NITTOC
NITTOC CONSTRUCTION CO., LTD.

2019
Annual Report

Leading to the Future with our Technology of Protection

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

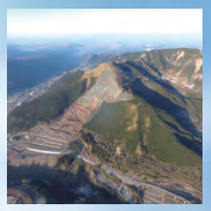
JAKARTA Representative Office

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

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.



CONTENT

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)

Kumamoto Earthquakes Disaster Restoration Work

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

JR Kure Line, Saizaki Area External Disaster
Restoration Work
(Mihara-shi–Higashihiroshima-shi,
Hiroshima Prefecture)

2019 January
Established Ehime Earth Engineering Co., Ltd. (currently a consolidated subsidiary)

2018
JR Kure Line, Saizaki Area Eternal Disaster Restoration Work (Mihara-shi–Higashihiroshima-shi, Hiroshima Prefecture)

2017
Kumamoto Earthquakes Disaster Restoration Work

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

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

2015 September
Sold the Akashi-cho Suboffice Building

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

Construction of
Kawamata Dam (2017)

2017
Construction of Kawamata Dam (2017)

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

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

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

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

The Company celebrated the 70th anniversary since its establishment in December 2017.
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.

2008 March
Closed Tsukuba Laboratory.

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

2001 March
Liquidated NITTOC Real Estate Co., Ltd.

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

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

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

1985 April
Established NITTOC Real Estate Co., Ltd.

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

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

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

1963 February
Established Japan Public K.K.

1961 December
Headquarters relocated to
Chiyoda-ku, Tokyo.

1957 January
Headquarters relocated to Minato-ku, Tokyo.

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

1965 March
Headquarters relocated to
Chuo-ku, Tokyo.

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

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

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

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

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.

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

1990 June
Completed Akashicho Suboffice Building.

1986 March
Completed Tsukuba Laboratory.

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

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)

Advantage of NITTOC

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

3 Types of Business Field respond to Social Needs

We are holding 200 types of technology and construction method

Urban Regeneration

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

Maintenance and Renovation

NITTOC specializes in slope related technique which accumulates a brilliant achievement.
Today, in this aging 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 harsh environment, mountain area or long distance tunnel for headrace channel.

Disaster Prevention and Environmental Conservation

Since Japan has geographical conditions that make it prone to being affected by natural disasters, large scale disasters have become more frequent in recent years.
For this reason, in order to build a friendly, trusty and 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.

Message from the President

NITTOC CONSTRUCTION CO., LTD. ("NITTOC" or the "Company"), was established in 1947 as a firm which started out in construction work for dam foundations during its startup and 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." The Company started the "Medium-Term Management Plan 2017" (covering fiscal 2017 through fiscal 2019) effective from fiscal 2017. While the current robust construction market is expected to continue for the three years of the plan, the Company, at the same time, considers this period as a great opportunity to 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 many 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

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 to be 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

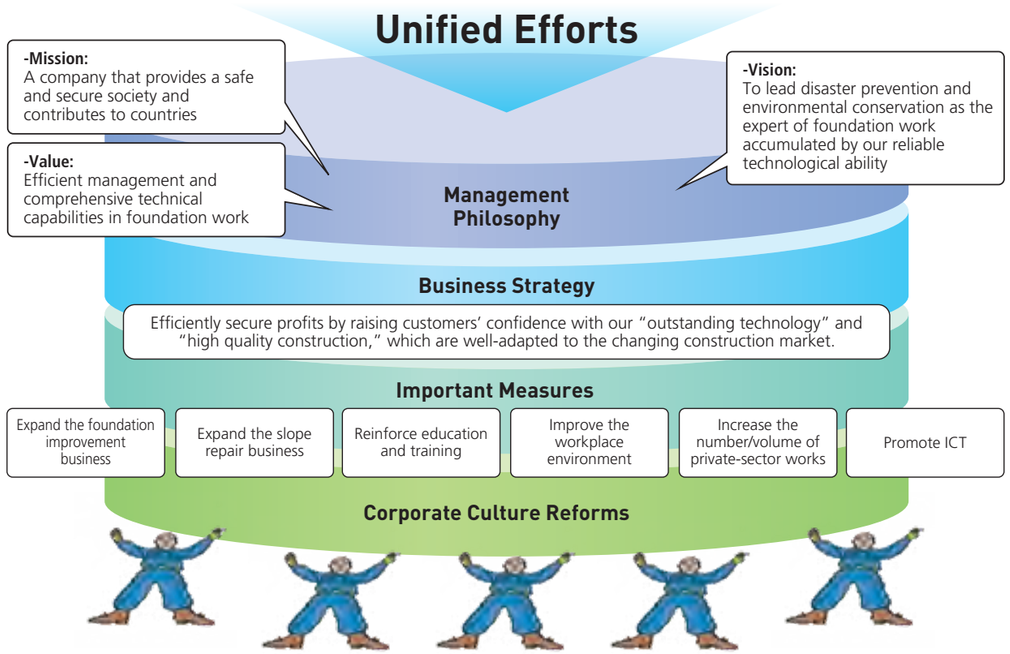
2. Management Policies

1. Reinforce internal control (compliance and risk management)
2. Management emphasis on safety and a good workplace environment
3. Secure volume of foundation works
4. Maintain profitability and improve productivity
5. Cash flow-focused management
6. Secure and develop human resources

3. Business Strategy

Efficiently secure profits by raising customers' confidence with our "outstanding technology" and "high quality construction," which are well-adapted to the changing construction market.

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
Increase the number/volume of private-sector works	Increase orders received from private-sector works	Prevent a reduction in overall work volume and expand businesses by increasing the number of orders received from private-sector works
Promote ICT	Promote ICT and mechanization	Leverage ICT technology and mechanization to address the improvement in productivity and quality as well as labor-saving

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	
	Mid-Term	Announcement	Result	Mid-Term	Announcement	Result	Mid-Term	Announcement
Orders received	60.2	**61.2**	**64.8**	60.7	**62.0**	**62.2**	61.1	61.5
Net sales	60.2	**60.2**	**62.9**	60.7	**62.0**	**63.3**	61.1	61.5
Operating income	3.2	**3.2**	**4.1**	3.2	**3.4**	**4.0**	3.2	3.6
Ordinary income	3.2	**3.2**	**4.1**	3.1	**3.3**	**4.0**	3.2	3.6
Net income	2.2	**2.2**	**2.7**	2.1	**2.2**	**2.7**	2.2	2.4
ROE	9.9%	-	**11.6%**	9.1%	-	**11.1%**	9.2%	-
[Reference]								
Shareholders' equity	22.5	-	**23.1**	23.0	-	**24.5**	23.8	-
Equity ratio	51.3%	-	**48.1%**	50.9%	-	**50.0%**	52.4%	-
Operating cash flow	1.8	-	**▲3**	1.7	-	**3.1**	2.0	-

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 for slope disaster prevention.

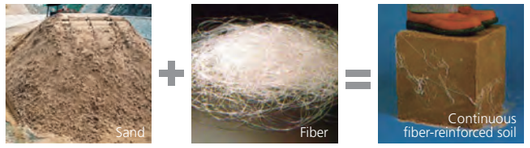
Chosen as a "Fiscal 2016 Runner-up Recommended Technology" (by the New Technology Utilization System Review Meeting, Ministry of Land, Infrastructure, Transport and Tourism)

NNTD No. 0370 | Construction Technology Review and Certification | NETIS PLUS

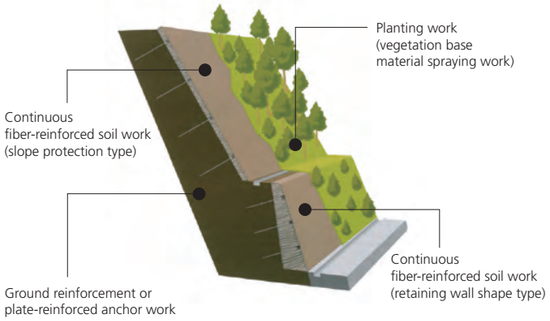
Environment-Friendly Slope Protection Method

Geofiber Method

- Serves to decrease CO_2 emissions as a substitute method for sprayed slope frames.
- Forms forest on slopes by enabling full-space greening.
- Has an abundant record of slope greening (More than 3,400 projects in Japan and 150 overseas)



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



Example of Construction:

Kiyomizu-dera Temple (Kyoto)

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


During the work


Work completed


One year after the work completion

Recycling of Surplus Soil and Natural Environment-Friendly Restoration of Vegetation

Effectively Using Surplus Soil

TSURU-KAME Soil Method

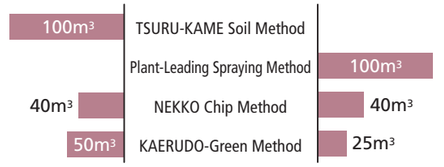
- Utilizes onsite surplus soil effectively.
- Excels in long-term durability (comparison with the greening foundation mainly consisting of bark compost).

Growth Foundation for Plants Mainly Consisting of Raw 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.
- Enables greening via the natural intrusion of plants on the foundation that excels in erosion resistance.

Comparison of the Volume Utilized



*In case of a sprayed depth of 5 cm for an area of 1,000 m²
*Inclusive of loss


Status of greenery when using the NEKKO Chip Method

Nature Restoration Using Surface Soil of Forests with Consideration to the Ecosystem (for greening especially around natural parks such as national parks and quasi-national parks)

NNTD No. 0374

Using Surface Soil Instead of Seeds

Native Recovery Greening Method

- Mixes the surface soil of forests containing buried seeds with the vegetation foundation material.
- Greening construction is possible using a general-purpose mortar spraying machine.

NNTD No. 0369

Surface Soil-Based Growth Foundation for Plants

KAERUDO-Green Method

- Utilizes surface soil of forests economically.
- Recycles a wide variety of soils such as excavated soil, dredged soil and dehydrated cake.

Using Surface Soil and Raw Chip Material

NEKKO Chip Method

- Uses primarily fragmented raw chip material.
- Constructs at high speeds using a specialized machine.
- Enables greening via the natural intrusion of plants on the foundation that excels in erosion resistance.

