





2017
Annual Report

NITTOC

HEADQUARTERS

4F, 5F and 6F, Daiwa Higashi-Nihonbashi Bldg.,
3-10-6, Higashi-Nihonbashi, Chuo-ku, Tokyo 103-0004, Japan
TEL +81-3-5645-5050 FAX +81-3-5645-5051
The Corporate Strategy Division
TEL +81-3-5645-5080 FAX +81-3-5645-5083

JAKARTA Representative Office

GENERALI TOWER G, 16/F
GRAND RUBINA BUSINESS PARK
at Rasuna Epicentrum
Jl. HR Rasuna Said, Jakarta 12940, Indonesia

Leading to the Future with our Technology of Protection

NITTOC

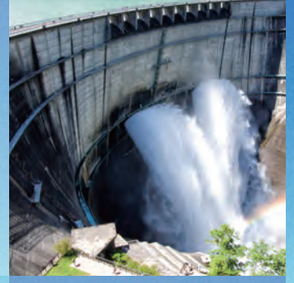
NITTOC CONSTRUCTION CO., LTD.

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

Leading to the Future with our Technology of Protection

Advantage of NITTOC

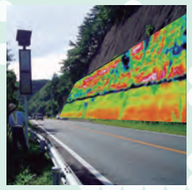
Since the establishment of Nittoc,
we have cultivated our unique expertise through our construction experience for more than half century.
NITTOC is a leading company in the field of foundation work in Japan.
Nowadays, we have different field of technique to respond to the needs of society,
“Disaster 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

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,
high strength and introduced in heavy environment, mountain area or
long distance tunnel for headrace channel.



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.

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 safe 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

This year, NITTOC CONSTRUCTION CO., LTD. (“NITTOC” or the “Company”) is celebrating its 70th anniversary since its establishment in 1947. Established as a firm which started out in construction work for dam foundations during its startup, NITTOC has been highly acclaimed by customers as an enterprise with strengths in sites appropriated for specialized construction works such as “Maintenance and Renovation,” “Disaster Prevention and Environmental Conservation” and “Urban Regeneration.”

With the current fiscal year as a pivot point, the Company starts the “Medium-Term Management Plan 2017” (covering fiscal 2017 through fiscal 2019). While the Company expects the currently steady construction market environment to continue during the plan period, this three-year period will be a significant turning point for the Japanese construction market from a long-term perspective.

The Company therefore positions these three years as a transitional period during which infrastructure in Japan will shift from the phase of new construction to that of maintenance and renewal, a period in which growth foundations toward a new era are to be established.

The Company will strive for “Transformation into a specialized construction work company which excels in disaster prevention, disaster restoration and repair/reinforcement.”

A major business of the Company is to engage in works relating to safety of national land. The Company therefore must pursue a comprehensive approach in a wide range of sectors, including not only in providing customers with high-quality works but also in ensuring safety management, environmental conservation and compliance. Furthermore, its business targets include different types of stakeholders including the users of infrastructure, local residents living in areas adjacent to its construction works, collaborating companies, investors and employees. It is important for the Company to meet various requests from society and the expectations of its stakeholders.

The Company endeavors to fulfill its social responsibility as a company engaged in the construction business, in an aim to uphold its management philosophy of “a company that provides a safe and secure society and contributes to countries,” “efficient management and comprehensive technical capabilities in foundation work,” and “to lead disaster prevention and environmental conservation as the expert of foundation work accumulated by our reliable technological ability.”

Your cordial support of and cooperation with NITTOC is much appreciated.

Norihisa Nagai
President & Representative Director

Summary of the Medium-Term Management Plan

Formulation of the Medium-Term Management Plan 2017 (fiscal 2017 through fiscal 2019)

NITTOC announces that it resolved, at the Board of Directors meeting held on May 9, 2017, the Medium-Term Management Plan 2017 (fiscal 2017 through fiscal 2019), with fiscal 2017 (ending March 31, 2018) as the first fiscal year.
In the past nine years, the Company formulated three medium-term management plans and positioned them as follows: “Step I: Creation of a Newborn NITTOC” (fiscal 2008 through fiscal 2010), “Step II: Establishment of Stable Management Foundations” (fiscal 2011 through fiscal 2013) and “Step III: Challenge for Growth” (fiscal 2014 through fiscal 2016). Specific measures were launched at each stage and results exceeded the planned figures for major indicators such as equity ratio and ratio of operating income to net sales.
While the Company expects the currently steady construction market environment to continue during the plan period, this three-year period will be a significant turning point for the Japanese construction market from a long-term perspective. Positioning these three years as a “transitional period during which infrastructure in Japan will shift from the phase of new construction to that of maintenance and renewal, a period in which growth foundations toward a new era are to be established,” we at NITTOC will strive to achieve the following goals with the unified efforts of both executives and regular employees.

Purpose

Transformation into a specialized construction work company which excels in disaster prevention, disaster restoration and repair/reinforcement

Positioning of the three-year Medium-Term Management Plan

“Next Challenge”

Transitional period during which infrastructure in Japan will shift from the phase of new construction to that of maintenance and renewal, a period in which growth foundations toward a new era are established

1. Management Philosophy

-Mission:
A company that provides a safe and secure society and contributes to countries

-Value:
Efficient management and comprehensive technical capabilities in foundation work

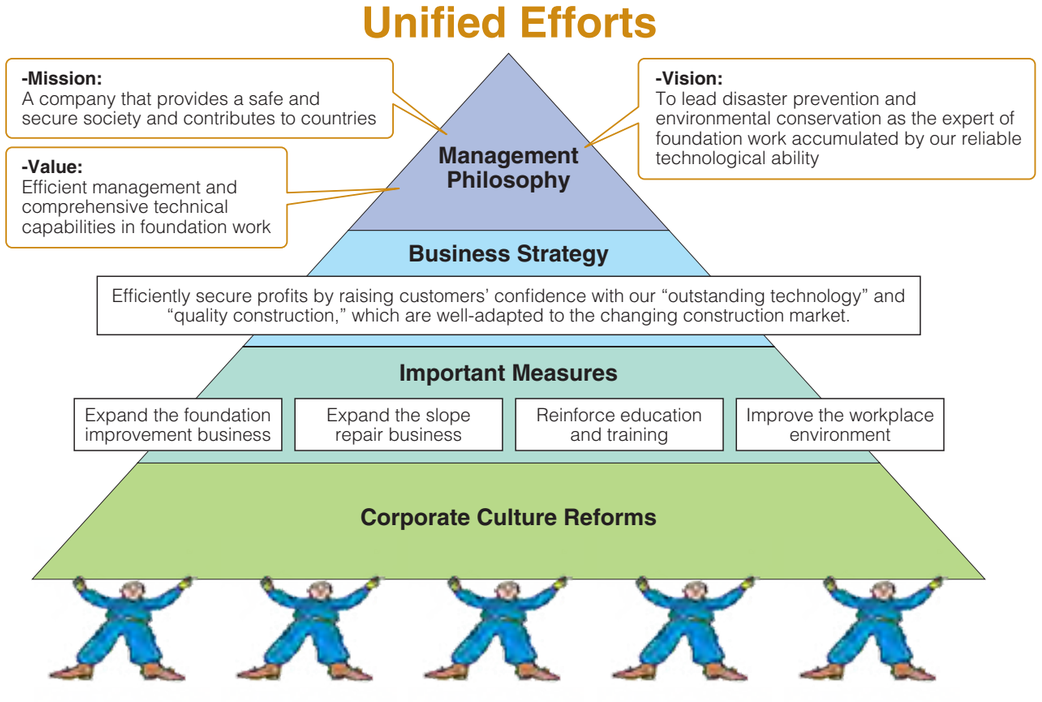
-Vision:
To lead disaster prevention and environmental conservation as the expert of foundation work accumulated by our reliable technological ability

2. Management Policies

1. Reinforce internal control (compliance and risk management)
2. Emphasize safety and a good workplace environment
3. Secure volume of foundation works
4. Maintain profitability
5. Cash flow-focused management

3. Business Strategy

4. Basic Policy of the Medium-Term Management Plan 2017 (fiscal 2017)



5. Important Measures

Important measures	Objective	Outline
Expand the foundation improvement business	Improve productivity and profitability	Achieve productivity improvement and conduct efficient management by expanding business in a field where rivals outclass NITTOC.
Expand the slope repair business	Adapt to the construction market	Establish slope repair technology, as well as develop and expand its market
Reinforce education and training for engineers	Develop human resources	Nurture skilled engineers systematically as a work-dedicated company
Improve the workplace environment	Review a work-life balance	Improve the workplace environment to establish sound mental and physical conditions and prevent excessive work of employees

6. Managerial Goals

1) Marketing goals	• Become the top company in the slope protection work field (NITTOC ranked second in the industry in fiscal 2016 performance.) • Achieve a 60% increase in orders received for foundation improvement works (compared with fiscal 2016 results) • Expand slope repair works • Reinforce overseas construction projects (achieve ¥1.0 billion in net sales of completed construction contracts by the end of fiscal 2019)
2) Business performance	• Operating income: ¥3.0 billion or more • Ratio of ordinary income to net sales: 5.0% or more
3) Financial goals	• Equity ratio: 50.0% or more (49.0% in fiscal 2016) • ROE: 9.0% or more • Cash flows: Positive figures
4) Target of return to shareholders	• Dividend payout ratio of 30% or more and total return ratio of 50% or more • Total return ratio (total cash dividends + treasury shares purchased)

7. Performance Plans for Fiscal 2017 through Fiscal 2019

(Billions of yen)

Base item	Fiscal 2017	Fiscal 2018	Fiscal 2019
Orders received	61.2	60.7	61.1
Net sales	60.2	60.7	61.1
Operating income	3.2	3.2	3.2
Ordinary income	3.2	3.1	3.2
Net income	2.2	2.1	2.2
ROE	9.9%	9.1%	9.2%
[Reference]			
Shareholders’ equity	22.5	23.0	23.8
Equity ratio	51.3%	50.9%	52.4%

Disaster Prevention and Environmental Conservation

Construction Performance, Method, and Technology

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 safe 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.

Chosen as a "Fiscal 2016 Runner-up Recommended Technology" (by the New Technology Utilization System Review Meeting, Ministry of Land, Infrastructure, Transport and Tourism)

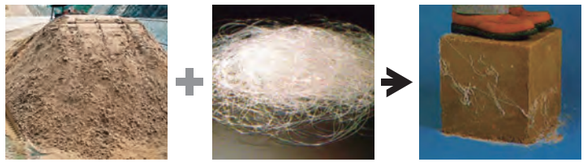
NNTD No.0370

Environment-Friendly Slope Protection Method

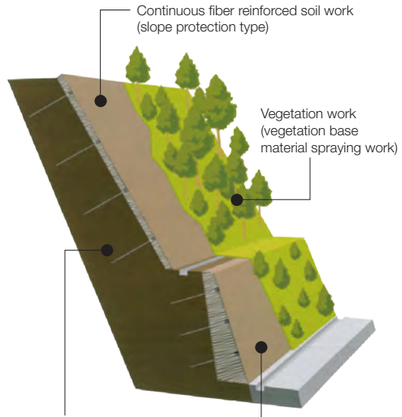
Geofiber Method

- 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.



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.

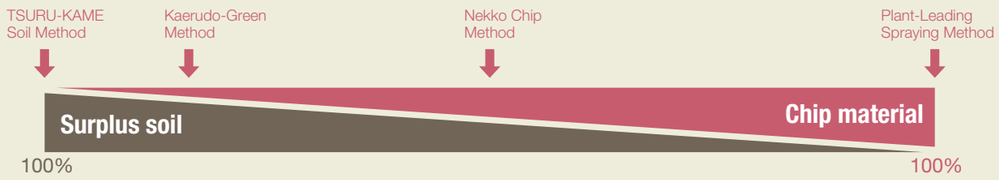
During the work

Work completed

One year after the work completion

Recycle Greening Method

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



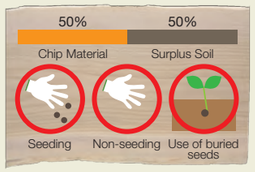
NNTD No.0280

Using Surplus Soil and Chip Material

NEKKO Chip Method

- 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.



NETIS No.SK-110005-A

Using Surplus Soil

TSURU-KAME Soil Method

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

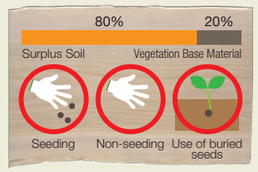
*Comparison with the greening foundation mainly consisting of bark compost

NNTD No.0369

Using Excavated Soil including Surface Soil

KAERUDO-Green Method

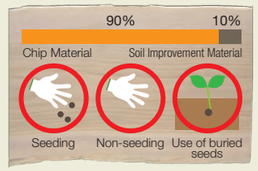
- Recycles a wide variety of soils such as excavated soil, dredged soil and dehydrated cake.
- Uses buried seeds in the surface soil of forests economically.



Using Chip Material

Plant-Leading Spraying Method

- 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



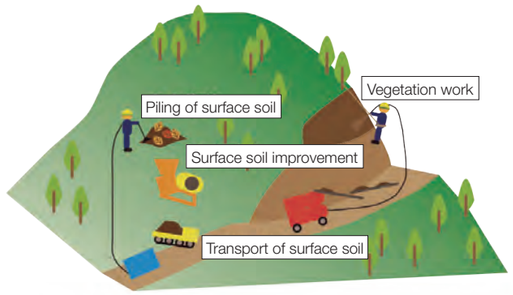
Our Business field

NETIS No.CG-080004-V　NNTD No.0374

Recovering Vegetation of Indigenous Plants using Surface Soil from Forests

Native Recovery Greening Method

- 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.

