 2016, are included in the following account items in the consolidated balance sheets.

As of March 31	Millions of yen		Thousands of U.S.Dollars
	2015	2016	2016
Current assets—Deferred tax assets	591	411	3,653
Non-current assets—Deferred tax assets	1,593	1,284	11,400
Non-current liabilities—Deferred tax liabilities	(134)	(75)	(671)

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	2015	2016
	(%)	(%)
Effective statutory tax rate	35.6	33.1
(Reconciliation)		
Non-deductible expenses such as entertainment expenses	0.6	0.5
Per capita inhabitant tax	3.8	3.0
Exclusion from revenues such as dividend income	(0.1)	(0.0)
Valuation reserve	0.2	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	6.4	2.4
Other	(0.5)	(1.2)
Effective income tax rate after the adoption of tax-effect accounting	43.9	38.0

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

Following the enactment by the Diet on March 29, 2016, of the "Act on Partial Revision of the Income Tax Act, etc." (Act No. 15, 2016), and the "Act on Partial Revision of the Local Tax Act, etc." (Act No. 13, 2016), the corporate income tax rate has been reduced effective from the fiscal year that begins on or after April 1, 2016. In accordance with this change, the effective statutory tax rate, which is used to measure deferred tax assets and deferred tax liabilities, will be reduced to 30.86% from the previous 32.30% for temporary differences that are expected to be eliminated during the fiscal years commencing on April 1, 2016 and 2017, and to 30.62% for temporary differences that are expected to be eliminated during the fiscal year commencing on April 1, 2018, and subsequent fiscal years.

The impact of this change in the effective statutory tax rate was a decrease of ¥83 million ($741 thousand) in deferred tax assets (after deducting the amount of deferred tax liabilities), increases of ¥80 million ($717 thousand) in income taxes－deferred, ¥4 million ($36 thousand) in valuation difference on available-for-sale securities and negative ¥6 million ($61 thousand) in remeasurements of defined benefit plans.

(Asset Retirement Obligation)

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

This information is omitted due to its immateriality.

End of fiscal year ended March 31, 2016 (As of March 31, 2016)

This information is omitted due to its immateriality.

(Segment Information, etc.)

【Segment Information】

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.

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

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, 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.

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

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, 2015 (From April 1, 2014 to March 31, 2015)

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

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

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, 2015 (From April 1, 2014 to March 31, 2015)

Not applicable

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

Not applicable

【Information on Gain on Bargain Purchase by Reportable Segment】

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

Not applicable

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

Not applicable

【Related Party Information】

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

Not applicable

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

Not applicable

(Per-Share Information)

Fiscal year ended March 31	2015	2016	
Net assets per share	¥425.56	¥461.17	($4.09)
Basic earnings per share	¥39.08	¥49.58	($0.44)
Diluted earnings per share	Diluted earnings per share is not disclosed as no potential shares exist.	Diluted earnings per share is not disclosed as no potential shares exist.	

Note: The basis for calculation of "Basic earnings per share" is as follows:

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2015	2016	2016
Basic earnings per share			
Profit attributable to owners of parent	1,664	2,110	18,729
Amounts not attributable to common shareholders	—	—	—
Profit attributable to owners of parent regarding common shares	1,664	2,110	18,729
Average number of common shares during the fiscal year (Thousands of shares)	42,582	42,569	

(Significant Subsequent Events)

Not applicable

5)【Consolidated Supplementary Statements】

【Schedule of Bonds Payable】

Not applicable

【Schedule of Loans Payable】

Classification	Beginning balance of the fiscal year ended March 31, 2016		Ending balance of the fiscal year ended March 31, 2016		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	3,549	—	—	—	—
Current portion of lease obligations	20	180	23	210	—	—
Long-term loans payable (excluding the current portion of long-term loans payable)	800	7,099	—	—	—	—
Lease obligations (excluding the current portion of lease obligations)	34	308	34	306	—	2017–2020
Other interest-bearing debt	—	—	—	—	—	—
Total	1,255	11,138	58	516	—	—

Notes:

1. 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.
2. 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)	12	9	7	4

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)	111	87	68	42

【Schedule of Asset Retirement Obligation】

This information is omitted due to its immateriality.

(2)【Other】

Quarterly data for the fiscal year ended March 31, 2016

Cumulative periods	Three months (From April 1, 2015 to June 30, 2015)	Six months (From April 1, 2015 to September 30, 2015)	Nine months (From April 1, 2015 to December 31, 2015)	Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Net sales (Millions of yen)	11,859	25,550	41,096	57,638
Profit before income taxes (Millions of yen)	594	1,449	2,580	3,402
Profit attributable to owners of parent (Millions of yen)	363	928	1,628	2,110
Basic earnings per share (Yen)	8.53	21.82	38.25	49.58