Vegetation Mat that Prevents Soil Erosion

N-Mat NEW

- This mat containing seeds and fertilizer can be applied to ordinary embankments, as well as to cut slopes, which have appropriate grain size distribution and good physical and chemical characteristics.
- Natural landscape is early restored because its use allows seed design primarily with indigenous plants.
- The mat also can be applied without seeds to accelerate the natural intrusion of plants.


Just after the placement of N-Mats


Appearance of the product

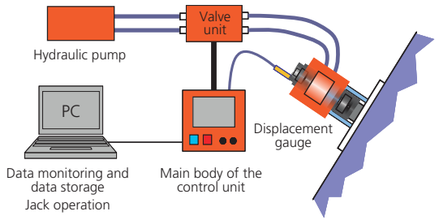
Our Business field

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

Ground Anchor Testing and Tension Control System

Licos

- Displays and automatically stores data on load and displacement magnitude in real-time.
- Tightens and firmly fixes several anchors simultaneously.
- Performs labor-saving via automatic control of jack operation.



Simultaneous tightening of multiple anchors

Ground Anchor and Slope Frame

Slope frames

Ground anchors + Pressure receiving plates

NETIS No. TH-140015-A

Plastic Pressure Receiving Plate for Rock Bolts

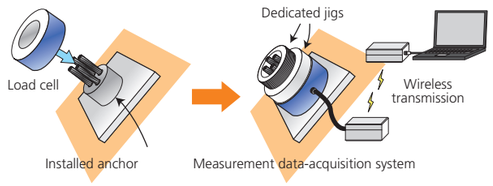
NINJA Panel

- Uses completely recycled plastic as material.
- Improves operating safety and construction efficiency on slopes due to light weight.
- Available for full-surface greening.
- Ø634 and Ø911 mm models are added to the lineup.

Tensile Strength Monitoring System for Installed Anchors

Aki-Mos

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



The technology was jointly developed by the Public Works Research Institute and eight private-sector companies.

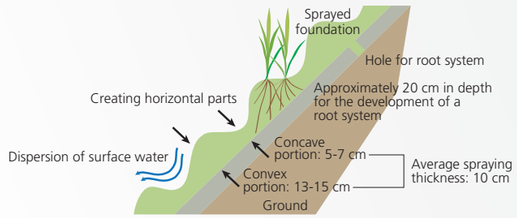
Nature Restoration at Places Where Greening is Difficult

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.

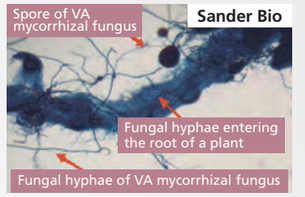


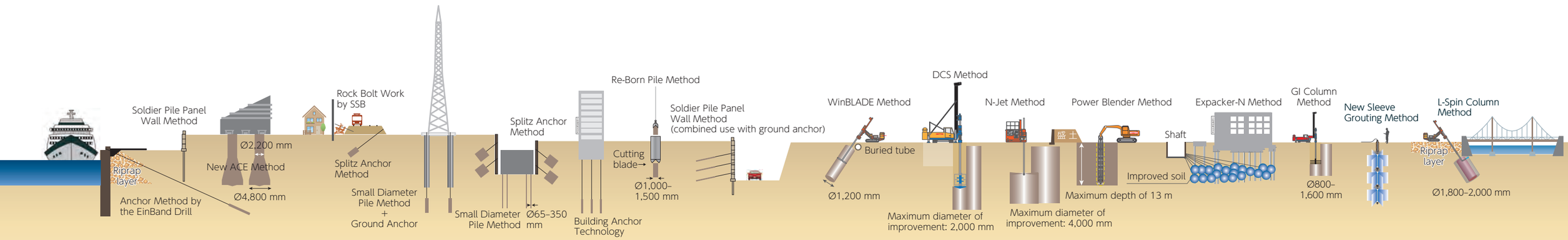
NETIS No. SK-100014-VE

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.





Urban Regeneration

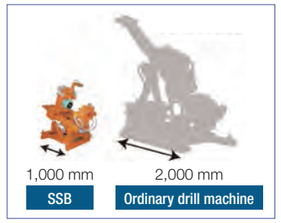
Construction Performance, Method, and Technology

We must promote restructuring in order to revive a city after a severe disaster. It is not an easy project in the city densely packed with buildings.
NITTOC has developed earthquake resistant, liquefaction prevention and existing pile removal method that can be worked on densely packed areas, and contributes to society.

Japan's Smallest-Class Double-Tube Drill Machine

SSB

- The ultra-compact double tube drill machine 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

Well Logging System Using a Drilling Bore

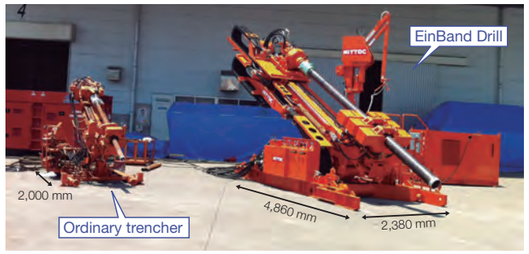
DSS Ground Survey Technology

- Collects and records various data while bores are drilled and sectionalizes the ground on a real-time basis.
- Compatible with Wassara AB's water-powered down-the-hole hammers.

Japan's Largest-Class Double-Tube Drill Machine

EinBand Drill

- Rotary percussion drill that enables drilling of a large diameter of Ø216 mm and a depth of 100 m.
- 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.



Building Anchor Technology

SHS Permanent Ground Anchor Method
STK Permanent Anchor Method
PTC Permanent Ground Anchor Method

- Prevents buildings lifting and/or falling of buildings

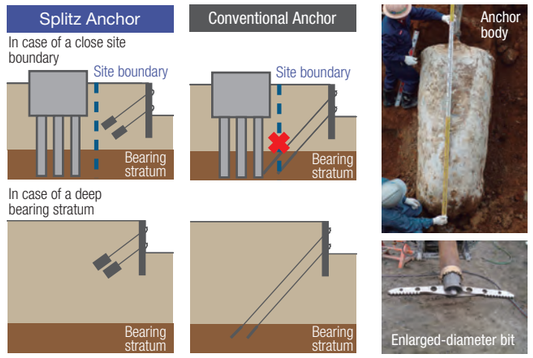
Received a Fiscal 2015 Confirmation Review and Evaluation as a Fishery & Public Related Private Technology

NNTD No. 0371

Enlarged-Diameter-Type Anchor Firmly Fixable on Soft Ground

Splitz 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.



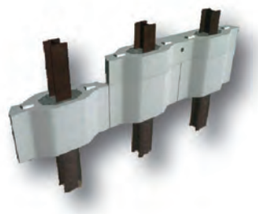
NNTD No. 0375 Construction Technology Review and Certification

Earth Retaining Wall Method that Combines Soldier Piles with Concrete Panels

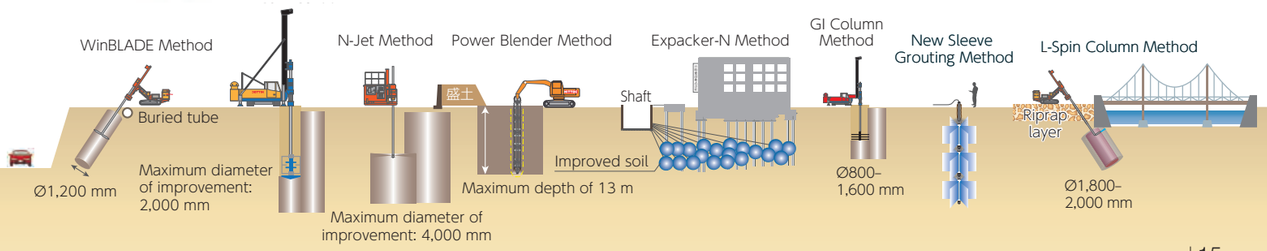
Soldier Pile Panel Wall Method

- Makes widening road width or recovery from a roadside collapse possible with small 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).

■ Conventional-type



■ Lightweight-type



Forming Piles with High Bearing Power at 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.

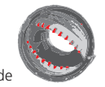
NNTD No. 0365

Removal of Existing Piles

Re-Born Pile Method

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

■ Cutting blade

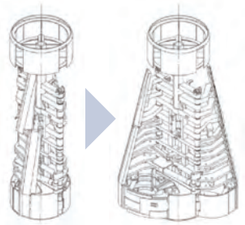


Architectural Evaluation

Earth Drill with Expanded Base Pile

New ACE Method

- Maximum design strength of concrete: 60 N/mm^2
- Maximum diameter of the expanded base portion: 4,800 mm (shank diameter of 2,200 mm)



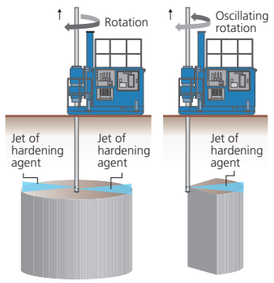
Expanded base bucket

Our Business field

High-Pressure Injection Mixing Method to Form Columnar or Fan-Like Improved Soil

N-Jet Method NEW

- Enables the formation of columnar soil of Ø2,000–4,000 mm (depending on the ground conditions)
- Forms fan-like improved soil through oscillation.
- Cutting width is increased by injecting jets from the 4-stepped nozzle (3-stepped for fan-like soil).

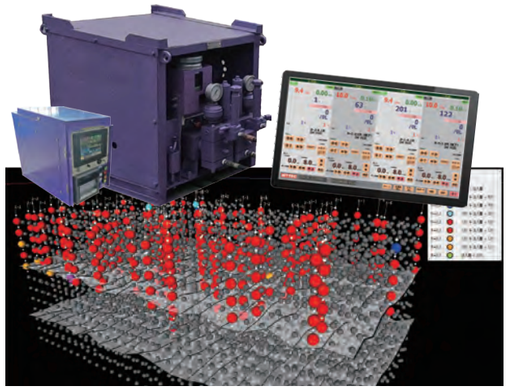


In case of columnar improved soil | In case of fan-like mproved soil

Grouting Control and Monitoring Device

Grout Conductor NEW

- Controls up to eight sets of flowmeters and grout pumps.
- 3D display of grouting results by color and size.
- Automatic control of grouting flow rate so as not to overrun designated pressure limit.