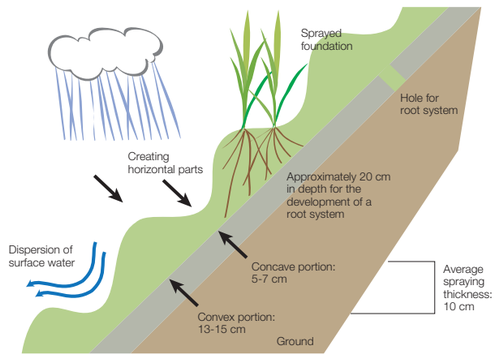


NNTD No.0373

Greening of Mortar Shotcrete Surfaces and Bedrock

Fiber Soil Greening Step Method

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

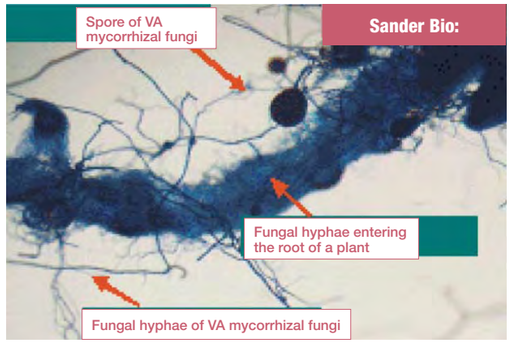


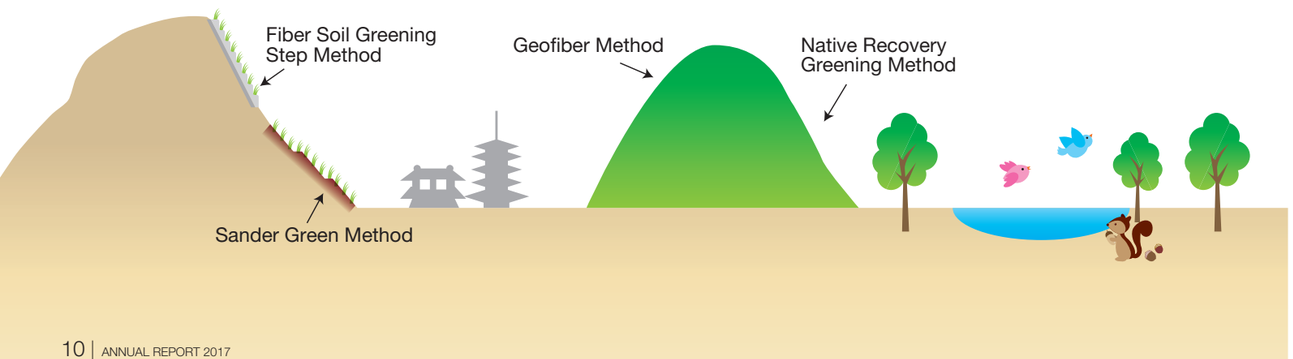
NETIS No.SK-100014-VE

Recovering Greenery on Strongly Acidic Soil Slopes

SANDER Green Method

- 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.



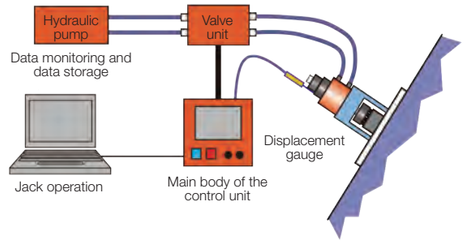


NETIS No.SK-100011-VE Technology Promoted for Utilization

Ground Anchor Testing and Tension Control System

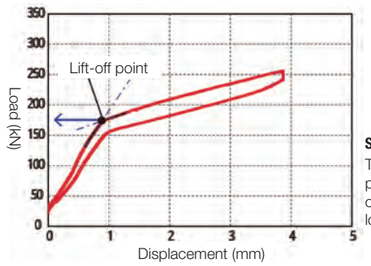
Licos

- Display and automatically store data on load and displacement magnitude in real-time.
- Tighten and firmly fix several anchors simultaneously.
- Perform jack operation using touch panels.




Simultaneous tightening of multiple anchors


Control equipment



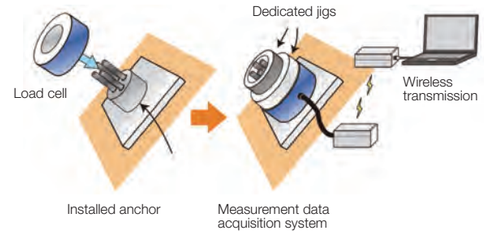
Sample of lift-off test:
The lift-off point can be precisely determined by obtaining detailed load-displacement data.

NETIS No.KT-120103-A

Tensile Strength Monitoring System for Installed Anchors

Aki-Mos

- A load cell is attachable to an installed anchor.
- The attached load cell is exchangeable.



Well Logging System Using Drilling Bore

DSS Ground Survey Technology

- Collect and record various data while bores are drilled and sectionalize the ground on a real-time basis.
- Compatible with Wassara AB’s water-powered down-the-hole hammers


Measuring equipment

NETIS No.TH-140015-A

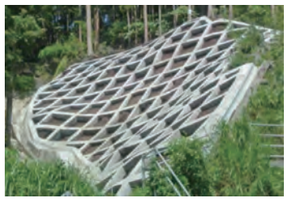
Plastic Pressure Receiving Plate

NINJA Panel

- Uses recycled plastic as material.
- Improves operating safety and construction efficiency on slopes due to light weight.

Ground Anchor and Slope Frame

Slope Frame, Ground Anchor, Ground Reinforcement Work, etc.


Slope frames


Ground anchors + Pressure receiving plates

Urban Regeneration

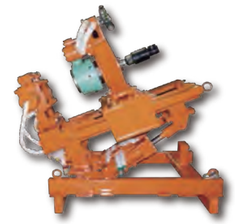
Construction Performance, Method, and Technology

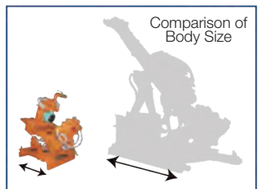
We must restructure in order to reborn a city under the strong disaster. It is not an easy project in the city which has so many compressed buildings.
Even under the compress buildings situation, NITTOC have developed earthquake resistant, liquefaction prevention and existing pile removal method to contribute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

Japan's Miniature-Class Drill Machine:

SSB

- Ultra-compact, double-tube drill machine that enables drilling at narrow spaces
- Width for construction work (1.5 m) less than half of a conventional lightweight drill machine
- Drilling bores of Ø165 mm in diameter, which was impossible with lightweight drill machines

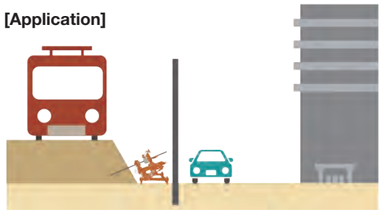




Drill machine is operable even with a clearance gap of only 1.5 m.

State of drilling operation

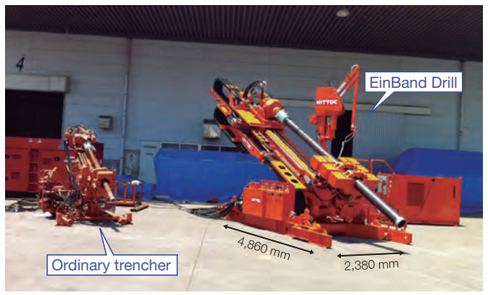
[Application]

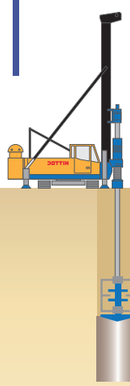


Japan's Biggest-Class Drill Machine

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.
- Achieves high-precision drilling on hard rocks and boulders.

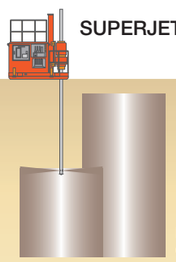




DCS Method

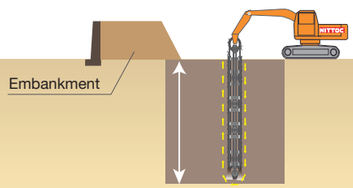
Maximum diameter of improvement: 2,000 mm

SUPERJET Method



Maximum diameter of improvement: 5,000 mm

Power Blender Method

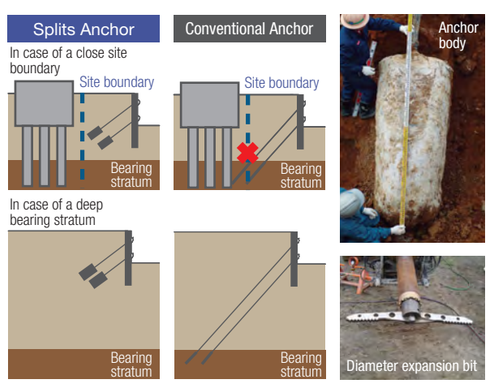


NNTD No.0371

Enlarged-Diameter-Type Anchor Firmly Fixable on Soft Ground

Splits Anchor Method

- Achieves high pull-out resistance using a large-diameter anchor.
- Offers an adjustable anchor length via high fixation even on soft ground.
- Lines up enlarged-diameter-bit-recovery-type anchors.



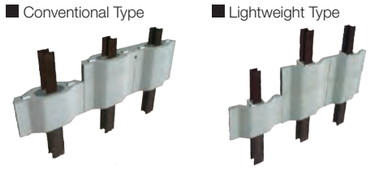
NNTD No.0375

Earth Retaining Wall Method that Combines Soldier Piles with Concrete Panels

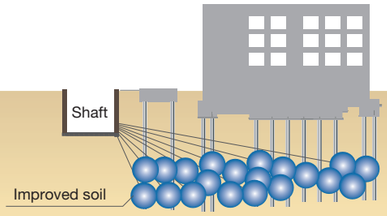
Soldier Pile Panel Wall Method

- 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.

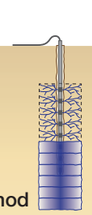
■ Conventional Type ■ Lightweight Type



Expacker-N Method

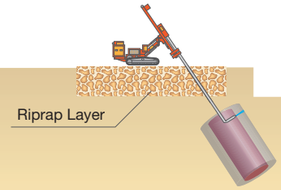


Sleeve Grouting Method



New Sleeve Grouting Method

L-Spin Column Method



Casting of Piles in Narrow Spaces

Small Diameter Pile Method

- 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.

NNTD No.0365

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

Staple Building Foundation

New ACE Method

- Maximum design strength of concrete: 60 N/mm²
- Maximum diameter of the bell pile unit (shaft diameter of 2.2 m).

Building Anchor Technology

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

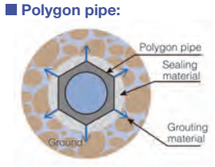
Our Business field

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

New Sleeve Grouting Method

- 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.

■ **Polygon pipe:**

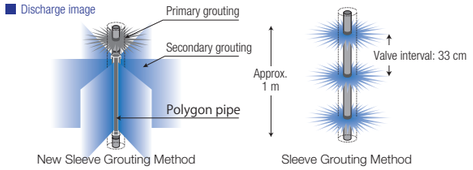


Cross-sectional structure of pipe

Polygon pipe

Cracking test (cracking state)

■ Discharge image



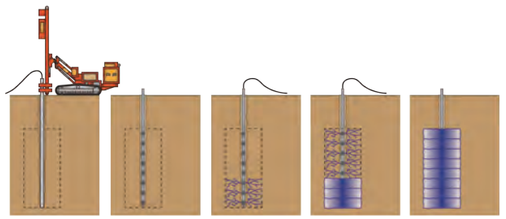
New Sleeve Grouting Method | Sleeve Grouting Method

A Double Packer Method with an Abundant Track Record

Sleeve Grouting Method

- Precisely improves the properties of composite ground.
- Has a track record of more than 1,000 construction works

■ **Construction procedure**



1) After drilling down to the predetermined depth, fill with the sealing agent.
2) Pitch the sleeve pipe and pull out the casing
3) Primary grouting
4) Secondary grouting
5) Grouting completed

Underground Diameter Expanding Type Soil-Mixing Improvement Method

WinBLADE Method

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

Mechanical Mixing Method Combined with High-Pressure Injection

L-Spin Column Method

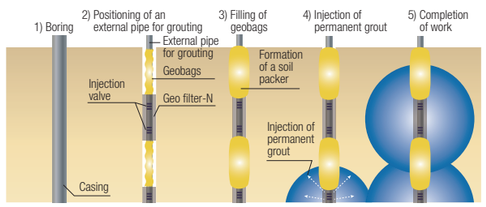
- Injects a hardening agent from the nozzle at the leading edge of an enlarged-diameter type mixing blade.
- Enables a diagonal construction method, which has been problematic for existing methods.
- Improves the properties of soft ground below hard ground by penetrating the hard ground.
- Makes wrapping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

NNTD No.0368

High Capacity and Speedy Grouting Method

Expacker-N 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.