Accounting periods	First quarter (From April 1, 2015 to June 30, 2015)	Second quarter (From July 1, 2015 to September 30, 2015)	Third quarter (From October 1, 2015 to December 31, 2015)	Fourth quarter (From January 1, 2016 to March 31, 2016)
Quarterly basic earnings per share (Yen)	8.53	13.29	16.42	11.33

Corporate Overview and Major Construction Methods

Trade Name	NITTOC CORPORATION CO., LTD.
Headquarters	4F, 5F and 6F, Heiwa Higashi-Nihonbashi Bldg., 3-10-6, Higashi-Nihonbashi, Chuo-ku, Tokyo 103-0004, Japan
Established on	December 17, 1947
Capital	Total number of issued shares:43,919,000 Paid-in capital: ¥6,000 million Tokyo Stock Exchange: Listed on the First Section
Number of Employees (Consolidated)	Technical staff: 901 persons Administrative staff: 280 persons Total: 1,181 persons Note: The number of employees includes 333 regular workers who are subject to fixed-term employment contracts.
Description of Business	Comprehensive construction business · Civil engineering and foundation · Environmental and geological consulting
License	Specified Construction Business—License No. (Specified-23) 211, issued by the Minister of Land, Infrastructure, Transport and Tourism
Business Lines	Civil engineering works, Slope protection works, Landslide protection works, Revegetation works, Ground improvement works, Grouting, Piling, Sewage maintenance and renovation, Construction consulting and 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 / Takamatsu / Matsuyama / Kochi / Tottori / Matsue / Okayama / Yamaguchi / Nagasaki / Saga / Oita / Kumamoto / Miyazaki / Kagoshima / Okinawa
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
Staffing (Qualification Holders) (Persons)	Technical Staff Administrative Staff — Total 1181 Professional Engineer — 53 Registered 1st Class Civil Engineer — 650 Registered 2nd Class Civil Engineer — 686 Registered 1st and 2nd Class Architect — 13 Registered Surveyor and Assistant-Surveyor — 276

Major Construction Methods

Urban Regeneration Field	
WinBLADE Method	Underground diameter expanding type soil-mixing improvement method that enables horizontal and slanting operations
Expacker-N Method	Liquefaction countermeasure method that enables high capacity and speedy grouting
Power Blender Method	Mixing method for shallow- and middle-depth layers using a trencher-type mixing machine
EinBand Drill	Japan's biggest-class rotary percussion drill that enables deep drilling up to 100 m in depth
Re-Born Pile Method	A construction method to cut horizontally and remove existing piles and/or underground structures

Maintenance and Renovation Field	
New ReSP Method	Repair and/or reinforce aged, shotcrete slopes without shaving off existing shotcrete
Slope Doctor	Technology to diagnose the soundness of aged shotcrete slopes
Kiro Fukeru Method	Mortar shotcrete at a rate of 18 N/mm^2 for long-distance (1 km) pressure feeding
Parfait Grout Method	Filling of underwater inseparable and plastic grout by electronic control
HiSP Method	Pumping shotcrete system combined with air to ensure mortar shotcrete at elevated places via feeding for a long distance

Disaster Prevention and Environmental Conservation Field	
Geofiber Method	Protection of slopes and the environment by forming the reinforced soil using sand and fibers
Nekko Chip Method	Surplus soil and raw chip material from felled trees are processed as foundation materials for greening work
Kaerudo-Green Method	Recycled use of a wide variety of soils such as the surface soil of forests and dehydrated cake for the greening of slopes
Plant-Leading Spraying Method	The undecomposed chip material, which derives from the secondarily processed fragments of felled trees, is used as a foundation material for greening work
Fiber Soil Greening Step Method	Fiber soil is sprayed on the slope without soil in the form of steps

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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, 2016, 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, 2016, 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".

July 13, 2016
Tokyo, Japan

Yasumori Audit Corporation

Management Members

MANAGEMENT MEMBERS

1 President and Representative Director
Tamotsu Nakamori

2 Directors
Norihisa Nagai

3 Directors
Yasunobu Okumiya

4 Directors
Akira Sakoda

5 Directors
Sumiteru Anda

6 Directors
Hiroshi Yamada

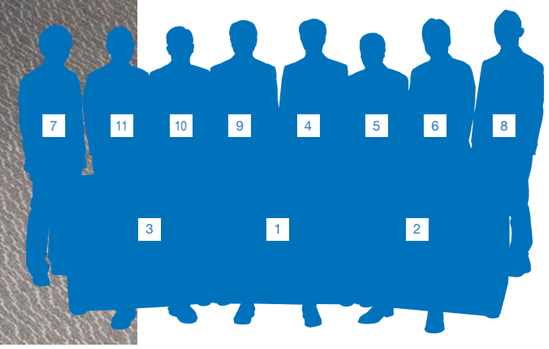
7 Outside Directors
Iwao Aso

8 Outside Directors
Masayuki Watanabe

9 Standing Corporate Auditors
Manabu Yodoya

10 Standing Corporate Auditors
Yukiharu Sakumoto

11 Corporate Auditors
Katsuaki Takiguchi



Corporate History

In 1938, the construction of Uryu Dai-ichi Dam, a huge water reservoir with pondage of 240 million cubic meters, commenced at the foot of Mt. Taisetsu in Hokkaido. The dam was a gravity-type concrete structure of 45.5 m in height. To lead the project to a successful completion, extraordinary efforts were exercised for the disposal of the breccia-conglomerate at the site of the foundation. NITTOC's original technologies accumulated to date originated from this dam construction project.