Ultrahigh Pressure Injection Mixing Method for Large-Diameter Foundation Improvement

SUPERJET Method

- Forms columnar, improved soil of a maximum diameter of Ø5,000 mm (depending on the ground conditions).
- Reduces the slime volume substantially (compared with previous methods).
- Achieves foundation improvement at high speed and high quality.

NETIS No. KT-170026-A

Mechanical Mixing Method Combined with High-Pressure Injection Using an Enlarged Mixing Blade

L-Spin Column Method

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

Operational 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.

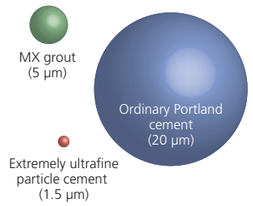
High-Permeation, High-Strength, Grouting Material

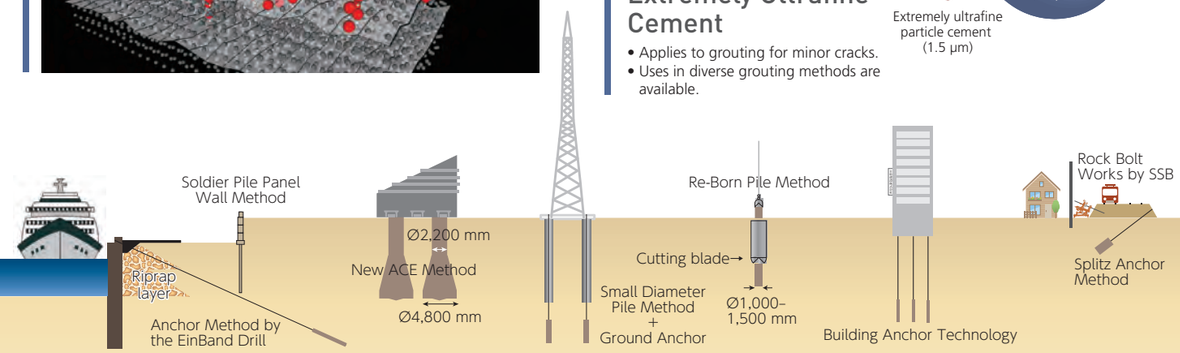
MX Grout

- Involves a turbid ground-grouting material of which a major ingredient is blast-furnace slag.
- Features excellent permeability and durability.

Extremely Ultrafine Cement

- Applies to grouting for minor cracks.
- Uses in diverse grouting methods are available.





Building Technology Certification

NETIS No. QS-100022-VE Technology Promoted for Utilization | NNTD No. 1275

Mechanical Mixing Method Suitable at Narrow Spaces

GI Column Method NEW

- Single-axis (max. 20 m) slurry mixing method with Ø800–1,600 mm is available.
- Compact machine size that excels in maneuverability enables mixing of slurry at narrow places. (The weight is approximately 30% compared to large machines for foundation improvement.)
- Control unit that enables a real-time display, ensuring high-quality slurry mixing.

Underground Diameter Expanding Type Soil-Mixing Improvement Method

WinBLADE Method

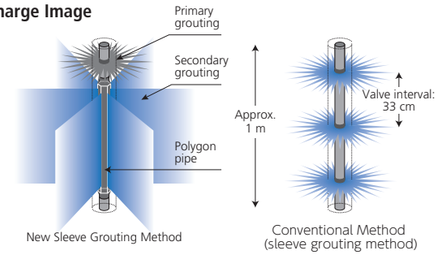
- Achieves homogeneous soil improvement using a monitoring control system
- Avoids underground objects.
- Enables vertical, horizontal and slanting operations.

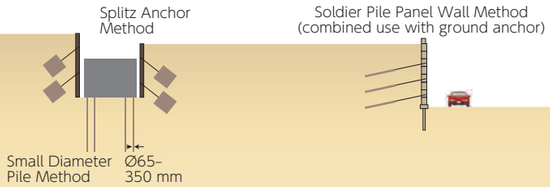
Foundation Improvement for Long Permeation/Grouting Intervals

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.

Discharge Image





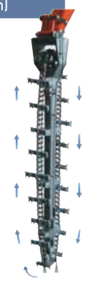
Construction Technology Review and Certification

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

Shallow- and Middle-Depth Layer Mixing Method

Power Blender Method (slurry shooting method)

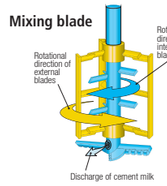
- Trencher-type mixing machine
- Makes improvement up to 13 m in depth available.
- Makes homogeneous, improved soil via vertical mixing.



Opposite Direction Mixing-Type Deep-Layer Mixing Method Compatible with Hard Ground

DCS Method

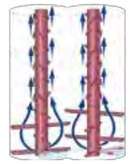
- Attains a large columnar diameter of 2,000 mm (the Company's track record).
- Achieves excellent mixing power.
- Offers applicability for hard ground.



Ø1,600 mm × 2 Axes Large-Diameter Deep-Layer Mixing Method

CDM-EXCEED Method NEW

- Large-diameter formation ensures considerable cost-cutting and a reduction in the construction period.
- Underground internal pressure from the discharge of slurry is smoothly discharged aboveground via the combined use of air and internal-pressure-relief blades.



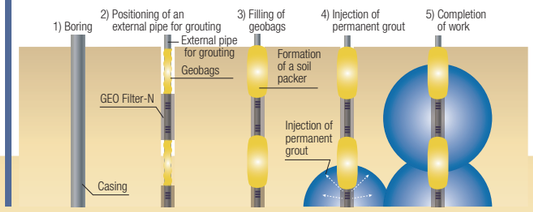
Internal-pressure-relief blades

NNTD No. 0368

High Capacity and Speedy Grouting Method as a Liquefaction Countermeasure

Expacker-N Method

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



Maintenance and Renovation

Method and Technology

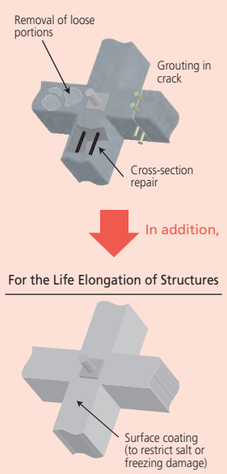
NITTOC specializes in slope related technique which accumulates a brilliant achievement.
Today, in this aging social infrastructure century,
we developed our own diagnostic techniques as well as repair method for the existing slopes.
We also established a control system that can be coordinates in maintenance 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.

Evaluation of Soundness and Countermeasures for Slope Structures

Faced by the aging of many slope structures constructed in the high economic growth era, the life elongation of such structures is called for.
We propose appropriate countermeasure works depending on the degree of deterioration of the respective slope structures.

Refer to the Draft of the Overall Inspection Manual [Part: Load slope work, earth work structures] (Reference Material) Issued in February 2013 by the Road Bureau, Ministry of Land, Infrastructure, Transport and Tourism.

Example of Countermeasure Work



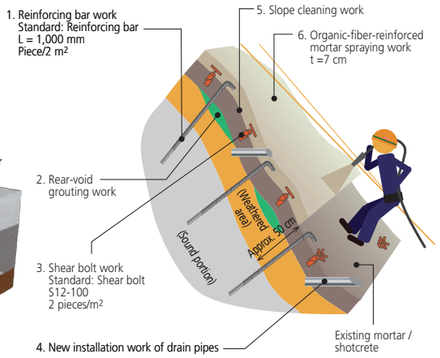
Received the Inventive Idea & Development Technology Award at the 18th National Land Technology Development Award

NETIS No. QS-110014-VE Technology Promoted for Utilization | NNTD No. 1084

Repair/Reinforcement of Aged Shotcrete Slopes

New ReSP Method

- Keeps existing mortar shotcrete without shaving off existing shotcrete, contributing to reducing the volume of industrial waste, the construction period and the size of the safety equipment.
- Sprays organic-fiber-reinforced mortar shotcrete that excels in tenacity.
- Adheres the former and new shotcrete surfaces with shear bolts.



Reinforcing Slopes with Shotcrete Pressure Receiving Plates and Rock Bolts

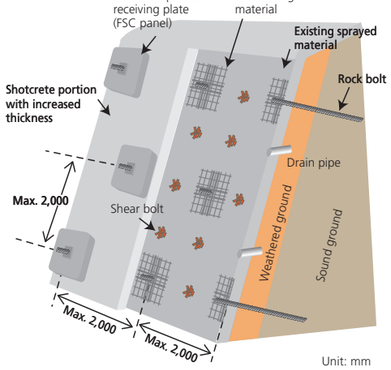
Shotcrete Pressure Receiving Plate Method (FSC Panel)

- Pressure receiving plates are formed by combining the fiber-reinforced mortar shotcrete and the reinforcing material.
- 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.

Installation of reinforcing material

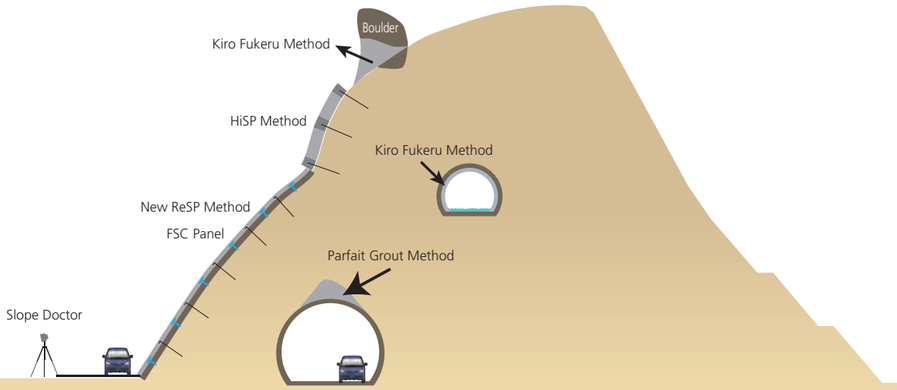
Spraying of fiber-reinforced mortar

Completion of work



Unit: mm

*The technology was jointly developed with the Railway Technical Research Institute.