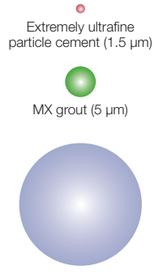
High-Permeation, High-Strength, Grouting Material

"Extremely Ultrafine Cement"

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

Coefficient of permeability	10^{-2}	10^{-3} 10^{-4} 10^{-5}		10^{-6}	
Particle diameter (mm)	2.0	0.42	0.075		0.005
Grouting material \ Soil property	Gravel	Sand: Coarse sand	Sand: Fine sand	Silt	Clay
Extremely ultrafine particle					
MX grout					
Ordinary Portland cement					

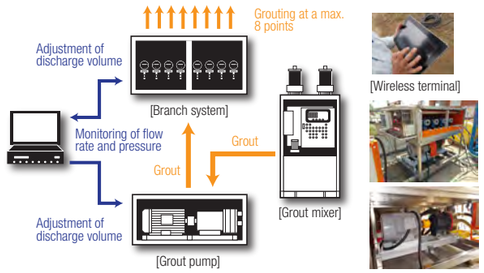
Particle size image



New Management System for Grouting Method

Three-P Oct

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

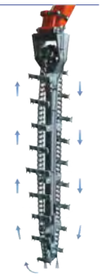


Fiscal 2011 Recommended Technology (by the New Technology Utilization System Review Meeting, Ministry of Land, Infrastructure, Transport and Tourism)

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

Power Blender Method

- 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

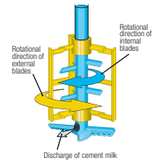
- Forms columnar, improved soil to a maximum diameter of Ø5 m.
- Reduces the slime volume substantially.*
- Achieves ground improvement at high speed and high quality.

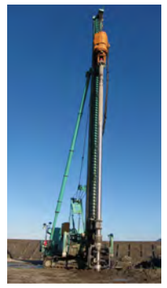
*Comparison with previous methods

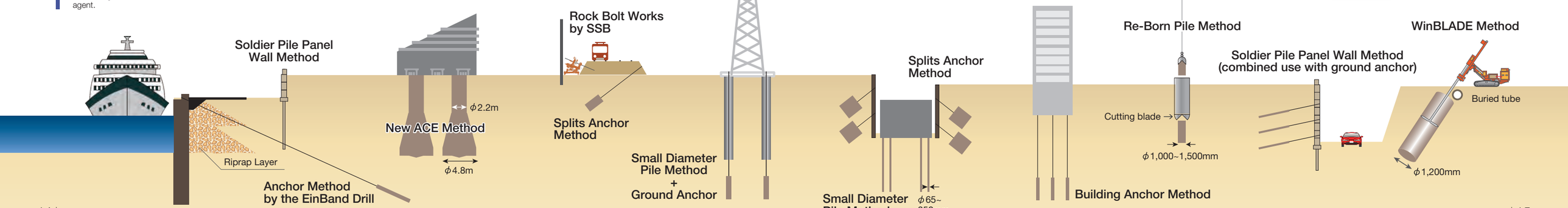
Opposite Direction Mixing-Type Deep-Layer Mixing Method

DCS Method

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







Maintenance and Renovation

Method and Technology

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,
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

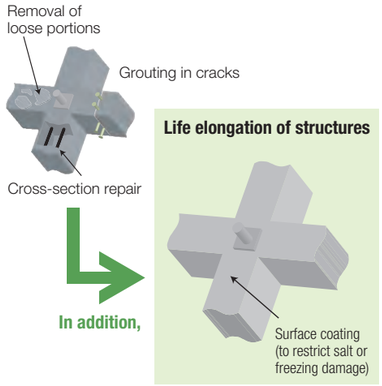
- Dividing slope structures into “Ground surface structures” and “Grounds with slope,” we propose appropriate countermeasures for both categories, depending on their respective soundness.

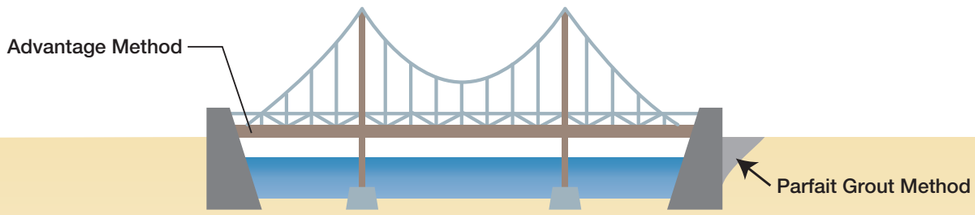
Life Elongation Method for Slope Structures

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





Received the Inventive Idea & Development Technology Award at the 18th National Land Technology Development Award.

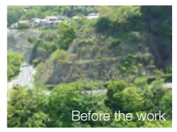
NETIS No.QS-110014-V Target Design Comparison Technology | NNTD No.1084

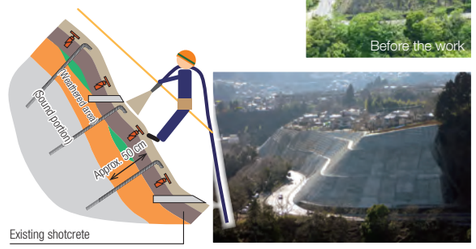
Repair/Reinforcement Method on Aged Shotcrete Slopes

New ReSP Method

- 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

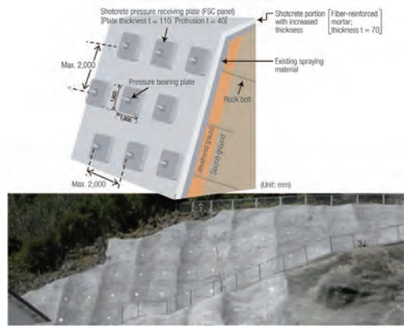




Reinforcing Slope with Shotcrete Pressure Receiving Plates and Rock Bolts:

Shotcrete Pressure Receiving Plate Method (FSC Panel)

- As the pressure receiving plates are formed by shotcrete spraying, unevenness adjustment is no longer necessary.
- The layout space in between rock bolts is extendable up to 2 m.
- The technology was jointly developed with the Railway Technical Research Institute.



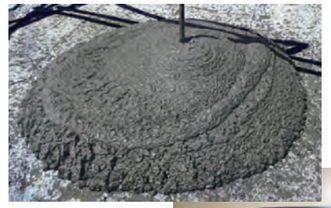
NETIS No.KT-090052-V | NNTD No.0372

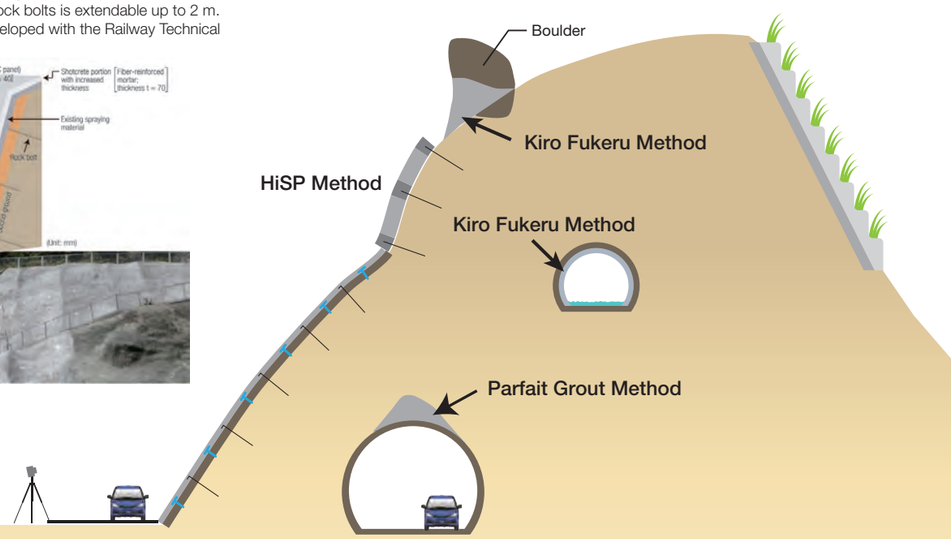
High-Quality Plastic Grout Filling Method

Parfait Grout 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





Our Business field

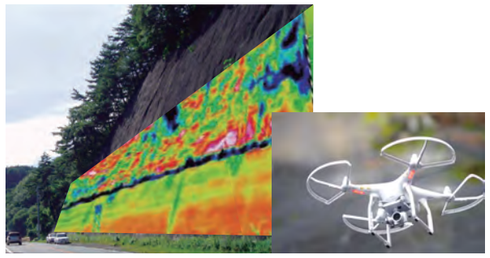
NNTD No.0366

Aged Shotcrete Slope Diagnosis System

Slope Doctor

- 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)



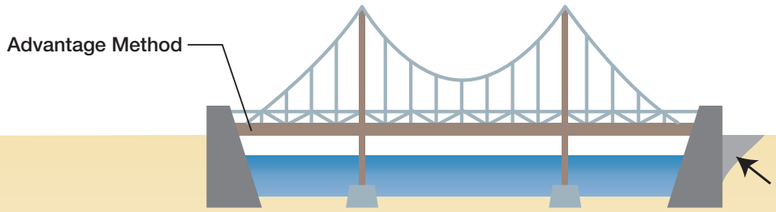
NNTD No.0226

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

Advantage Method

- 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/mm^2



NETIS No.KT-090052-V

Long-Distance Mortar Shotcrete:

Kiro Fukeru Method

- Mortar Shotcrete is Possible at a Rate of 18 N/mm^2 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/mm^2 or more

COGMA System

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

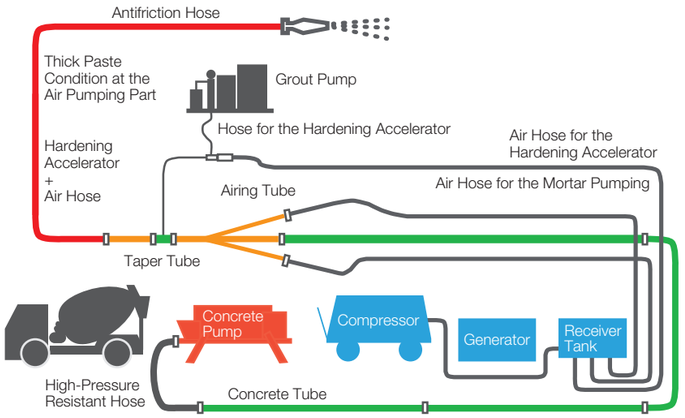
NNTD No.0364

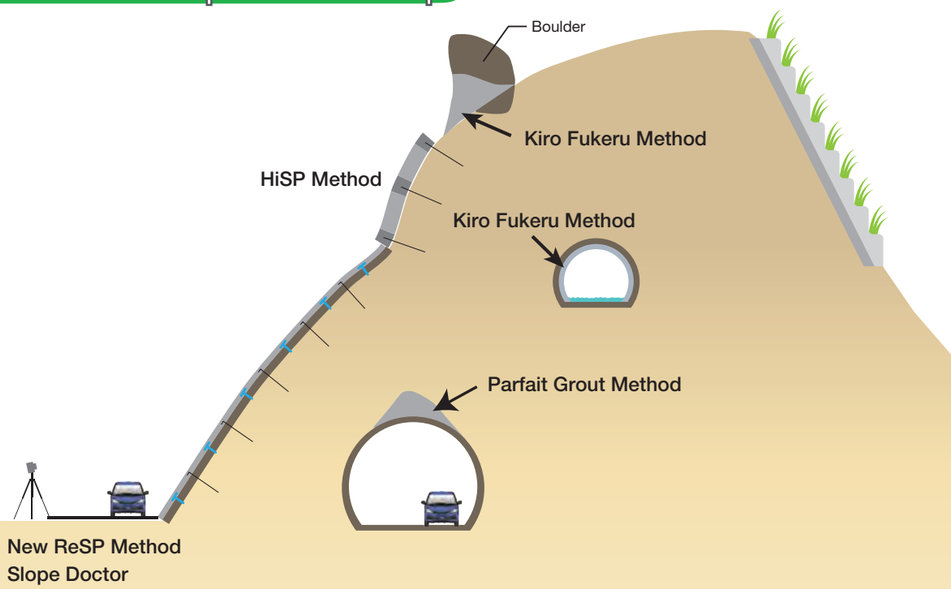
Mortar Shotcrete at Elevated Places:

HiSP Method

- 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.
- Pumping Shotcrete System Combined with Air Pumping.

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/mm^2 or more





Fairs Where We Plan to Exhibit

Fiscal 2017: Schedule of Fairs Where We Plan to Exhibit

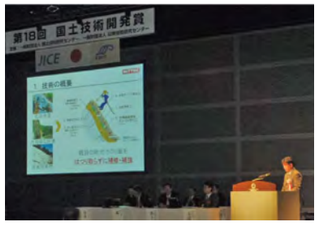
We exhibit our technologies at various technology fairs sponsored by the Ministry of Land, Infrastructure, Transport and Tourism, relevant academic societies, and other organizations. At present, we intend to present our technologies at such fairs listed below in the current fiscal year.
NITTOC considers various technology fairs and exhibitions as ideal venues to showcase its original technology. At such events, the Company can pitch directly 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 invite you to visit these technology fairs to learn about the latest technological trends and other companies' technologies from the diverse exhibits presented in line with the respective fair themes.