Established in 1947, the Company took the initiative in leading the dam foundation works as the initial work type for its inaugural era during Japan's heyday of constructing dam power stations associated with the development of power sources. In particular, NITTOC's technology, which boasted the collective strength deriving from the united efforts of civil engineers and geologists, was highly appraised from various quarters. Consequently, the Company undertook most of the foundation works of domestic large-scale dams including Kansai Electric Power's Kurobe 4th Dam (the so-called Kuro-yon dam).
Moreover, the Company proactively addressed various projects regarding the Shinkansen, expressways, building foundations and so on with the aim of becoming a comprehensive foundation company that appropriately adapts itself to eras of technological innovation.

With the change of the company name (to the current name) in 1972 fueling momentum, the Company endeavored to expand its operations over a variety of civil engineering fields such as dam, river, road, water supply, sewage and land development and has achieved outstanding results in these fields.

Sakai Section of Joban Expressway,
Japan Highway Public Corp. (Fukushima-Pref.)

In 1983, the Company listed its stock on the Second Section of the Tokyo Stock Exchange, followed by the subsequent listing on the First Section in 1985.

Matsukurayama Tunnel,
Tokai-Hokuriku Expressway,
Japan Highway Public Corp. (Gifu-Pref.)

Sabo-Dam(Sand Retention Dam)of Nagae-river,
Nigata Prefecture (Nigata-Pref.)

1957 January
Headquarters relocated to Minato-ku, Tokyo.

1961 December
Headquarters relocated to Chiyoda-ku, Tokyo.

1963 February
Established Japan Public K.K.

1972 May
Trade name changed to NITTOC CONSTRUCTION CO., LTD.

1979 December
Established Midori Industries Co., Ltd.
(currently a consolidated subsidiary)

1983 December
Listed on the Second Section of the Tokyo Stock Exchange.

1985 April
Established NITTOC Real Estate Co., Ltd.

1985 June
Construction of the common-use building (Ginza Showa-dori Building) of the Headquarters was completed.

1985 October
Established High-Tech Lease Co., Ltd. (consolidated subsidiary).

1990 May
Established Dome Construction Industry Co., Ltd. (unconsolidated subsidiary)

1953 April
The Company was established in Sapporo, Hokkaido, as Yachiyo Chika Kogyo K.K., of which the major purposes were geological survey and foundation work.

1959 December
Trade name changed to Nippon Tokushu Doboku Kogyo K.K.

1965 March
Headquarters relocated to Chuo-ku, Tokyo.

1962 December
For the purpose of changing the par value of Nippon Tokushu Doboku Kogyo's shares, Nippon Tokushu Doboku Kogyo K.K. merged Hikari Shokai K.K., which was established in December 1947, by changing the latter's trade name and business.

1972 October
Acquired the License No. (Specified-47) 211, issued by the Minister of Construction.

1983 October
Acquired the License No. (1) 3193 for the building lots and buildings transaction business, issued by the Minister of Construction.

1985 September
Listed on the First Section of the Tokyo Stock Exchange.

1986 March
Completed Tsukuba Laboratory.

1990 June
Completed Akashicho Suboffice Building.

Rivers

Residential Land Development

2001 March
Liquidated NITTOC Real Estate Co., Ltd.

2003 November
Liquidated Japan Public K.K. (consolidated subsidiary).

2003 March
Registered for examination of ISO9000 approval for the whole corporation.

2004 October
Established Shimane Earth Engineering Co., Ltd. (currently a consolidated subsidiary).

2008 March
Closed Tsukuba Laboratory.

2009 March
Liquidated High-Tech Lease Co., Ltd. (consolidated subsidiary).

2010 September
Liquidated Dome Construction Industry Co., Ltd.
(unconsolidated subsidiary)

2013 December
Established Yamaguchi Earth Engineering Co., Ltd. (currently a consolidated subsidiary)

2015 September
Sold the Akashi-cho Suboffice Building

2015 December
Headquarters relocated from Ginza, Chuo-ku, Tokyo, to Higashi-Nihonbashi, Chuo-ku, Tokyo.

2016 March
Established PT NITTOC CONSTRUCTION INDONESIA (consolidated subsidiary).

Landslide Protection

In 2007, the Company celebrated its 60th anniversary. In addition, the Company established in 2016 PT NITTOC CONSTRUCTION INDONESIA, a consolidated subsidiary, in Indonesia. NITTOC intends to further contribute to society as a comprehensive construction company that features original expertise and strength in basic technology not only in Japan but also overseas.