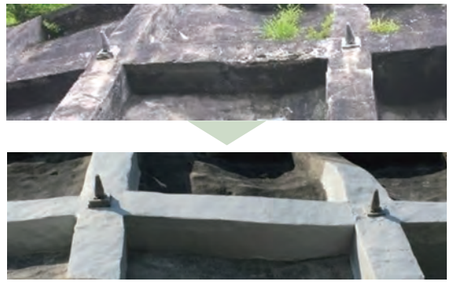


Our Business field

Preventive Maintenance of Concrete Structures

Frame Doctor Method NEW

- Takes countermeasures for concrete structures such as sprayed slope frames and pressure receiving plates depending on the degree of deterioration.
- Takes preventive maintenance countermeasures via surface coating to restrict salt or freezing damage.



Work Flow

Shaving off deteriorated portions

Washing

Grinding and rustproofing of reinforcing bars

Renovation of the cross-section

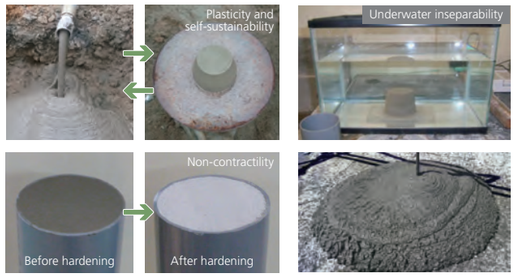
Surface coating

NNTD No. 0372

Filling Voids with High-Quality Plastic Grout

Parfait Grout Method

- Underwater-inseparable and plastic grout excels in pressure feeding.
- Features automatic control of the flow rate and pressure of the discharge volume of the base and plastic materials by the COGMA system.
- Offers four basic mixture variations and special mixtures depending on the pumping distance, desired strength and specific gravity.



COGMA System

NITTOC's original system to control the flow rate of mortar material and hardening accelerator based on the planned mixture.

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

NNTD No. 0366

Aged Shotcrete Slope Diagnosis System

Slope Doctor

- Precisely diagnoses the soundness of aged shotcrete slopes through the combination of several relevant surveys.
- Proposes optimum slope designs by reflecting social needs in the results of the diagnosis of aged shotcrete slopes.

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

NETIS No. HR-140019-A

Mortar Shotcrete Possible to 1 km Destination

Kiro Fukeru Method

- Mortar shotcrete is possible at a rate of 18 N/mm² or more to a destination 1 km distant, using special materials.
- Stabilizes mortar quality via the automatic control of the flow rate of mortar and hardening accelerator by the COGMA system.

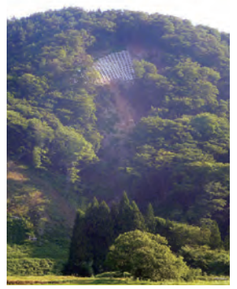
Pumping distance: 1,000 m (with a hose extension)
Design strength: 18 N/mm² or more

NNTD No. 0364

Mortar Shotcrete at Elevated Places

HiSP Method

- Makes shotcrete possible for a long distance and at elevated places using the pumping shotcrete system (combined with air pumping).
- Ensures stable quality and high strength due to a low level of separation of materials.

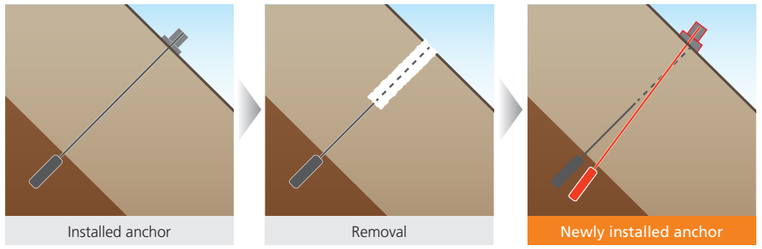


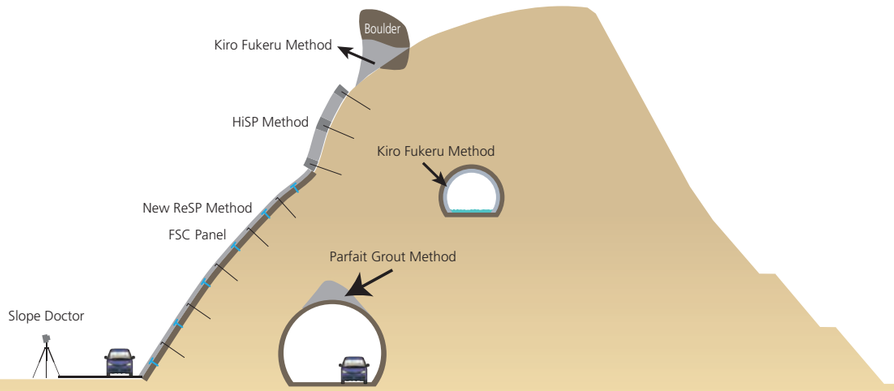
Pumping distance: 700 m in case of the horizontal feed only, and 300 m in case the difference in elevation between the hose and the pump is 160 m.
Design strength: 18 N/mm² or more

Japan's First Steel Wire Cutting & Removal Method for Installed Anchors

Bite Off Method NEW

- Japan's first dedicated system for cutting ground anchors
- Cuts off steel wires of anchors using exclusive cutting tools and a general-purpose drill machine.
- Enables removing installed anchors and installing new anchors (possible to use existing pressure receiving structures as well)





Special Features

Improvement of Business Efficiency by Utilizing ICT

CHALLENGE TO THE FUTURE NITTOC

Pickup of Futuristic New Technologies: Part 1 -Technology Leveraging 3D Slope Models-

3D slope data are acquired from among hundreds of photos taken by a drone. By creating models from the 3D data, we can confirm onsite conditions and finished shapes on a PC screen and prepare cross-sections and extended elevations without actually climbing the target slope.

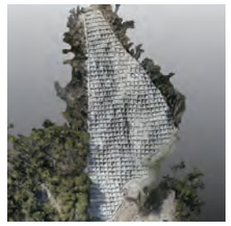
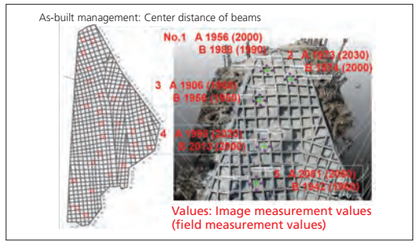
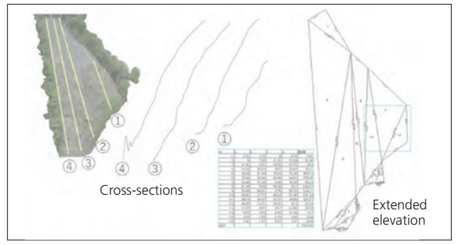


Photo on the left: Before the work
Can be used to confirm the safety of bedrock slopes and their construction planning

Photo on the right: After completion
Structures can be confirmed from various directions and in diverse scales

- **Confirming finished shapes:**
  The dimensions of structures can be measured on a PC screen.
- **Preparing drawings:**
  Cross-sections and extended elevations can be prepared from the 3D model.





Video

(10 MB)

To utilize this technology in slope works, onsite demos are currently underway at several locations including Kawamata Dam undertaken by Tokyo Branch.

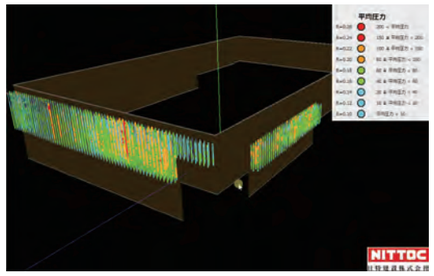
Visualization of Foundation Improvement via the Utilization of 3D Models

NITTOC utilizes construction history data for foundation improvement works to build a system for further efficiency improvement of construction, as-built management, etc., and applies the 3D-based system to field operations.
The Grout Conductor (see page 4), a grouting control and monitoring device, enables automatic control of up to eight sets of flowmeters and grout pumps. The 3D display of flow rates and pressures becomes available by scanning the flow rate and injection pressure data from the Grout Conductor using the Grouting Data Control System. In addition, daily reports and charts can be output, saving the labor of routine data control.

Automatic Control by the Grout Conductor

Flow rates and pressures can be checked on an office monitor.

3D Display Using the Grouting Data Control System



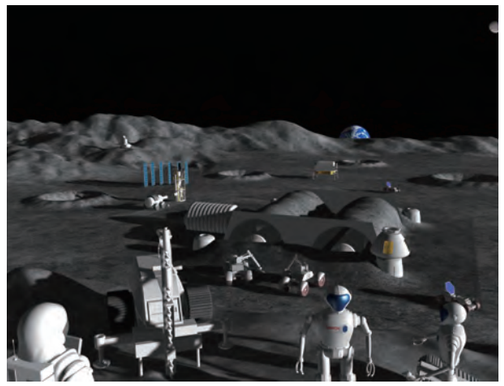
3D display of diverse information including topographic and geological data visualizes construction-related information.
You can view GIF videos by scanning the QR code.

Video

(6.9 MB)

Contribution to a Future Project

Utilization of Its Moon-Surface Exploration Technique for Ground Works



Courtesy of JAXA

Indoor model test

In-situ application test

NITTOC focuses its research on applying the technology to estimate ground strength using the digging resistance on screw augers not only for exploration on the moon but also for ground works. NITTOC conducts various tests to apply its proprietary technology for pile foundation work to ground works.

*A joint research between NITTOC CONSTRUCTION CO., LTD., Ritsumeikan University and the Japan Aerospace Exploration Agency (JAXA) under the JAXA Space Exploration Innovation Hub Center joint research "Investigation on Systematization of Estimation Method for Ground Properties Based on Mechanical Data During Earth-auger Drilling" based on the Support Program for Starting Up Innovation Hub sponsored by the Japan Science and Technology Agency (JST).