No.	Period	Name of Construction Technology Fair	Organizer	Venue	Technology Presented
In 2016					
1	Oct. 14 (Fri.) and Oct. 15 (Sat.)	Construction Fair Shikoku	Shikokukensetsu	Kochi Chibasan Center	New ReSP Method, Geofiber Method, etc.
2	Oct. 17 (Mon.) and Oct. 18 (Tues.)	Kyushu Construction Technology Forum 2016 in Fukuoka	Kyushu Construction Technology Forum Executive Committee	Fukuoka International Congress Center	New ReSP Method, Geofiber Method
3	Oct. 20 (Thurs.) and Oct. 21 (Fri.)	Construction Technology Fair in Chubu	Ministry of Land, Infrastructure, Transport and Tourism, Chubu Regional Development Bureau, Nagoya International Trade Fair Commission	Fukiage Hall	New ReSP Method, Licos, Aki-Mos, etc.
4	Oct. 26 (Wed.) and Oct. 27 (Thurs.)	Construction Technology Expo Kinki	Kinki Construction Association, etc.	MyDome Osaka	Geofiber Method, L-Spin Column Method, etc.
5	Nov. 1 (Tue.) and Nov. 2 (Wed.)	Highway Techno Fair	EXPRESS HIGHWAY RESEARCH FOUNDATION OF JAPAN	Tokyo Big Sight	Licos, Aki-Mos, New ReSP Method, etc.
6	Nov. 11 (Fri.) and Nov. 12 (Sat.)	Construction Technology Forum 2016 in Hiroshima	Construction Technology Forum Executive Committee	Hiroshima Prefectural Industrial Exhibition Hall	New ReSP Method, Splits Anchor Method, etc.

Our Award-Winning History

The Company Received the Inventive Idea & Development Technology Award at the 18th National Land Technology Development Award for the New ReSP Method (NETIS No. QS-110014-V; Target Design Comparison Technology)

NITTOC's New ReSP method was given the Inventive Idea & Development Technology Award at the 18th National Land Technology Development Award as "a method for repair/reinforcement of mortar shotcrete slopes," and the Company was commended by the Minister of Land, Infrastructure, Transport and Tourism on July 26, 2016.



What is the National Land Technology Development Award?

The National Land Technology Development Award is aimed at publicly recognizing not only tangible technologies in the construction industry, but also a wide variety of new technologies including software products to enhance the motivation for R&D among engineering implementers as well as improve the level of relevant construction technologies.
The "Inventive Idea & Development Technology Award" is a special category of the National Land Technology Development Award to publicly recognize excellent technologies developed from original and innovative ideas among technologies originally developed by small to medium-sized builders and/or specialized construction work operators.

Organizing Bodies:

Sponsor:	Japan Institute of Country-ology and Engineering Coastal Development Institute of Technology
Supporting organization:	Ministry of Land, Infrastructure, Transport and Tourism
Co-sponsors:	Japan Construction Information Center Foundation Advanced Construction Technology Center Service Center of Port Engineering

Geofiber Method (NETIS No. KT-980183-VE) was chosen as a "Fiscal 2016 Runner-up Recommended Technology" by the New Technology Utilization System Review Meeting, Ministry of Land, Infrastructure, Transport and Tourism.

Kiyomizu-dera Temple (Kyoto)

No. 1 Recommended Technology
(27 subjects)
No. 2 Runner-up Recommended Technology
(60 subjects)
No. 3 Technology Promoted for Evaluation
(10 subjects)

Evaluation, recommendation and selection

Technology Promoted for Utilization
(469 subjects)
(NETIS-registered technologies: approximately 3,600 subjects)

A Runner-up Recommended Technology is highly rated, next to Recommended Technologies and above Technology Promoted for Utilization.

What is a Runner-up Recommended Technology?

Runner-up Recommended Technology refers to new innovative technologies that have been qualified for raising the technological level of public and other works and for which further development is expected in order to be rated as a Recommended Technology.

Advantages of the Runner-up Recommended Technology:

- Being qualified for a Runner-up Recommended Technology allows the technology to be positively evaluated in the examination process if said technology is proposed in the "comprehensive evaluation and bidding system."
- In "constructor-proposal-type" bids, additional points will be granted if the orderer judges it appropriate to do so.

Features of the Geofiber Method

1 **Reduced CO_2 emissions**
Since cement is not used for continuous-fiber reinforced soil, CO_2 emissions which are unavoidable for cement production are controlled. In addition, the reinforced soil does not deteriorate into strong alkaline.

2 **Excellent deformation resistance**
As the material is flexible, slopes are less susceptible to earthquakes, without producing cracks.

3 **Excellent greening and forest-forming power**
The root system of plants can grow and extend in thick continuous fiber-reinforced soil, allowing for an environment that can grow into a forest.

4 **Excellent resistance to freezing and frozen soil**
Surface freezing and soil freezing can be minimized by use of a continuous fiber-reinforced soil layer in cold regions.

5 **Adaptable for diversified building and construction configurations**
The shotcrete construction method is compatible for a variety of building and construction configurations, especially at places where partial collapse has occurred.

6 **Utilization of eco-friendly resources**
This eco-friendly method takes into account the use of recycled plastic.

Domestic Construction Projects
(earthquake- and disaster-proof works)

NITTOC endeavors to contribute to establishing a safe, secure and affluent society by creating new technologies that meet social needs in the fields of "Maintenance and Renovation," "Disaster Prevention and Environmental Conservation" and "Urban Regeneration." We are confident that steady achievement of what we can do will contribute to reconstruction from earthquake disasters, as well as to disaster-proof and disaster-reducing activities.

1. Initiatives for the Restoration and Reconstruction from the Great East Japan Earthquake

Toyomashizugawa Slope Work (Toyoma-shi, Miyagi)

Before the work

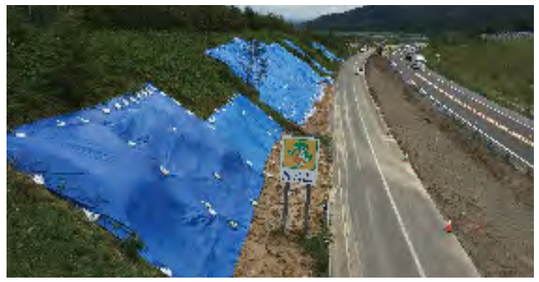
After completion

NITTOC undertook several slope works for roads along the SANRIKU EXPRESSWAY (consisting of the Sanriku Jukan Expressway, the Sanriku Kita-Jukan Expressway and the Hachinohe-Kuji Expressway), which is positioned as the core expressway for regional reconstruction. The Company undertook construction works of the Toyomashizugawa Road (between Mitakido I.C. and Shizugawa I.C.), where we worked to stabilize the slopes via the cribwork of the shotcrete slope.

[Orderer: Tohoku Regional Development Bureau, Sendai Office of River and National Highway. Project Overview: Cribwork of shotcrete slopes]

2. Disaster Restoration Work

Obihiro Zone Disaster Restoration (No. 13) Work (Obihiro-shi, Hokkaido)



Before the work

After completion

In August 2016, several slopes of the DOTO EXPRESSWAY collapsed because of heavy rain due to a typhoon. Consequently, the expressway was closed temporarily to traffic. Its restoration was hastened in response to users because this road is a part of a road network connecting the surrounding areas with the central zone of Hokkaido. Accordingly, in addition to emergency restoration measures, the Company executed wire mesh installation and mortar shotcrete works to stabilize slopes including wintering measures to prevent a re-collapse of slopes due to the permeation of melted snow and water.

[Orderer: Hokkaido Regional Head Office, Obihiro Operation Office, East Nippon Expressway Company Limited. Project Overview: Wire mesh installation work and mortar shotcrete work]

Introduction of Domestic Construction Projects (earthquake-proof works and others)

Ookanazawa Specified Emergency Sand Erosion Control Work (Hillside Work No. 7) (Oshima Town, Tokyo)

Before the work

After completion

In October 2013, Typhoon Wipha, a large and powerful typhoon that moved inland, caused serious damage throughout the country. In the west part of Oshima Town (Izu-Oshima Island), a vast collapse occurred at a hillside of the somma of Mountain Mihara about 1 km wide, causing a large-scale avalanche of rocks and earth. Accordingly, Oshima Town carried out emergency sand erosion control work, wherein the Company undertook non-frame and other works to prevent a further collapse and stabilize the slopes.

[Oshima Branch Office of Tokyo Metropolitan Government, Bureau of Finance. Project Overview: Non-frame method]

3. Disaster- and Earthquake-Proof Work

Ohara Fishing Port facilities reinforcement 5m–high anti-seismic quay reinforcement work (Izumi-shi, Chiba)

Under construction

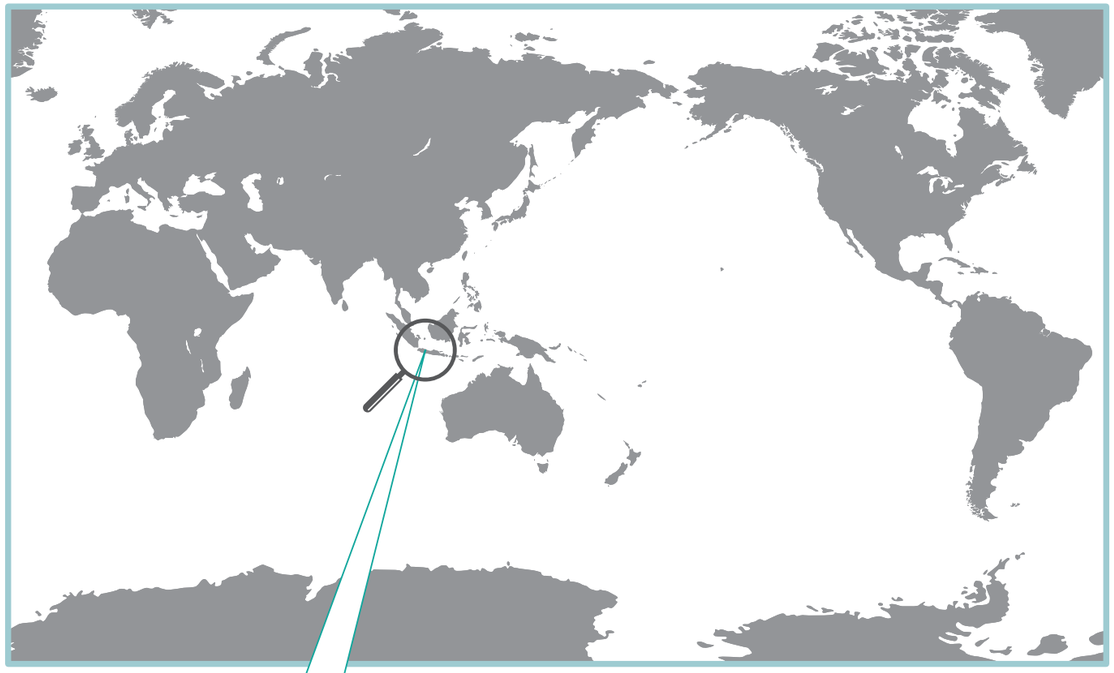
After completion

When strong earthquakes such as the Great East Japan Earthquake occur, birthing facilities and bank protections often are damaged seriously due to the subsidence of harbors caused by the liquefaction phenomenon triggered by earthquake motions, bringing about obstacles such as difficulty in cargo handling. Consequently, the importance of the earthquake-proof reinforcement work of quays is increasing. Reinforcement works for quays with anchors to raise the earthquake resistance of existing facilities to prepare for future earthquakes was done in the Ohara Fishing Port in Izumi-shi, Chiba.

[Orderer: Chiba Prefectural Government, Southern Fishing Port Office. Project Overview: Anchor method]

About Overseas Construction

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

Business Overseas

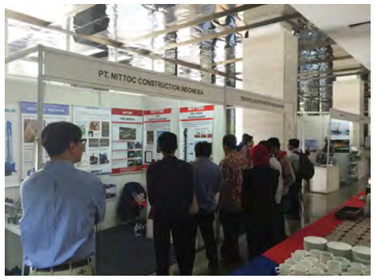
In Indonesia, as NITTOC's presence is still relatively new after having established a representative office, we need to market our activities locally. In addition, as for overseas construction projects, we must deal with differences in business conditions, customs, business practices and rules. We at NITTOC therefore focus on aggressively learning about these differences and engage in meetings with local staff and workers who speak a different native language to encourage communication.

Regular Meetings

At the Jakarta Office, we check the daily schedule of planned operations at a meeting each morning.
At a weekly meeting, we discuss and consult on weekly schedules and confirm the status and problems of our construction projects. We thus endeavor to smoothly advance our operations by sharing information on the progress and current situation of projects.

At a meeting

Presentation of exhibits to the Indonesian Society for Geotechnical Engineering



NITTOC's booth at the ISGE

Signing ceremony for the building norms of geotechnical investigation technology

NITTOC presented at the technical exhibition booth of the Indonesian Society for Geotechnical Engineering (ISGE) in November 2016. At the ISGE conference, NITTOC agreed to cooperate in "Building norms of geotechnical investigation technology" and signed onto a memorandum with two companies and two organizations.

Communication Activity

We at NITTOC are active in participating in recreational activities to promote internal communications. In September 2016, we went on a day trip by bus with Indonesian employees and their family members. The destination was a resort facility facing a clean river at 300 m above sea level. All the participants had a wonderful time there.

Introduction of Overseas Construction Projects

Since the Jakarta Representative Office was established in Indonesia, we have made preparations to establish a subsidiary while concurrently undertaking construction projects.
We would like to introduce some of the projects we have undertaken in Indonesia.

Balikpapan Project Steam Power Plant Project

Ordered by a state-run power company in Kalimantan Timur, this project involved work at a geothermal power plant utilizing geothermal steam on the eastern coast of Borneo Island. The Company undertook the shotcrete work on the slopes.

Orderer:	PT. PLN Indonesia (state-run power company)
Owner party:	PT. Adhi Karya (Persero)
Description of the work:	Mortar shotcrete work; 16,370 m^2
Construction period:	June 2016–December 2016

Batang Project Site Coal-fired Power Plant Construction

This project involved work at a coal-fired power plant for the large-scale power generation in Asia located in Batang, Jawa Tengah in Indonesia. The Company undertook the construction work of airtight walls using the power blender method (for foundation improvement).

Orderer:	PT Bhimasena Power Indonesia (a locally incorporated company established by Electric Power Development Co., Ltd., PT Adaro Power and ITOCHU Corporation)
Owner party:	Wkachiku-Putra JC
Description of the work:	Foundation improvement work (with the power blender method); 3,000 m^2
Construction period:	February 2017–April 2017

Jimbaran Greenhill Resort Jimbaran Project

This project involved resort hotel development work in Jimbaran in Bali Island. The Company undertook surface soil spill prevention work on the slopes.

Orderer:	PT Jimbaran Greenhill
Description of the work:	Soil nailing method, Shotcrete method
Construction period:	October 2016–December 2016

Banggai Ammonia Plant Project belong PT. Panca Amara Utama

This project involved an ammonia refinery plant constructed in Banggai Islands at the east part of Sulawesi Island. The Company undertook ground anchor work in relation to the construction of sea water storage pits for cooling.

Orderer:	PT Panca Amara Utama
Owner party:	PT. Rekayasa Industri
Description of the work:	Temporary ground anchor work at 136 points; 5,784.4 m
Construction period:	February 2016–October 2016

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	GENERALI TOWER G, 16/F GRAND RUBINA BUSINESS PARK at Rasuna Epicentrum Jl. HR Rasuna Said, Jakarta 12940, 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 428 million) Note: Calculated at an exchange rate of 1 rupiah = 0.0084 yen
Composition of shareholders	NITTOC CONSTRUCTION CO., LTD.: 65% PT PANCA DUTA PRAKARSA: 35%

GENERALI TOWER:
The building which houses the new office.

Staff members of NITTOC Jakarta Representative Office and PT NITTOC CONSTRUCTION INDONESIA

All the employees met for a recreation activity to encourage team spirit at Anchol in Jakarta in March 2017.

Feedback from Local Employees Working Globally

NITTOC strives to keep up with the international society through measures such as vocational training overseas, language training, temporary transfer of employees to overseas construction sites and education of foreign engineers, mainly persons from Indonesia.
We would like to introduce some of the employees working globally at NITTOC.

Ikhsan Shabran

Affiliation: PT NITTOC CONSTRUCTION INDONESIA
Nationality: Indonesia

I joined NITTOC CONSTRUCTION in April 2014. I am one of the first Indonesian employees recruited by NITTOC. I was already interested in the construction business before joining NITTOC and had been working at another Japanese-affiliated company in Indonesia.
That time, I was in charge of the construction projects and mainly undertook the jacking work and the grouting of chemical agents. After completion of that construction project, I was invited to join NITTOC and took that offer.

In December 2014, I was dispatched to Japan for training. At the training, I visited various sites and received practical training about actual construction works. I learned many things with the help of the friendly Japanese employees.
What I learned especially at NITTOC is that language, culture and business rules differ considerably between Japan and Indonesia. I would like to work harder with my colleagues to overcome these barriers.

Sapta

Affiliation: Jakarta Representative Office
Nationality: Indonesia

I joined NITTOC CONSTRUCTION in November 2011. After graduating from the machinery course at a local vocational high school, I stayed in Japan from 2001 to 2004 and engaged in jobs relating to steel plate and painting at an automobile parts company. Subsequently, I returned to Indonesia and became an engineer for the grouting of chemical agents.
After joining NITTOC, I received various training for two and a half years at the Headquarters and in the field while attending a Japanese language school.
I returned to Indonesia in 2014 and undertook maintenance of equipment at construction sites in Bandung and MTR sites in Jakarta. At present, I am in charge of servicing the equipment used for construction works. I hope that NITTOC becomes the top-rated company in the foundation improvement field and that I can move up the ladder in NITTOC to be the top specialist in foundation improvement.

Agil F. Sumarno

Affiliation: PT NITTOC CONSTRUCTION INDONESIA
Nationality: Indonesia

I previously worked at a Japanese-affiliated construction company as a staff person in charge of safety. Believing that I could further upgrade my safety-related skills, I joined NITTOC CONSTRUCTION in August 2016. I am currently in my second year as a NITTOC employee.
PT NITTOC CONSTRUCTION INDONESIA has just started its business activities and is still in the progress of growing. I also have just begun my career with this company and have many things to study every day. But I hope that I can grow together with NITTOC, and I am pleased to have the opportunity to grow in this manner.
I am interested in not only expertise in construction works but also in Japanese culture. I therefore would like to study more about Japanese culture. My duty is to ensure safety in construction works. The prevention of occupational accidents is important in starting a construction project and to that end, I would like to dedicate myself to my duties to be an expert in this field. I will strive to achieve a zero-accident record.

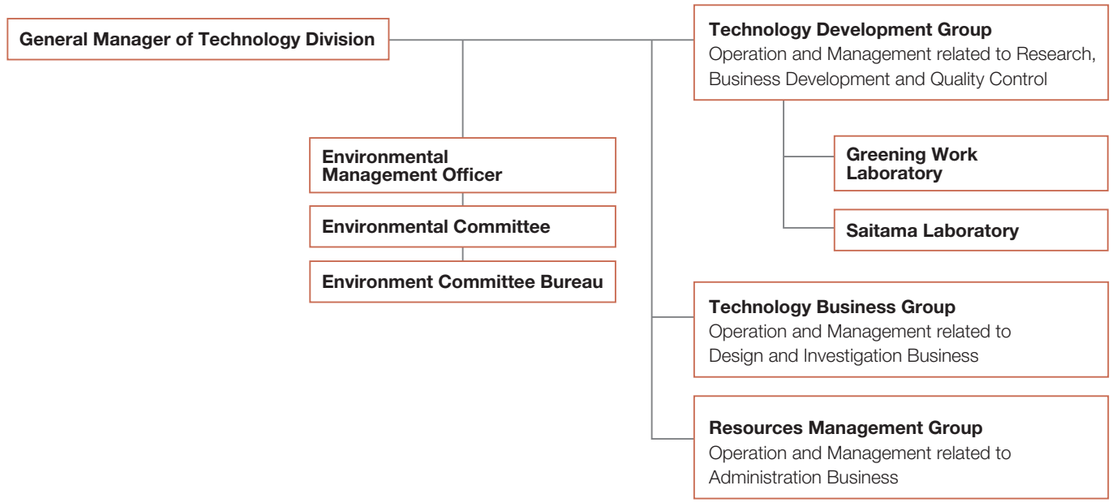
Environmental Responsibility

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

Tokyo Branch: Letter of Thanks for a Lifesaving Act (Tokyo, August 2016)

In the earthquake-proof reinforcement work (No. 2) on the right-bank tide embankment of the Sumida River (downstream of the Shirahige Bridge), onsite workers started from the river side using a boat to execute the foundation improvement work of the embankment. As a precautionary measure, they dispatch a patrol boat to ensure traffic security of the river with other boats and/or ships navigating the Sumida River. In August 2016, a man tumbled from a nearby bridge, but two crew members of the patrol boat promptly rescued him. As the accident was addressed swiftly, the man was safely rescued. The branch received a letter of thanks from the Tokyo Fire Department for this lifesaving deed.

Tohoku Branch: Seaside Disaster-Preventive Reforestation and Maintenance Activity (Miyagi, April 2016)

Several employees of the Tohoku Branch cooperated in a maintenance activity for the Sennen Kibo-no-Oka forest, where they planted seedlings in 2014 and 2015. The participants in this activity were recruited by the Tohoku Regional Forest Office. The activity was conducted at the site of a seaside disaster-preventive forest in Natori-shi, Miyagi. Eight participating employees joined the maintenance activity, which involved the replanting of new seedlings to replace dead ones within an afforestation area of 0.1 hectare (1,000 m^2). We will continue to be committed to tree planting and maintenance activities at the disaster-preventive forest and carefully monitor the subsequent growth of the forest.

Kyushu Branch: Roof Sheet Stretching Work of Private Houses (Kumamoto, April 2016)

The Kumamoto Earthquake (main quake) that occurred on April 16, 2016, caused serious damage to Mashiki Town. Eleven employees of the Kumamoto Sales Office and other cooperating companies went to Mashiki Town and participated in volunteer activities.
One of the primary jobs there was to place large sheets on the roofs of victims' houses, from which roof tiles had fallen due to the earthquake. In addition, the participants helped clean up some of the remaining debris from the earthquake together with the residents. The victims were grateful for such useful activities.

Osaka Branch: Hands-on Learning Activity of Bridge Repair Work (Kochi, July 2016)

As for the bridge repair works within the jurisdiction of Sagawa, Agawa-gun, Kochi, our staff invited local elementary school children to learn about bridge repair work. At first, the staff explained why the bridge repair is necessary and a summary of the work. Subsequently, the students were asked to paint playground equipment on the schoolyard of their elementary school. It seemed that the pupils carefully listened to the explanation and even enjoyed the painting experience. The staff received a letter of thanks from the President of the elementary school saying that the branch provided the pupils with valuable hands-on learning. We believe that the students may have felt some connection with the construction industry.

Hokuriku Branch: ECHIGO Tanada Supporter (Niigata, May through November 2016)

The ECHIGO Tanada Supporter ("Tanada" is a 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. Identifying 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 eight times in such activities from May to November 2016.

Activity content:

1) Matsuzawa Area of Murakami-shi:
Mowing and environmental improvement ..... 3 times
2) Iketani Area and other areas of Nagaoka-shi: Mowing ..... Twice
3) Karekimata-Mitsuyama Area of Tokamachi-shi: Mowing ..... Twice

Hiroshima Branch: Tsutsuji Shrine Cleanup Activity Prior to the Autumn Festival Sponsored by the Tsutsuji Area Safety Council (Tottori, October 2016)

The Tsutsuji Area Safety Council of Yurihama Town in Tottori conducted a cleanup activity of the local shrine prior to the commencement of the autumn festival. On the day of the cleanup, under the guidance of members of the community, NITTOC employees of the branch participated in the cleanup activity on the premises of the shrine and the prefectural road adjacent to the shrine together with the council members. The employee participants were excited as they got to enter sanctuary areas such as the shrine pavilions which are usually forbidden to outsiders. At the same time, they dedicated themselves to the cleanup activity while getting slightly nervous in the solemn atmosphere. They contributed to the beautification of peripheral areas through participation in this activity. Their cleanup activity was covered by a local industrial newspaper.

Corporate Governance

I. Basic Policy on Corporate Governance

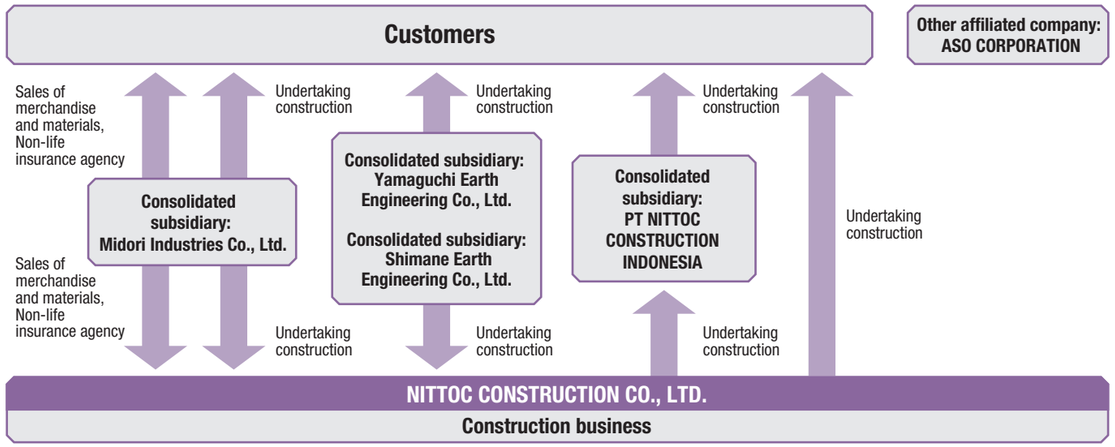
The Company attaches great importance to the interests of all stakeholders supporting its corporate activities and recognizes the importance of corporate ethics that comply not only with various legal norms but also with decency and common sense. At the same time, the Company's basic policy on corporate 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."