Opening of the NITTOC Hasuda Comprehensive Center

NITTOC Hasuda Comprehensive Center has been planned to commemorate the 70th anniversary since the Company's establishment, and it was completed in October 2019. The facility will be the new base for reinforcing human resource development and technological development. The center consists of R&D rooms for technological development, as well as training facilities for human resource development, accommodation facilities for trainees and an employee dormitory. The center also has backup office functions of the Headquarters to prepare for possible disasters and as a venue for exchange among employees.
Going forward, NITTOC will leverage the new facility to reinforce concentrated and efficient human resource development, as well as technological development.

Appearance of the NITTOC Hasuda Comprehensive Center

1F large conference room

1F large testing room

Outline of the Building:

Name	NITTOC CONSTRUCTION CO., LTD. Hasuda Comprehensive Center
Location	1772-1 Komasaki, Hasuda-shi, Saitama Prefecture 349-0134
Structure and Scale	RC-structure, three-story building above ground
Total floor area	2,999.35 m^2
Application	Training room, R&D room, accommodation rooms for trainees, employee dormitory

Fiscal 2019: 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 (MLIT), 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
In 2019				
1	Jun. 5 (Wed.) and Jun. 6 (Thurs.)	EE Tohoku '19	EE Tohoku Executive Committee	Yume Messe Miyagi Hall
2	Jul. 16 (Tue.) to Jul. 18 (Thurs.)	Geotechnical Engineering Research Presentation Meeting	Japanese Geotechnical Society	Omiya Sonic City
3	Sept. 11 (Wed.) to Sept. 13 (Fri.)	GEOTECHNICAL FORUM 2019	Fuji Sankei Group	Tokyo Big Sight
4	Oct. 2 (Wed.) and Oct. 3 (Thurs.)	Construction Fair Hokuriku 2019 in Toyama	Hokuriku Regional Development Bureau, MLIT	Toyama Industrial Exhibition Hall (Technohall)
5	Oct. 8 (Tue.) and Oct. 9 (Wed.)	Highway Techno Fair 2019	Express Highway Research Foundation of Japan	Aomi Exhibition Hall, Tokyo Big Sight
6	Oct. 16 (Wed.) and Oct. 17 (Thurs.)	Construction Technology Fair 2019 in Chubu	Chubu Regional Development Bureau, MLIT and Nagoya International Trade Fair Commission	Fukiage Hall
7	Oct. 23 (Wed.) and Oct. 24 (Thurs.)	Construction Technology Expo 2019 Kinki	The Nikkan Kensetsu Kogyo Shimbun and Kinki Construction Association	MyDome Osaka
8	Oct. 30 (Wed.) and Oct. 31 (Thurs.)	Nagasaki Construction Technology Fair	Nagasaki Civil Engineering Research Center	Main Arena, Nagasaki Prefectural General Gymnasium

Geofiber Method 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 CO2 emissions
Since cement is not used for continuous-fiber reinforced soil, CO2 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.

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

Forest Maintenance and Improvement for Restoration: Works No. 2702 and No. 2801; Yunokami Area (Futaba-gun, Fukushima Prefecture)

Before the work

After completion

Following the vehement tremors of the Great East Japan Earthquake, several large-scale slopes collapsed and NITTOC undertook restoration work. The Company employed the HiSP method, enabling high-quality and high-strength mortar shotcrete in a long distance and at elevated places, for this work site measuring as high as 150 m.
[Orderer: Fukushima Prefecture Soso District Agriculture and Forestry Office,
Project Overview: Sprayed slope frame work, rock bolt work, rockfall prevention network method]

Initiatives for Restoration and Reconstruction

JR Kure Line, Saizaki Area External Disaster Restoration Work (Mihara-shi–Higashihiroshima-shi, Hiroshima Prefecture)

Under construction

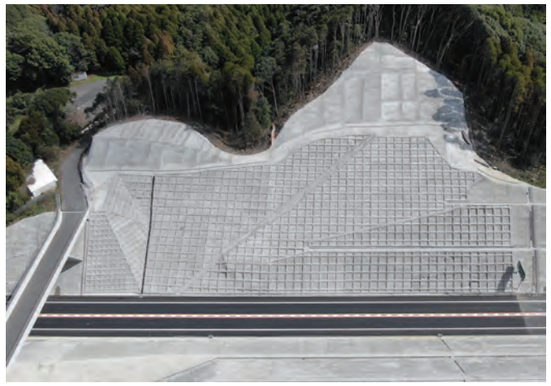
After completion

The Heavy Rain Event of July 2018 in West Japan caused many landslides. Many slopes collapsed along the JR Kure Line railway, blocking the means of transport for local residents. After the disaster, restoration work began to reopen rail services, and the Company participated. The JR Kure Line was fully restored in December 2018.
[Orderer: West Japan Railway Company,
Project Overview: Slope frame work, mortar shotcrete work, anchor work, bar insertion work]

Initiatives for Restoration and Reconstruction

No. 497 Fumaneki Area Emergency Restoration Work (Imari-shi, Saga Prefecture)

Before the work



After completion

In October 2018, the slopes along the Nishi-Kyushu Karatsu-Imari Expressway collapsed due to Typhoon Trami. Forest debris from a slope 80 m long and 20 m high covered the road along the outbound traffic lane. NITTOC undertook restoration and countermeasure works (mortar shotcrete, slope frame work and bar insertion work). As a result, the road reopened in March 2019.
[Orderer: Saga National Highway Office, Kyushu Regional Development Bureau, MLIT,
Project Overview: Mortar shotcrete work, slope frame work, bar insertion work]

Site Close-up

Hashima Coal Mine Remains No. 70 Building Backfill Work (Nagasaki-shi, Nagasaki Prefecture)

Under construction

After completion

NITTOC undertook the backfill work of the lower portion of the former Hashima elementary/junior high school on Hashima Island, known as Gunkanjima ("warship land"), which was registered as a World Heritage site in 2015. Constructed 60 years ago, the building had aged considerably, and being a World Heritage site, careful execution was required to maintain the status quo without damage. Attention was paid not only to the school building but to the entire premises including the former playground where work machinery such as cranes were parked and the revetment. In addition, as the ground was weak, we took care not to use heavy soil to backfill the underground void and prevent the building from collapsing as part of due safety management for the construction.
[Orderer: Nagasaki-shi,
Project Overview: Air mortar filling work, plastic air mortar filling work]

Overseas Deployment

Development of Overseas Business

The Republic of Indonesia has a population of approximately 250 million and continues to record high economic growth. However, the social infrastructure is not yet sufficiently maintained or improved as presented by the everyday traffic congestion.
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.

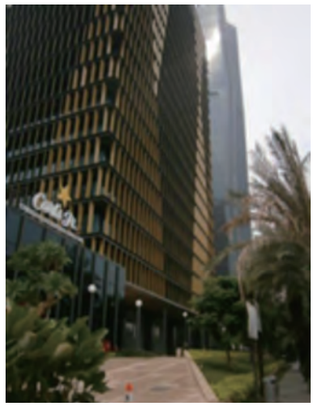
Established a Subsidiary in Indonesia

Since the Jakarta Representative Office was established in September 2012, we conducted surveys and made preparations to establish a locally incorporated company. Finally, 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. PT NITTOC CONSTRUCTION INDONESIA started operation in April 2016.
The Company will conduct order-receiving activity through PT NITTOC CONSTRUCTION INDONESIA, the 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	Nao Matsumoto
Location	Jakarta Selatan (South Jakarta), 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 398 million) Note: Calculated at an exchange rate of 1 rupiah = 0.0078 yen
Composition of shareholders	NITTOC CONSTRUCTION CO., LTD.: 65% PT PANCA DUTA PRAKARSA: 35%

PT NITTOC CONSTRUCTION INDONESIA's Web site
https://www.nittoc-id.co.id/



GENERALI TOWER:
Office is on the 16/F of the building

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

Once a year, the Company holds a safety conference by gathering all the employees and relevant workers to improve their safety awareness.
The photo shows a scene from the conference held on August 25, 2018, at a hotel conference hall in Jakarta.

Feedback from Local Employees

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.

Darpito Wibowo

Affiliation PT NITTOC CONSTRUCTION INDONESIA
Nationality Indonesia

I joined PT NITTOC CONSTRUCTION INDONESIA in November 2018 as an employee in charge of the tax practices of the Accounting Department. Before joining this company, I worked at a Japanese-affiliated general contractor focused on marine-related business. I am glad that I can now work at this company with its strength in ground and soil. I expect my knowledge and experience to further increase over time.
Shortly after I joined the company, PT NITTOC CONSTRUCTION INDONESIA celebrated the third anniversary of its founding in Ancol, Jakarta. I attended the celebration party with my family members.
On that occasion, I was delighted to enjoy conversation with fellow staff including the President and supervisors everybody was so friendly. I felt truly glad to have joined the company.
In the future, I'd like to contribute to the further development of the company by taking advantage of my knowledge and experience.

Nanang Pujianto

Affiliation Jakarta Representative Office
Nationality Indonesia

I graduated from university in 2004 and engaged in the construction industry for about 12 years. I joined NITTOC CONSTRUCTION in June 2015. After joining the company, my first field experience was the construction of ground anchors at Cilegon.
My present work involves site budgeting, the arrangement of necessary materials and equipment, the recruitment of workers and the monthly reporting of value of work done. Although these duties are difficult, I am enjoying my job because I can try out new challenges and it leads to upgrading my skill set. No other company in Indonesia possesses the technology that NITTOC has. It is so interesting to learn new technologies with the support of the company.
NITTOC's technologies are ahead of the peers in Indonesia. I therefore believe that my mission is to contribute to the development of Indonesia by applying the company's technologies. To this end, I would like to be a specialist in construction management by learning a lot at the company.

Angga Daya Satriyo

Affiliation Jakarta Representative Office
Nationality Indonesia

I learned of NITTOC CONSTRUCTION when I encountered a Japanese employee loaned from this company at the construction site of a Japanese-affiliated general contractor in Bali, where I was working at that time. Learning about NITTOC's technologies and business from him, gradually, I got interested in NITTOC and joined the company in May 2014. My first field experience upon joining was Mass Rapid Transit (MRT)-related works, and since then I have mainly been engaged in construction management work.
My dream after joining the company has been to make this company more successful and bigger with the all-out efforts of all NITTOC employees including myself. To achieve this, I would like to aggressively contribute to restoration from the frequent natural disasters in Indonesia.
I hereby send a wholehearted message to all NITTOC employees, who may be called my family members, to contribute to the development of the company. "Let our thoughts and actions be wholehearted. Then, we can overcome any difficulties."
Let's work together and achieve success.