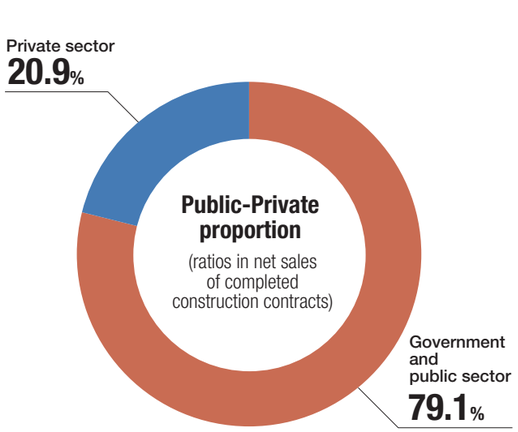
The "Basic Policy for Establishing an Internal Control System" refers to the overall commitment regarding such establishment of an internal control system by the Management Strategy Division, whereas the Audit Department is in charge of monitoring the status of the development and operational status of internal controls.

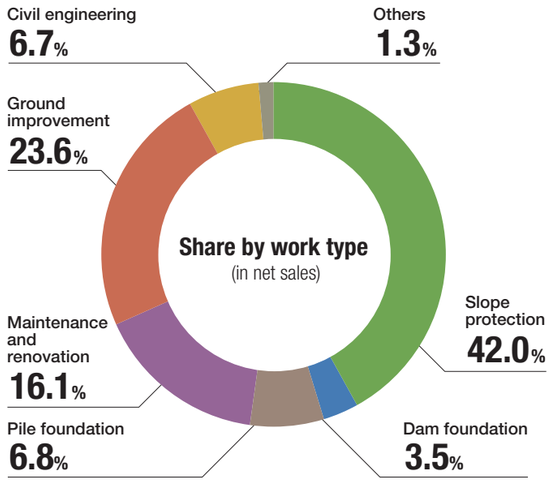
To establish the system for ensuring appropriate financial reporting and monitor such financial reporting, the Internal Control Department is formed under the Management Strategy Division.

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.

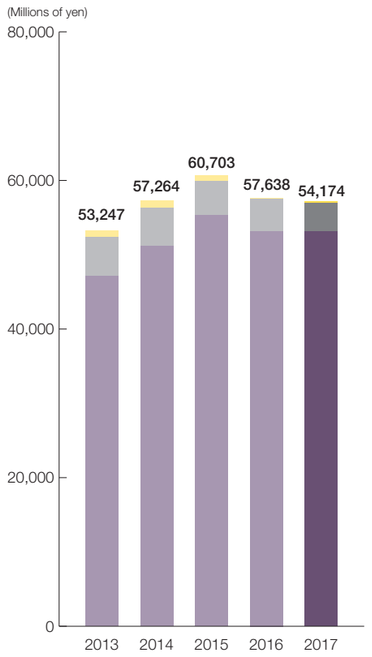
Financial Highlights

	Millions of yen					Thousands of U.S. dollars
	2013	2014	2015	2016	2017	2017
Net sales	¥53,247	¥57,264	¥60,703	¥57,638	¥57,174	$509,623
Ordinary income	2,249	2,904	3,905	3,431	3,555	31,693
Profit attributable to owners of parent	3,532	1,663	1,664	2,110	2,342	20,879
Comprehensive income	3,632	1,715	1,694	1,894	2,458	21,909
Net assets	15,029	16,370	18,116	19,781	21,813	194,433
Total assets	39,111	41,047	42,306	40,385	44,225	394,201
Net cash provided by (used in) operating activities	4,933	1,011	2,435	△630	2,501	22,292
Net cash provided by (used in) investing activities	(206)	(189)	(277)	(1,209)	(△393)	(△3,508)
Net cash provided by (used in) financing activities	(1,756)	(678)	(775)	(△1,592)	(△321)	(△2,868)
Cash and cash equivalents at end of period	12,132	12,277	13,698	12,681	14,462	128,910

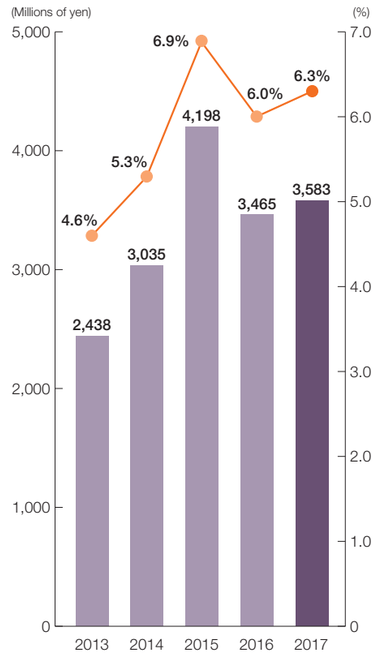




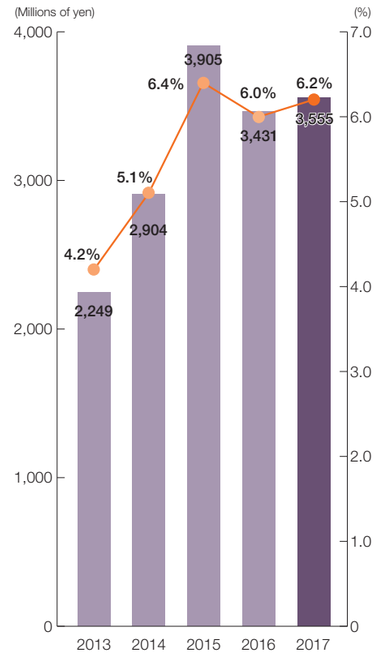
Net sales



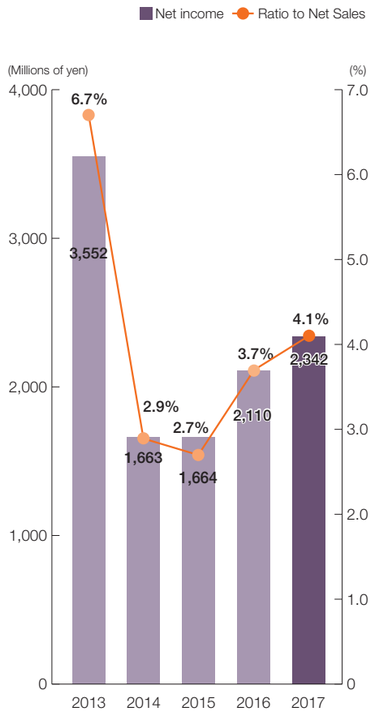
Operating income·Ratio to Net Sales



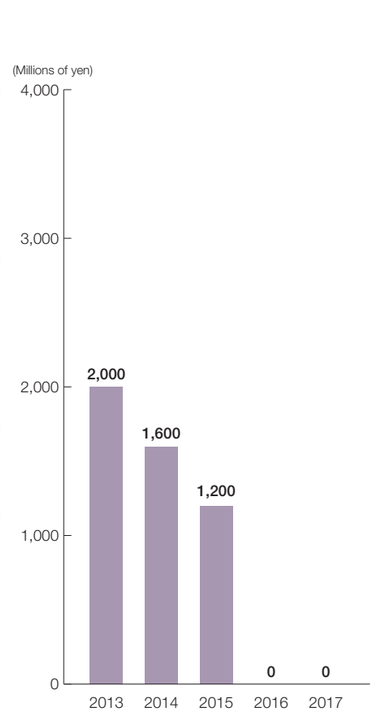
Ordinary income·Ratio to Net Sales



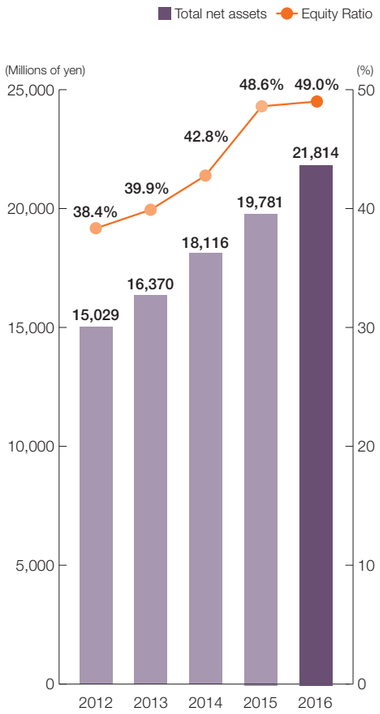
Net income·Ratio to Net Sales



Interest-bearing debt



Total net assets·Equity Ratio



Consolidated Financial Statements

(1) Consolidated Balance Sheets
March 31, 2016 and 2017

	Millions of yen		Thousands of U.S.Dollars(*)
	2016	2017	2017
Assets			
Current assets			
Cash and deposits	12,681	14,462	128,910
Notes receivable, accounts receivable from completed construction contracts and other	15,578	16,974	151,305
Electronically recorded monetary claims－operating	1,917	2,196	19,576
Merchandise and finished goods	30	25	225
Real estate for sale	0	0	0
Costs on uncompleted construction contracts	*4 1,664	*4 2,223	19,818
Raw materials and supplies	152	142	1,269
Deferred tax assets	411	481	4,292
Other	997	670	5,978
Allowance for doubtful accounts	(14)	(15)	(138)
Total current assets	33,420	37,161	331,238
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	*1 963	*1 910	8,117
Machinery, vehicles, tools, furniture and fixtures, net	*1 471	*1 484	4,320
Land	2,788	2,787	24,850
Leased assets, net	*1 50	*1 68	611
Construction in progress	24	14	131
Other, net	*3 2	*3 2	18
Total property, plant and equipment	4,300	4,268	38,050
Intangible assets	205	289	2,576
Investments and other assets			
Investment securities	664	838	7,475
Deferred tax assets	1,284	1,157	10,320
Other	531	531	4,736
Allowance for doubtful accounts	(22)	(21)	(195)
Total investments and other assets	2,458	2,505	22,336
Total non-current assets	6,965	7,063	62,963
Total assets	40,385	44,225	394,201

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

	Millions of yen		Thousands of U.S.Dollars(*)
	2016	2017	2017
Liabilities			
Current liabilities			
Notes payable, accounts payable for construction contracts and other	10,547	11,133	99,236
Advances received on uncompleted construction contracts	2,509	3,277	29,217
Lease obligations	23	18	162
Income taxes payable	133	1,035	9,229
Provision for warranties for completed construction	105	25	222
Provision for loss on construction contracts	*4 139	*4 39	355
Provision for bonuses	555	714	6,370
Other	2,413	2,041	18,195
Total current liabilities	16,429	18,285	162,990
Non-current liabilities			
Lease obligations	34	49	445
Deferred tax liabilities	75	—	—
Net defined benefit liability	4,013	4,022	35,854
Other	50	53	477
Total non-current liabilities	4,174	4,126	36,777
Total liabilities	20,603	22,412	199,768
Net assets			
Shareholders’ equity			
Capital stock	6,052	6,052	53,948
Capital surplus	2,022	2,022	18,025
Retained earnings	12,228	14,144	126,079
Treasury shares	(552)	(552)	(4,928)
Total shareholders’ equity	19,750	21,666	193,125
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	171	264	2,361
Foreign currency translation adjustment	(6)	(9)	(86)
Remeasurements of defined benefit plans	(284)	(254)	(2,270)
Total accumulated other comprehensive income	(119)	0	4
Non-controlling interests	150	146	1,303
Total net assets	19,781	21,813	194,433
Total liabilities and net assets	40,385	44,225	394,201

*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, 2016 and 2017

	Millions of yen		Thousands of U.S.Dollars(*)
	2016	2017	2017
Net sales			
Net sales of completed construction contracts	57,479	57,010	508,162
Sales on other business	159	163	1,461
Total net sales	57,638	57,174	509,623
Cost of sales			
Cost of sales of completed construction contracts	*1 48,018	*1 47,277	421,405
Cost of sales on other business	63	53	477
Total cost of sales	48,082	47,331	421,882
Gross profit			
Gross profit on completed construction contracts	9,460	9,733	86,757
Gross profit - other business	95	110	983
Total gross profit	9,556	9,843	87,740
Selling, general and administrative expenses	*2,3 6,090	*2,3 6,259	55,795
Operating income	3,465	3,583	31,945
Non-operating income			
Interest income	0	7	67
Dividend income	19	20	186
Patent income	26	19	170
Other	12	11	104
Total non-operating income	58	59	528
Non-operating expenses			
Interest expenses	19	8	73
Guarantee commission	37	33	295
Commission for syndicate loan	—	35	313
Other	35	10	97
Total non-operating expenses	92	87	780
Ordinary income	3,431	3,555	31,693
Extraordinary income			
Gain on sales of non-current assets	*4 5	*4 0	0
Total extraordinary income	5	0	0
Extraordinary losses			
Loss on retirement of non-current assets	*5 9	*5 13	118
Impairment loss	*6 24	—	—
Total extraordinary losses	34	13	118
Profit before income taxes	3,402	3,542	31,575
Income taxes - current	770	1,268	11,308
Income taxes - deferred	522	(66)	(590)
Total income taxes	1,293	1,202	10,717
Profit	2,109	2,340	20,857
Loss attributable to non-controlling interests	(1)	(2)	(21)
Profit attributable to owners of parent	2,110	2,342	20,879

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

[Consolidated Statements of Comprehensive Income]

Fiscal Years Ended March 31, 2016 and 2017

	Millions of yen		Thousands of U.S.Dollars(*)
	2016	2017	2017
Profit	2,109	2,340	20,857
Other comprehensive income			
Valuation difference on available-for-sale securities	(111)	93	834
Foreign currency translation adjustment	(9)	(5)	(46)
Remeasurements of defined benefit plans, net of tax	(93)	29	263
Total other comprehensive income	*1 (214)	*1 118	1,051
Comprehensive income	1,894	2,458	21,909
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	1,899	2,462	21,947
Comprehensive income attributable to non-controlling interests	(4)	(4)	(38)