Public Relations Activity

In Indonesia, as NITTOC's presence is still relatively new after having established a representative office, we need to make the Company well-known locally through various activities. We are therefore committed to active PR activities including presentations at academic societies, technology presentation meetings targeting domestic general contractors in Indonesia and so on.

NITTOC's booth at the ISGE

Presentation of exhibits at the Indonesian Society for Geotechnical Engineering

NITTOC presented at the technical exhibition booth of the Indonesian Society for Geotechnical Engineering (ISGE) in November 2018. As NITTOC's construction methods are still uncommon in Indonesia, many guests visited our booth.
Several staff from the Technology Division of the Headquarters in Japan attended to explain the details of NITTOC's technologies.

Employee Training

An employee training was carried out by dispatching Indonesian staff to the Headquarters in Japan. The staff in charge of safety attended the health and safety patrol activity onsite to learn how to conduct patrol activities. Engineering staff were trained in the basics of sales (estimation) through the preparation of initial design stage estimates for order receiving and site visits. The employees for administrative divisions learned the history of NITTOC and the business flow of the Headquarters.


Attending the health and safety patrol


Visiting a materials and equipment center (for the employees of administrative divisions)

Communication Activities

We at NITTOC are active in holding recreational activities to foster a sense of unity among employees.


Recreation event for employee family members (November 17, 2018)


Jakarta Kizuna (bonding) Ekiden (relay road race) (September 23, 2018)

Introduction of Overseas Construction Projects

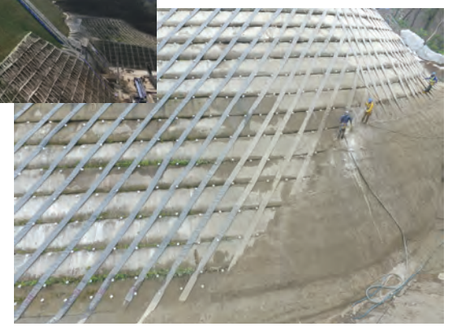
Since the Jakarta Representative Office was established in Indonesia, we have accumulated a steady record of undertaking construction projects through the establishment of a subsidiary. We would like to introduce some of the projects we have undertaken in Indonesia.

Countermeasure Sediment in Wonogiri Multipurpose DAM Reservoir (II)

The Cement Deep Mixing Method (CDM) was applied for the first time in Indonesia.
The work site of this project is Wonogiri in Central Java.
This project targeted foundation improvement of the embankment, which was newly constructed to counter sand accumulation at the existing dam reservoir.

Orderer	Ministry of Public Works
Owner party	HAZAMA ANDO CORPORATION-WIKA JO
Description of the work	CDM
Construction period	November 2017–November 2018

Lumut Balai Geothermal FCRS and Power Plant



Geofiber was applied for the first time in Indonesia.
The work site of this project is eight hours by car from Palembang on Sumatra Island.
Geofiber was adopted for surface protection of the reinforced soil wall of the power plant compartment.

Orderer	PT Pertamina Geothermal Energy
Owner party	Marubeni Corporation
Description of the work	Geofiber
Construction period	June 2018-August 2018

Hasang Hydroelectric Power Plant

Labiles Wasserglas (LW) was grouted with the aim of solidifying ground to facilitate the drilling of a tunnel for a water channel.
The work site of this project is in the suburbs of Lake Toba in North Sumatra.

Orderer	Posco Engineering
Owner party	Hae Chang Development Co., Ltd.
Description of the work	LW grouting
Construction period	May 2018-October 2018

Peusangan Hydroelectric Power Plant

It is a recovery work for a landslide that occurred beside a hydraulic iron pipe conduit.
The work site of this project is in the Aceh province located at the northern end of Indonesia.

Orderer	PT PLN (Persero)
Owner party	Hyundai–PP JO
Description of the work	Mortar shotcrete, sprayed slope frames, rock bolts, anchors, drainage boring
Construction period	July 2018-Under construction

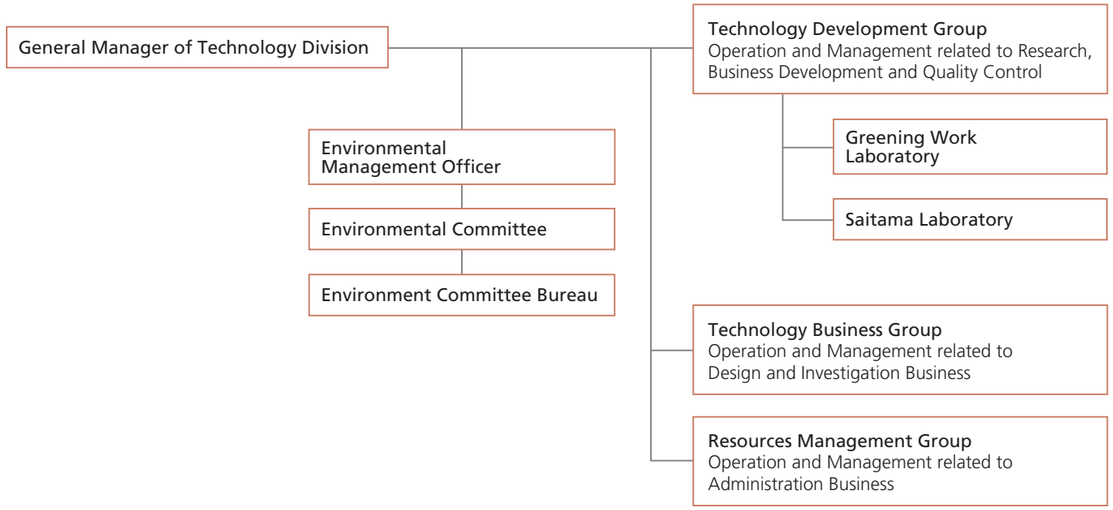
Environmental Responsibility

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

Aiming to be a company trusted by society, NITTOC is promoting various social contribution activities, of which the major activities are outlined below.

Tohoku Branch: Guided Tour of the Tohoku Expressway Bridge Beam Repair Work (Akita, July 2018)

The Tohoku Branch of NITTOC held a guided tour of the location of bridge beam repair work for the Tohoku Expressway by inviting 30 students from local elementary schools.
The students got on a high elevation work vehicle to directly touch the bridge beam. Initially, they were nervous and didn't talk a lot as they were taken upward to such a high place. However, they were happy after touching the bridge beams and returning to the ground. We hope they had a meaningful extracurricular lesson on that occasion.

Tohoku Branch: Regeneration and Maintenance Activities for a Seaside Forest Reserve to Prevent Disasters (Miyagi, April 2018)

We participate in a reforestation activity for seaside disaster-prevention forests, which were washed away by a tsunami caused by the Great East Japan Earthquake. Four years have passed since the planting program started. The trees have grown to a height ranging from 1.5 m to 2 m, depending on the location. Ten employees of the Tohoku Branch worked on maintenance activities such as spreading fertilizer and cutting bottom weeds. Branch members will continue the activity so that the forest will grow to function as a disaster-prevention forest.

Tokyo Branch: Assistance to a Local Festival (Yoshino Shrine Festival) (Kanagawa, August 2018)

In August 2018, NITTOC's Tokyo Branch helped out at a festival organized by the Yoshino Shrine located near a work site. We served some beverages including omiki (sake offered to the gods) and provided the premises of the site office for the assembly of the parade floats.
The festival was a success, with many participants gathered around the sanctuary amid the festivities. We hope that our activities were of any help to local residents whom we may have inconvenienced at times.

Kyushu Branch: Wajiro Tidal Flat Cleanup Activities (Fukuoka, October 2018)

In Fukuoka-shi, the Kyushu Branch of NITTOC is engaged in activities to clean up ulva seaweed deposits to help conserve the affluent natural environment of the Wajiro Tidal Flat. Four employees of the branch including the General Manager participated in the cleanup activity together with members of the Civil Engineering & Building Work and Cement sections of the Kyushu Electric Partners' Association, totaling 343 participants. As it was sunny and hot although in October, everybody worked hard by carrying the heavy ulva while sweating as if doing physical exercise. We have participated in the cleanup activities for three years in a row.

Head Office, Tokyo Branch and Others: Cooperated with a Blood Donation Drive (Tokyo, July 2018)

Upon request by the Japanese Red Cross Tokyo Metropolitan Blood Center, NITTOC held a blood donation drive on July 2, 2018 at the conference room of its Head Office, participated not only by Head Office employees, but also those of the Directly-Controlled Grout Division, Overseas Business Division and Midori Industry Co., Ltd. who are located in the same building. From 10:00 in the morning, many volunteers came to measure their blood pressure and those who passed the checkup with a doctor donated blood. A total of 43 persons participated in the activity. We will continue to hold this blood donation drive in the future.

Hiroshima Branch: Cleanup Activities at Roadside Station Akagi Kogen for the Second Yamanami Kaido Cycling Route Climb Ride (Shimane, August 2018)

The Second Yamanami Kaido Cycling Route Climb Ride, a cycling convention, was held in August at Akagi Kogen, Iinan-cho in Shimane Prefecture, a plateau located along the Yamanami Kaido Cycling Route. Before the event, together with 13 other participants from member companies of the Tonbara Maintenance Council, including NITTOC, we engaged in cleanup activities at the Roadside Station Akagi Kogen, which was the start/finish line for the cycling event. We gathered around midday to do some mowing and collect plastic bottles scattered near the road station.