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

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2016 (from April 1, 2015 to 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
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					
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
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						—
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, 2017 (from April 1, 2016 to March 31, 2017)

(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	12,228	(552)	19,750
Changes of items during period					
Dividends of surplus			(425)		(425)
Profit attributable to owners of parent			2,342		2,342
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	1,916	(0)	1,916
Balance at end of current period	6,052	2,022	14,144	(552)	21,666

	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	171	(6)	(284)	(119)	150	19,781
Changes of items during period						
Dividends of surplus						(425)
Profit attributable to owners of parent						2,342
Purchase of treasury shares						(0)
Disposal of treasury shares						0
Net changes of items other than shareholders' equity	93	(3)	29	119	(4)	115
Total changes of items during period	93	(3)	29	119	(4)	2,031
Balance at end of current period	264	(9)	(254)	0	146	21,813

Fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

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

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	53,948	18,025	108,994	(4,922)	176,045
Changes of items during period					
Dividends of surplus			(3,794)		(3,794)
Profit attributable to owners of parent			20,879		20,879
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	17,085	(5)	17,079
Balance at end of current period	53,948	18,025	126,079	(4,928)	193,125

	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	1,527	(56)	(2,534)	(1,063)	1,341	176,323
Changes of items during period						
Dividends of surplus						(3,794)
Profit attributable to owners of parent						20,879
Purchase of treasury shares						(6)
Disposal of treasury shares						0
Net changes of items other than shareholders' equity	834	(30)	263	1,068	(38)	1,029
Total changes of items during period	834	(30)	263	1,068	(38)	18,109
Balance at end of current period	2,361	(86)	(2,270)	4	1,303	194,433

(4) Consolidated Statements of Cash Flows

Fiscal Years Ended March 31, 2016 and 2017

	Millions of yen		Thousands of U.S.Dollars(*)
	2016	2017	2017
Cash flows from operating activities			
Profit before income taxes	3,402	3,542	31,575
Depreciation	276	284	2,532
Increase (decrease) in allowance for doubtful accounts	(186)	0	7
Increase (decrease) in provision for warranties for completed construction	27	(80)	(716)
Increase (decrease) in provision for loss on construction contracts	50	(100)	(892)
Increase (decrease) in provision for bonuses	11	159	1,422
Increase (decrease) in net defined benefit liability	54	44	396
Loss (gain) on sales of property, plant and equipment	(5)	(0)	(0)
Loss on retirement of non-current assets	9	13	118
Interest and dividend income	(19)	(28)	(253)
Interest expenses	19	8	73
Foreign exchange losses (gains)	3	(1)	(10)
Impairment loss	24	—	-
Decrease (increase) in notes and accounts receivable - trade	(793)	(1,711)	(15,253)
Decrease (increase) in costs on uncompleted construction contracts	(45)	(558)	(4,978)
Decrease (increase) in other assets	(191)	334	2,980
Increase (decrease) in notes and accounts payable - trade	(1,627)	555	4,955
Increase (decrease) in advances received on uncompleted construction contracts	21	767	6,843
Increase (decrease) in accrued consumption taxes	507	(513)	(4,574)
Increase (decrease) in other liabilities	(311)	328	2,933
Subtotal	1,228	3,047	27,160
Interest and dividend income received	19	28	253
Interest expenses paid	(19)	(8)	(73)
Income taxes paid	(1,859)	(566)	(5,047)
Net cash provided by (used in) operating activities	(630)	2,501	22,292
Cash flows from investing activities			
Purchase of investment securities	(3)	(38)	(347)
Purchase of property, plant and equipment	(349)	(218)	(1,947)
Proceeds from sales of property, plant and equipment	1,576	23	213
Purchase of intangible assets	(11)	(68)	(608)
Payments of loans receivable	—	(109)	(971)
Collection of loans receivable	0	2	23
Payments for guarantee deposits	(45)	(10)	(91)
Proceeds from collection of guarantee deposits	45	27	246
Other, net	(3)	(2)	(24)
Net cash provided by (used in) investing activities	1,209	(393)	(3,508)

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

	Millions of yen		Thousands of U.S.Dollars(*)
	2016	2017	2017
Cash flows from financing activities			
Repayments of long-term loans payable	(1,200)	—	—
Proceeds from share issuance to non-controlling shareholders	12	130	1,165
Repayments of lease obligations	(20)	(27)	(246)
Proceeds from disposal of treasury shares	—	0	0
Purchase of treasury shares	(1)	(0)	(6)
Cash dividends paid	(383)	(424)	(3,782)
Net cash provided by (used in) financing activities	(1,592)	(321)	(2,868)
Effect of exchange rate change on cash and cash equivalents	(3)	(4)	(42)
Net increase (decrease) in cash and cash equivalents	(1,017)	1,780	15,873
Cash and cash equivalents at beginning of period	13,698	12,681	113,037
Cash and cash equivalents at end of period	*1 12,681	*1 14,462	128,910

*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 (collectively, the “Group”) 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 ¥112.19 to US$1.00, the approximate rate of exchange on March 31, 2017. 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

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. Accounting Policies

(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 acquired on or after April 1, 1998, as well as facilities attached to buildings and structures acquired on or after April 1, 2016, 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 subsidiaries of the Company have adopted the simplified method, according to which the amount of payables for voluntary retirement of all employees at the end of the period is treated as projected benefit obligation.

(6) Translation of significant assets and liabilities denominated in foreign currencies into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates on the consolidated fiscal year-end date, and differences arising from such translation are charged to income.
The asset and liability accounts of the overseas subsidiaries are translated into Japanese yen at the spot exchange rates as of the consolidated fiscal year-end date. The revenue and expense accounts of the overseas subsidiaries are translated into Japanese yen based on the average exchange rate during the consolidated fiscal year under review, and differences arising from such translation are included in “Foreign currency translation adjustment” and “Non-controlling interests” as separate components of “Net assets.”

(7) Recognition standards for significant revenues and expenses

Recognition standards for net sales of completed construction contracts and cost of sales of completed construction contracts

1) Works for which the outcome of the construction activity is deemed certain with regard to the portion of construction in progress by the end of the consolidated fiscal year under review
The percentage-of-completion method has been applied to such works (the degree of completion of construction is estimated by the cost-to-cost method).

2) Other works
The completed-contract method has been applied.

Net sales of completed construction contracts, to which the percentage-of-completion method was applied, were ¥38,100 million ($339,608 thousand) for the consolidated fiscal year under review.

(8) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows comprise cash on hand, bank deposits available for withdrawal on demand and readily convertible short-term investments with maturities of three months or less, which are exposed to minor risk of fluctuation in value.

(9) Other items of significance concerning the preparation of consolidated financial statements

1) Accounting procedure for consumption taxes and others
Transactions subject to consumption tax and local consumption tax are recorded at amounts exclusive of the consumption taxes.

2) Application of consolidated tax return system
The consolidated tax return system is applied.

(Change in Accounting Policies)

(Application of the “Practical Solution on a change in depreciation method due to Tax Reform 2016”)

In line with the revisions to the Corporation Tax Act, the “Practical Solution on a change in depreciation method due to Tax Reform 2016” (Practical Issues Task Force (PITF) No. 32, June 17, 2016) has been applied effective from the consolidated fiscal year under review. Accordingly, the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 was changed from the declining-balance method to the straight-line method.
The effect of this change on profit and loss for the consolidated fiscal year under review is immaterial.

(Change in Presentation Method)

(Consolidated Statements of Income)

“Factoring fee for receivables,” which was separately presented under “Non-operating expenses” for the previous consolidated fiscal year, has been included in “Other” for the consolidated fiscal year under review due to decreased importance in terms of amount. To reflect this change in presentation method, the consolidated statements of income for the previous consolidated fiscal year have been reclassified.
As a result, ¥17 million, which was presented as “Factoring fee for receivables” under “Non-operating expenses” in the consolidated statements of income for the previous consolidated fiscal year is reclassified under “Other” for this consolidated fiscal year.

(Additional information)

(Application of the Implementation Guidance on Recoverability of Deferred Tax Assets)

The “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016) has been applied effective from the consolidated fiscal year under review.

(Consolidated Balance Sheets)

*1 Accumulated depreciation of property, plant and equipment

As of March 31		
2016	2017	2017
¥6,494 million	¥6,644 million	$59,225 thousand

2 Contingent liabilities

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

As of March 31				
2016		2017		2017
8 properties	¥17 million	5 properties	¥8 million	$77 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		
2016	2017	2017
¥23 million	¥15 million	$137 thousand

*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			
2016		2017	2017
Other	¥2 million	¥2 million	$18 thousand

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

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.

Fiscal year ended March 31, 2017 (As of March 31, 2017)

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 ¥28 million ($257 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
	2016	2017	2017
Total amount of the commitment line	2,200	2,200	19,609
Balance of executed loans	—	—	
Unused balance	2,200	2,200	19,609

(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		
2016	2017	2017
¥50 million	(¥87) million	($775)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
	2016	2017	2017
Employees' salaries and allowances	2,685	2,685	23,938
Provision for bonuses	231	289	2,583
Retirement benefit expenses	293	270	2,407
Provision of allowance for doubtful accounts	8	0	7

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

Fiscal year ended March 31		
2016	2017	2017
¥188 million	¥201 million	$1,796 thousand

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

Fiscal year ended March 31			
2016		2017	2017
Machinery, vehicles, tools, furniture and fixtures	¥5 million	¥0 million	$0 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
	2016	2017	2017
Buildings and structures	9	11	101
Machinery, vehicles, tools, furniture and fixtures	0	0	0
Intangible assets	—	1	16
Total	9	13	118

*6 Impairment loss

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
Idle assets	Land, buildings and structures	Nikko-shi, Tochigi	24

(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	2
Land	22
Total	24

(Background)

As the Imaichi Materials Center became unused and idle, the Company examined the future 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.

Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

Not applicable

(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
	2016	2017	2017
Valuation difference on available-for-sale securities			
Accrued in the fiscal year	(170)	134	1,203
Amount of reclassification	—	—	-
Before tax-effect adjustment	(170)	134	1,203
Amount of tax-effect equivalent	59	(41)	(368)
Valuation difference on available-for-sale securities	(111)	93	834
Foreign currency translation adjustment			
Accrued in the fiscal year	(9)	(5)	(46)
Foreign currency translation adjustment	(9)	(5)	(46)
Remeasurements of defined benefit plans			
Accrued in the fiscal year	(128)	0	0
Amount of reclassification	0	36	325
Before tax-effect adjustment	(127)	36	325
Amount of tax-effect equivalent	34	(6)	(61)
Remeasurements of defined benefit plans, net of tax	(93)	29	263
Total other comprehensive income	(214)	118	1,053

(Consolidated Statements of Changes in Net Assets)

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	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	Retained earnings	¥10.00	March 31, 2016	June 27, 2016

Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

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

Fiscal year ended March 31, 2017	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	1,351,404	1,508	150	1,352,762
Total	1,351,404	1,508	150	1,352,762

Notes:

1. The increase in number of treasury shares represents the increase from the purchase of less-than-one-unit shares.
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 24, 2016	Common shares	¥425 million ($3,794 thousand)	Retained earnings	¥10.00	March 31, 2016	June 27, 2016

(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 23, 2017	Common shares	¥723 million ($6,450 thousand)	Retained earnings	¥17.00	March 31, 2017	June 26, 2017

(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
	2016	2017	2017
Cash and deposits	12,681	14,462	128,910
Cash and cash equivalents	12,681	14,462	128,910

(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. Accounting Policies (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
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. Accounting Policies (2) Depreciation methods of major depreciable assets."

(Financial Instruments)
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 holds a policy to procure 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	－	－	－

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

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	—	—	—

Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

1. Status of Financial Instruments

(1) Policies on financial instruments

The Group holds a policy to procure 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, 2017, 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	14,462	14,462	—
(2) Notes receivable, accounts receivable from completed construction contracts, electronically recorded monetary claims–operating and other	19,171	19,171	—
(3) Investment securities Available-for-sale securities	692	692	—
Total assets	34,326	34,326	—
(1) Notes payable, accounts payable for construction contracts and other	11,133	11,133	—
Total liabilities	11,133	11,133	—
Derivative transactions	—	—	—

(Thousands of U.S.Dollars)

	Carrying value in the consolidated balance sheets	Market value	Difference
(1) Cash and deposits	128,910	128,910	—
(2) Notes receivable, accounts receivable from completed construction contracts, electronically recorded monetary claims–operating and other	170,882	170,882	—
(3) Investment securities Available-for-sale securities	6,176	6,176	—
Total assets	305,969	305,969	—
(1) Notes payable, accounts payable for construction contracts and other	99,236	99,236	—
Total liabilities	99,236	99,236	—
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)	¥145 million	$1,299 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, 2017)

(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	14,462	—	—	—
Notes receivable, accounts receivable from completed construction contracts, electronically recorded monetary claims–operating and other	19,171	—	—	—
Investment securities				
Available-for-sale securities with maturity dates	—	—	—	—
Total	33,633	—	—	—

(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	128,910	—	—	—
Notes receivable, accounts receivable from completed construction contracts, electronically recorded monetary claims–operating and other	170,882	—	—	—
Investment securities				
Available-for-sale securities with maturity dates	—	—	—	—
Total	299,793	—	—	—

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, 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
Available-for-sale securities (unlisted stocks)	110

3. Available-for-sale securities sold during the consolidated fiscal year under review (From April 1, 2015 to March 31, 2016)

Not applicable

Fiscal year ended March 31, 2017 (As of March 31, 2017)

1. Held-to-maturity debt securities (As of March 31, 2017)

Not applicable

2. Available-for-sale securities (As of March 31, 2017)

(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	690	308	382
Bonds			
National government bonds, local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Subtotal	690	308	382
(2) Securities with carrying value in the consolidated balance sheets not exceeding acquisition cost			
Shares	2	2	(0)
Bonds			
National government bonds, local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Subtotal	2	2	(0)
Total	692	311	381

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)	145	1,299

(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	6,155	2,748	3,407
Bonds			
National government bonds, local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Subtotal	6,155	2,748	3,407
(2) Securities with carrying value in the consolidated balance sheets not exceeding acquisition cost			
Shares	20	24	(3)
Bonds			
National government bonds, local government bonds, etc.	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Subtotal	20	24	(3)
Total	6,176	2,772	3,404

3. Available-for-sale securities sold during the consolidated fiscal year under review (From April 1, 2016 to March 31, 2017)
Not applicable

(Derivative Transactions)

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.

Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

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
	2016	2017	2017
Beginning balance of projected benefit obligations	3,831	4,013	35,777
Service cost	233	250	2,236
Interest cost	26	13	124
Accrued amount of actuarial differences	139	0	0
Retirement benefits paid	(216)	(256)	(2,283)
Ending balance of projected benefit obligations	4,013	4,022	35,854

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

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

Not applicable

Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

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
	2016	2017	2017
Projected benefit obligations under unfunded plans	4,013	4,022	35,854
Net carrying value in the consolidated balance sheets of relevant liabilities and assets	4,013	4,022	35,854
Net defined benefit liability	4,013	4,022	35,854
Net carrying value in the consolidated balance sheets of relevant liabilities and assets	4,013	4,022	35,854

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

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2016	2017	2017
Service cost	233	250	2,230
Interest cost	26	13	124
Amortization of actuarial differences	9	45	401
Amortization of prior service cost	(8)	(8)	(76)
Retirement benefit expenses relative to the defined benefit plans	260	300	2,680

(5) Remeasurements of defined benefit plans

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
	2016	2017	2017
Prior service cost	(8)	(8)	(76)
Actuarial differences	(119)	45	401
Total	(127)	36	325

(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
	2016	2017	2017
Unrecognized prior service cost	49	41	367
Unrecognized actuarial differences	(459)	(414)	(3,694)
Total	(409)	(373)	(3,326)

(7) Matters regarding plan assets

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

Not applicable

Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

Not applicable

(8) Matters regarding the basis for actuarial calculations

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

As of March 31	2016	2017
Discount rate	0.35%	0.46%

3. Defined contribution plans

The amount to be contributed by the Company and its consolidated subsidiaries under the defined contribution plans was ¥159 million for the fiscal year ended March 31, 2016, and ¥156 million ($1,391 thousand) for the fiscal year ended March 31, 2017.

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 ¥283 million for the fiscal year ended March 31, 2016, and ¥205 million ($1,833 thousand) for the fiscal year ended March 31, 2017.

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

As of March 31	Millions of yen		Thousands of U.S.Dollars
	2016	2017	2017
Plan assets	74,069	72,443	645,717
Total of the actuarial liability based on the pension financing calculation and the minimum liability reserves	76,919	72,826	649,130
Net amount	(2,850)	(382)	(3,413)

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

Fiscal year ended March 31, 2017: 14.17% (As of March 31, 2016)

(3) Supplementary explanation

The major factors of the net amount in Item (1) above were the balance of the prior service liability (¥4,663 million for the fiscal year ended March 31, 2016, and ¥4,016 million ($35,796 thousand) for the fiscal year ended March 31, 2017) and the general reserve (¥3,633 million ($32,382thousand) for the fiscal year ended March 31, 2017), 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 (¥108 million for the fiscal year ended March 31, 2016, and ¥106 million ($952 thousand) for the fiscal year ended March 31, 2017), 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
	2016	2017	2017
Deferred tax assets			
Loss carried forward	13	8	71
Real estate for sale	4	4	40
Accrued enterprise tax	14	73	657
Provision for bonuses	197	254	2,269
Allowance for doubtful accounts	11	11	103
Provision for warranties for completed construction	32	7	68
Provision for loss on construction contracts	43	12	109
Non-current assets (Impairment loss)	21	21	188
Defined contribution pension benefits payable	4	4	35
Net defined benefit liability	1,229	1,236	11,019
Unrealized gains	40	39	354
Asset retirement obligation	10	12	109
Other	154	153	1,370
Subtotal of deferred tax assets	1,777	1,839	16,400
Valuation reserve	(80)	(83)	(745)
Total of deferred tax assets	1,696	1,756	15,654
Deferred tax liabilities			
Valuation difference on available-for-sale securities	(75)	(116)	(1,042)
Total of deferred tax liabilities	(75)	(116)	(1,042)
Net deferred tax assets	1,620	1,639	14,612

Note: Net deferred tax assets for the fiscal year ended March 31, 2016 and for the fiscal year ended March 31, 2017, are included in the following account items in the consolidated balance sheets.

As of March 31	Millions of yen		Thousands of U.S.Dollars
	2016	2017	2017
Current assets—Deferred tax assets	411	481	4,292
Non-current assets—Deferred tax assets	1,284	1,157	10,320
Non-current liabilities—Deferred tax liabilities	(75)	—	—

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	2016	2017
	(%)	(%)
Effective statutory tax rate	33.1	30.9
(Reconciliation)		
Non-deductible expenses such as entertainment expenses	0.5	0.7
Per capita inhabitant tax	3.0	3.4
Exclusion from revenues such as dividend income	(0.0)	(0.1)
Valuation reserve	0.2	0.3
Special deduction of income tax	—	(1.9)
Reduction of deferred tax assets at the balance sheet date caused by change in income tax rate	2.4	—
Other	(1.2)	0.6
Effective income tax rate after the adoption of tax-effect accounting	38.0	33.9

(Asset Retirement Obligation)

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

This information is omitted due to its immateriality.

End of fiscal year ended March 31, 2017 (As of March 31, 2017)

This information is omitted due to its immateriality.

(Segment Information, etc.)

[Segment Information]

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.

Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

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, 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.

Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

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, 2016 (From April 1, 2015 to March 31, 2016)
The information is omitted as the reportable segment is solely the construction business.

Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
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, 2016 (From April 1, 2015 to March 31, 2016)
Not applicable

Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
Not applicable

[Information on Gain on Bargain Purchase by Reportable Segment]
Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Not applicable

Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
Not applicable

【Related Party Information】
Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Not applicable

Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
Not applicable

(Per-Share Information)

Fiscal year ended March 31	2016	2017	
Net assets per share	¥461.17	¥509.02	$4.54
Basic earnings per share	¥49.58	¥55.03	$0.49
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
	2016	2017	2017
Basic earnings per share			
Profit attributable to owners of parent	2,110	2,342	20,879
Amounts not attributable to common shareholders	—	—	—
Profit attributable to owners of parent regarding common shares	2,110	2,342	20,879
Average number of common shares during the fiscal year (Thousands of shares)	42,569	42,567	

(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, 2017		Ending balance of the fiscal year ended March 31, 2017		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	—	—	—	—	—	—
Current portion of lease obligations	23	211	18	162	—	—
Long-term loans payable (excluding the current portion of long-term loans payable)	—	—	—	—	—	—
Lease obligations (excluding the current portion of lease obligations)	34	307	49	445	—	2018–2021
Other interest-bearing debt	—	—	—	—	—	—
Total	58	519	68	608	—	—

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)	16	14	11	8

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)	143	125	100	76

【Schedule of Asset Retirement Obligation】

This information is omitted due to its immateriality.

(2)【Other】

Quarterly data for the fiscal year ended March 31, 2017

Cumulative periods	Three months (From April 1, 2016 to June 30, 2016)	Six months (From April 1, 2016 to September 30, 2016)	Nine months (From April 1, 2016 to December 31, 2016)	Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
Net sales (Millions of yen)	10,529	23,126	39,605	57,174
Profit before income taxes (Millions of yen)	84	536	2,061	3,542
Profit attributable to owners of parent (Millions of yen)	2	285	1,305	2,342
Basic earnings per share (Yen)	0.06	6.71	30.67	55.03

Accounting periods	First quarter (From April 1, 2016 to June 30, 2016)	Second quarter (From July 1, 2016 to September 30, 2016)	Third quarter (From October 1, 2016 to December 31, 2016)	Fourth quarter (From January 1, 2017 to March 31, 2017)
Quarterly basic earnings per share (Yen)	0.06	6.64	23.96	24.36

YASUMORI AUDIT CORPORATION
CERTIFIED PUBLIC ACCOUNTANT

NiPPO BLDG, 22-12, TAKANAWA, 4-CHOME, MINATO-KU, TOKYO, JAPAN
TEL. TOKYO 03-3443-7850
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, 2017, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of NITTOC CONSTRUCTION CO.,LTD. and its consolidated subsidiaries as at March 31, 2017, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

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

June 29, 2017
Tokyo, Japan

Yasumori Audit Corporation

Corporate Overview and Major Construction Methods

Trade Name	NITTOC CORPORATION CO., LTD.
Headquarters	4F, 5F and 6F, Daiwa 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:43,919,291 Paid-in capital: ¥6,052 million Tokyo Stock Exchange: Listed on the First Section
Number of Employees (Consolidated)	Technical staff: 901 persons Administrative staff: 259 persons Total: 1,160 persons Note: The number of employees includes 327 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-28) 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 PT NITTOC CONSTRUCTION INDONESIA GENERALI TOWER GRAND RUBINA BUSINESS PARK at Rasuna Epicentrum 16 G Floor, Kawasan Rasuna Epicentrum Jl. HR Rasuna Said, Jakarta 12940, Indonesia
Staffing (Qualification Holders) (Persons)	Technical Staff Administrative Staff — Total 1160 Professional Engineer — 49 Registered 1st Class Civil Engineer — 643 Registered 2nd Class Civil Engineer — 680 Registered 1st and 2nd Class Architect — 10 Registered Surveyor and Assistant-Surveyor — 308

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

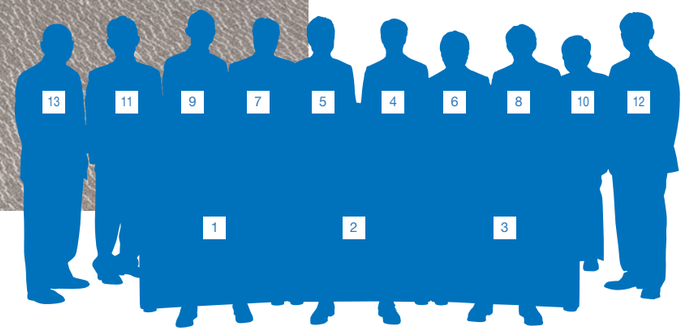
Maintenance and Renovation Field	
New ReSP Method	Repair and/or reinforce aged, shotcrete slopes without shaving off existing shotcrete
Slope Doctor	Technology to diagnose the soundness of aged shotcrete slopes
Kiro Fukeru Method	Mortar shotcrete at a rate of 18 N/mm^2 for long-distance (1 km) pressure 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

Management Members

MANAGEMENT MEMBERS

1. Chairman and Representative Director — Tamotsu Nakamori
2. President and Representative Director — Norihisa Nagai
3. Directors — Yasunobu Okumiya
4. Directors — Akira Sakoda
5. Directors — Hiroshi Yamada
6. Directors — Kengo Nakamuta
7. Directors — Masayuki Wada
8. Directors — Iwao Aso
9. Directors — Masayuki Watanabe
10. Directors — Katsuo Nakamura
11. Standing Corporate Auditors — Nobuo Matsumoto
12. Standing Corporate Auditors — Masayuki Isono
13. Corporate Auditors — Atsushi Ono



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.

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.

National Route No. 30 Mukaiyama-minami Work of the Honshu-Shikoku Bridge Authority (Kagawa Prefecture)

Bannnosu Elevated Bridge Substructure Work of the Honshu-Shikoku Bridge Authority (Kagawa Prefecture)

Mt. Fuji Osawa Collapse Countermeasure Works of the Ministry of Construction (Shizuoka Prefecture)

Ogitsu Work of Joban Expressway, Japan Highway Public Corp. (Ibaraki Prefecture)

National Route No. 28 Yasuhira Work of the Honshu-Shikoku Bridge Authority (Awaji Island, Hyogo Prefecture)

Arakawa River Hirakata Embankment Disaster Restoration Work of the Ministry of Construction (Saitama Prefecture)

Ishiki Chuo-Danchi Land Reclamation Work of the Ise Land Rezoning Association (Kagoshima-shi)

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.

1957 January
Headquarters relocated to Minato-ku, Tokyo.

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

1961 December
Headquarters relocated to Chiyoda-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.

1963 February
Established Japan Public K.K.

1965 March
Headquarters relocated to Chuo-ku, Tokyo.

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

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

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

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

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).

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

1986 March
Completed Tsukuba Laboratory.

1990 June
Completed Akashicho Suboffice Building.

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

2001 March
Liquidated NITTOC Real Estate Co., Ltd.

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

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

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).

2017 December
70th Anniversary