Corporate Governance

I. Basic Policy on Corporate Governance

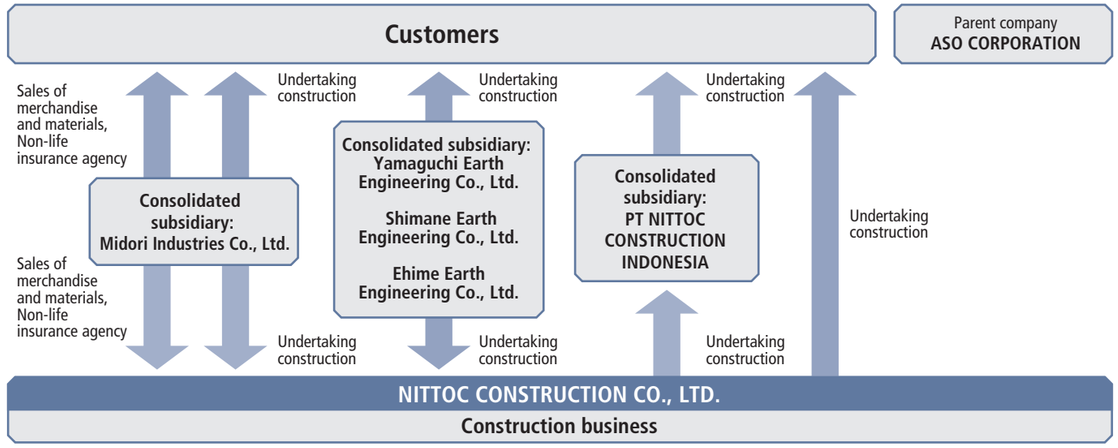
The Company attaches great importance to the interests of all stakeholders supporting its corporate activities and recognizes the importance of corporate ethics that comply not only with various legal norms but also with decency and common sense. At the same time, the Company's basic policy on corporate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

Corporate Governance

MANAGEMENT MEMBERS

1 Directors and Vice President
Yasunobu Okumiya

2 President and Representative Director
Norihisa Nagai

3 Directors and Vice President
Akira Sakoda

4 Directors
Hiroshi Yamada

5 Directors
Toshikazu Kawaguchi

6 Directors
Masashi Ootsuka

7 Directors
Yasuo Wada

8 Directors
Iwao Aso

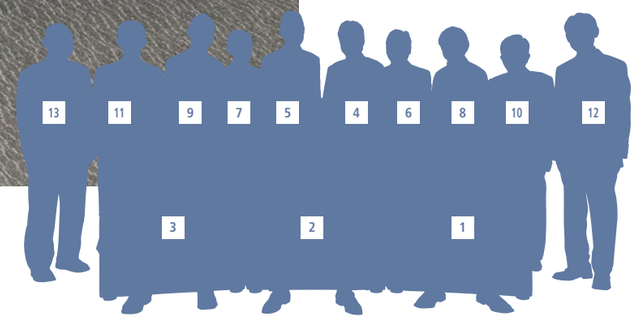
9 Directors
Masayuki Watanabe

10 Directors
Katsuo Nakamura

11 Standing Corporate Auditors
Nobuo Matsumoto

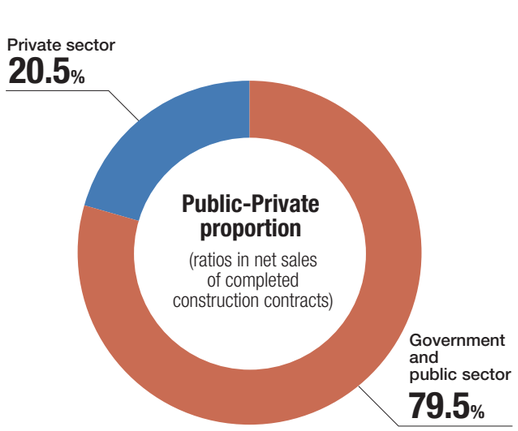
12 Standing Corporate Auditors
Masayuki Isono

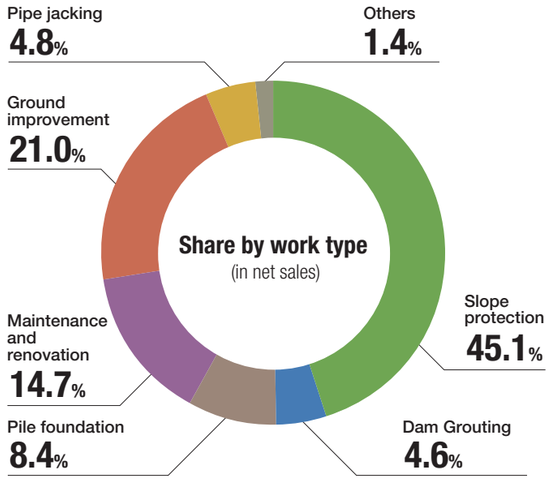
13 Corporate Auditors
Atsushi Ono



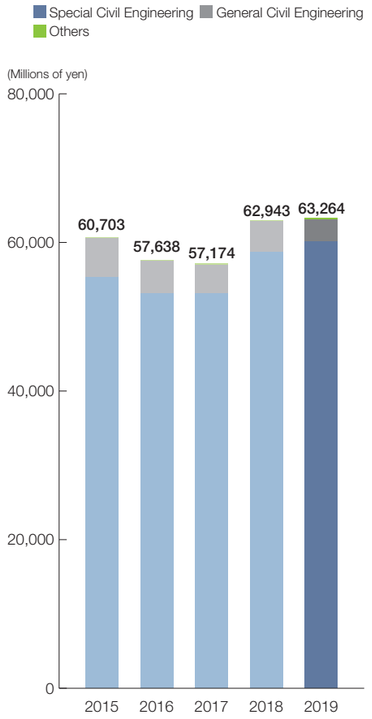
Financial Highlights

	Millions of yen					Thousands of U.S. dollars
	2015	2016	2017	2018	2019	2019
Net sales	¥60,703	¥57,638	¥57,174	¥62,943	¥63,264	$570,001
Ordinary income	3,905	3,431	3,555	4,119	4,004	36,075
Profit attributable to owners of parent	1,664	2,110	2,342	2,688	2,721	24,518
Comprehensive income	1,694	1,894	2,458	2,668	2,755	24,828
Net assets	18,116	19,781	21,813	23,256	24,676	222,333
Total assets	42,306	40,385	44,225	48,142	49,048	441,919
Net cash provided by (used in) operating activities	2,435	(630)	2,501	(301)	3,108	28,004
Net cash provided by (used in) investing activities	(277)	(1,209)	(393)	(867)	(1,252)	(11,280)
Net cash provided by (used in) financing activities	(775)	(1,592)	(321)	(144)	(1,624)	(14,636)
Cash and cash equivalents at end of period	13,698	12,681	14,462	13,114	13,346	120,250

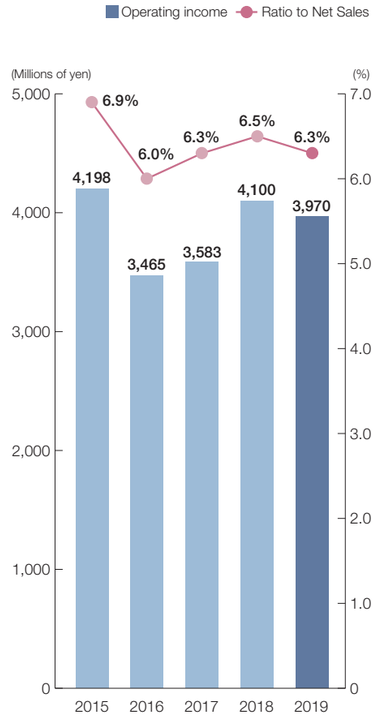




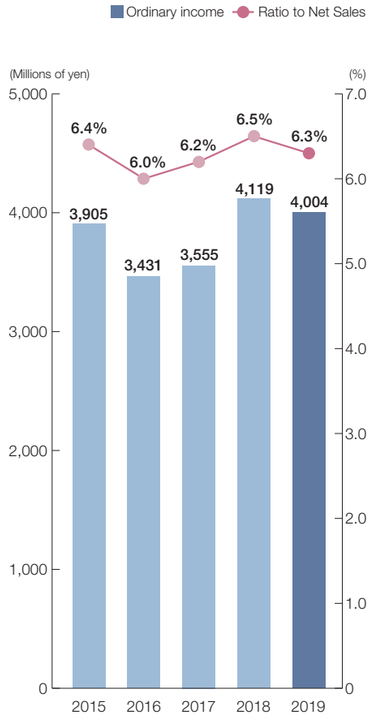
Net sales



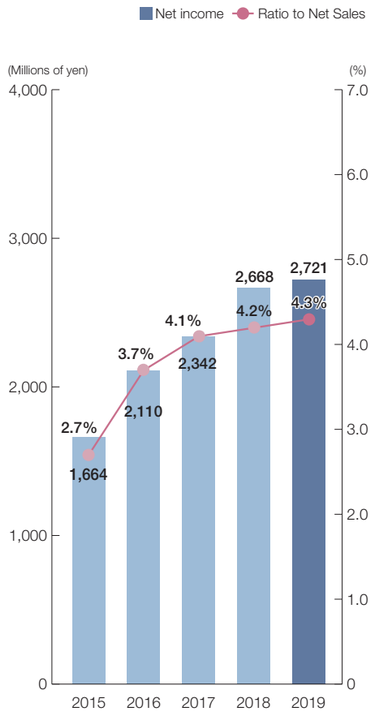
Operating income·Ratio to Net Sales



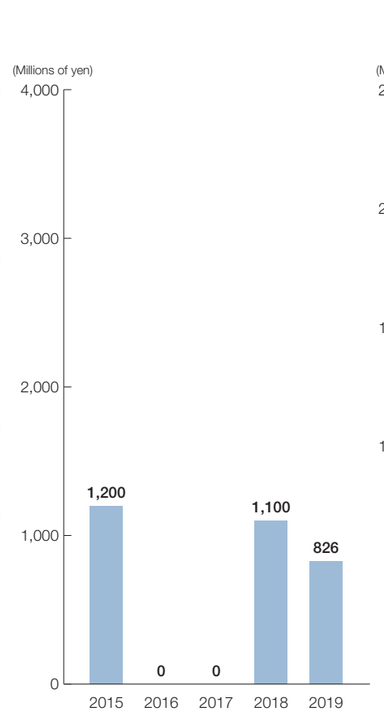
Ordinary income·Ratio to Net Sales



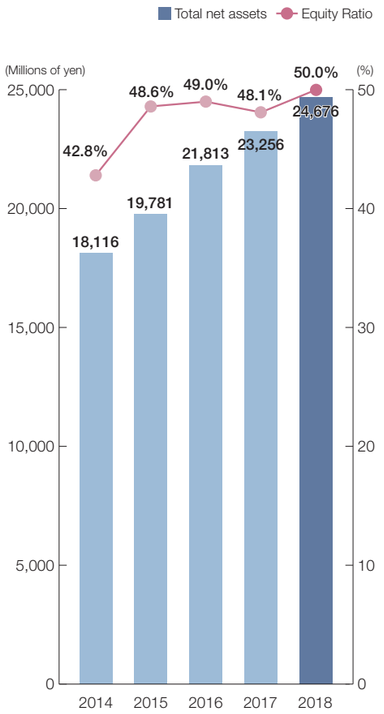
Net income·Ratio to Net Sales



Interest-bearing debt



Total net assets·Equity Ratio



Consolidated Financial Statements, etc.

1. Consolidated Financial Statements

1) Consolidated Balance Sheets
March 31, 2018 and 2019

	Millions of yen		Thousands of U.S.Dollars(*)
	2018	2019	2019
Assets			
Current assets			
Cash and deposits	13,114	13,346	120,250
Notes receivable, accounts receivable from completed construction contracts and other	*6 21,220	*6 20,218	182,163
Electronically recorded monetary claims — operating	*6 3,462	*6 3,688	33,232
Merchandise and finished goods	26	13	124
Real estate for sale	0	0	0
Costs on uncompleted construction contracts	1,473	2,002	18,041
Raw materials and supplies	129	151	1,366
Other	513	516	4,649
Allowance for doubtful accounts	(7)	–	–
Total current assets	39,933	39,937	359,830
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	*1 820	*1 1,837	16,559
Machinery, vehicles, tools, furniture and fixtures, net	*1 640	*1 795	7,164
Land	2,663	2,651	23,886
Leased assets, net	*1 58	*1 38	349
Construction in progress	386	60	541
Other, net	*3 2	*3 2	18
Total property, plant and equipment	4,570	5,385	48,520
Intangible assets	438	446	4,020
Investments and other assets			
Investment securities	950	914	8,241
Deferred tax assets	1,655	1,772	15,968
Other	674	666	6,001
Allowance for doubtful accounts	(81)	(73)	(663)
Total investments and other assets	3,199	3,279	29,547
Total non-current assets	8,208	9,111	82,089
Total assets	48,142	49,048	441,919

*Refer to the note "Significant Items on Basis for Preparation of Consolidated Financial Statements."

	Millions of yen		Thousands of U.S.Dollars(*)
	2018	2019	2019
Liabilities			
Current liabilities			
Notes payable, accounts payable for construction contracts and other	*6 12,691	*6 12,810	115,417
Short-term loans payable	274	274	2,468
Advances received on uncompleted construction contracts	1,169	1,672	15,064
Lease obligations	20	15	141
Income taxes payable	788	884	7,964
Provision for warranties for completed construction	8	37	336
Provision for loss on construction contracts	*4 32	*4 112	1,009
Provision for bonuses	870	974	8,779
Provision for bonuses for directors (and other officers)	26	23	213
Other	4,079	2,829	25,495
Total current liabilities	19,962	19,633	176,892
Non-current liabilities			
Long-term loans payable	826	552	4,973
Lease obligations	37	21	194
Retirement benefit liability	4,017	4,125	37,171
Other	42	39	352
Total non-current liabilities	4,923	4,738	42,692
Net assets	24,885	24,371	219,585
Shareholders' equity			
Capital stock	6,052	6,052	54,531
Capital surplus	2,022	2,022	18,220
Retained earnings	16,109	17,496	157,637
Treasury shares	(1,054)	(1,055)	(9,507)
Total shareholders' equity	23,130	24,515	220,882
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	305	277	2,498
Foreign currency translation adjustment	(29)	(26)	(237)
Remeasurements of defined benefit plans	(265)	(226)	(2,043)
Total accumulated other comprehensive income	10	24	216
Non-controlling interests	116	137	1,235
Total net assets	23,256	24,676	222,333
Total liabilities and net assets	48,142	49,048	441,919

*Refer to the note "Significant Items on Basis for Preparation of Consolidated Financial Statements."

Consolidated Financial Statements

2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income
Fiscal Years Ended March 31, 2018 and 2019

	Millions of yen		Thousands of U.S.Dollars(*)
	2018	2019	2019
Net sales			
Net sales of completed construction contracts	62,845	63,119	568,697
Sales on other business	97	144	1,303
Total net sales	62,943	63,264	570,001
Cost of sales			
Cost of sales of completed construction contracts	*1 52,321	*1 52,382	471,959
Cost of sales on other business	29	62	563
Total cost of sales	52,351	52,445	472,522
Gross profit			
Gross profit on completed construction contracts	10,523	10,736	96,738
Gross profit - other business	68	82	740
Total gross profit	10,591	10,819	97,478
Selling, general and administrative expenses	*2,3 6,491	*2,3 6,848	61,704
Operating profit	4,100	3,970	35,773
Non-operating income			
Interest income	7	9	88
Dividend income	25	31	282
Patent income	33	32	295
Other	12	13	121
Total non-operating income	79	87	787
Non-operating expenses			
Interest expenses	16	12	110
Guarantee commission	18	30	276
Foreign exchange losses	20	5	46
Commission for syndicate loan	5	5	48
Other	0	0	3
Total non-operating expenses	60	53	486
Ordinary profit	4,119	4,004	36,075
Extraordinary income			
Gain on sales of non-current assets	*4 1	*4 5	51
Total extraordinary income	1	5	51
Extraordinary losses			
Loss on retirement of non-current assets	*5 89	*5 1	16
Impairment loss	*6 131	*6 7	66
Total extraordinary losses	221	9	83
Profit before income taxes	3,899	4,000	36,042
Income taxes - current	1,259	1,388	12,505
Income taxes - deferred	(29)	(127)	(1,150)
Total income taxes	1,230	1,260	11,355
Profit	2,669	2,740	24,687
Profit (loss) attributable to non-controlling interests	(18)	18	168
Profit attributable to owners of parent	2,688	2,721	24,518

*Refer to the note "Significant Items on Basis for Preparation of Consolidated Financial Statements."

Consolidated Statements of Comprehensive Income
Fiscal Years Ended March 31, 2018 and 2019

	Millions of yen		Thousands of U.S.Dollars(*)
	2018	2019	2019
Profit	2,669	2,740	24,687
Other comprehensive income			
Valuation difference on available-for-sale securities	40	(27)	(251)
Foreign currency translation adjustment	(30)	5	47
Remeasurements of defined benefit plans, net of tax	(10)	38	345
Total other comprehensive income	*1 (1)	*1 15	140
Comprehensive income	2,668	2,755	24,828
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	2,698	2,735	24,642
Comprehensive income attributable to non-controlling interests	(29)	20	185

*Refer to the note "Significant Items on Basis for Preparation of Consolidated Financial Statements."

Consolidated Financial Statements

3. Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(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	14,144	(552)	21,666
Changes of items during period					
Dividends of surplus			(723)		(723)
Profit attributable to owners of parent			2,688		2,688
Purchase of treasury shares				(501)	(501)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	–	0	1,964	(501)	1,463
Balance at end of current period	6,052	2,022	16,109	(1,054)	23,130

(Millions of yen)

	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	264	(9)	(254)	0	146	21,813
Changes of items during period						
Dividends of surplus						(723)
Profit attributable to owners of parent						2,688
Purchase of treasury shares						(501)
Disposal of treasury shares						0
Net changes of items other than shareholders' equity	40	(20)	(10)	9	(29)	(19)
Total changes of items during period	40	(20)	(10)	9	(29)	1,443
Balance at end of current period	305	(29)	(265)	10	116	23,256

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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	16,109	(1,054)	23,130
Changes of items during period					
Dividends of surplus			(1,334)		(1,334)
Profit attributable to owners of parent			2,721		2,721
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	1,386	(0)	1,385
Balance at end of current period	6,052	2,022	17,496	(1,055)	24,515

(Millions of yen)

	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	305	(29)	(265)	10	116	23,256
Changes of items during period						
Dividends of surplus						(1,334)
Profit attributable to owners of parent						2,721
Purchase of treasury shares						(0)
Disposal of treasury shares						0
Net changes of items other than shareholders' equity	(27)	3	38	13	20	34
Total changes of items during period	(27)	3	38	13	20	1,420
Balance at end of current period	277	(26)	(226)	24	137	24,676

Consolidated Financial Statements

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

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

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	54,531	18,220	145,145	(9,499)	208,397
Changes of items during period					
Dividends of surplus			(12,026)		(12,026)
Profit attributable to owners of parent			24,518		24,518
Purchase of treasury shares				(8)	(8)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	–	0	12,492	(8)	12,484
Balance at end of current period	54,531	18,220	157,637	(9,507)	220,882

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

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,749	(268)	(2,388)	92	1,049	209,539
Changes of items during period						
Dividends of surplus						(12,026)
Profit attributable to owners of parent						24,518
Purchase of treasury shares						(8)
Disposal of treasury shares						0
Net changes of items other than shareholders' equity	(251)	30	344	123	185	309
Total changes of items during period	(251)	30	344	123	185	12,794
Balance at end of current period	2,498	(237)	(2,043)	216	1,235	222,333

4. Consolidated Statements of Cash Flows

Fiscal Years Ended March 31, 2018 and 2019

	Millions of yen		Thousands of U.S.Dollars(*)
	2018	2019	2019
Cash flows from operating activities			
Profit before income taxes	3,899	4,000	36,042
Depreciation	269	324	2,924
Increase (decrease) in allowance for doubtful accounts	55	(15)	(140)
Increase (decrease) in provision for warranties for completed construction	(16)	29	263
Increase (decrease) in provision for loss on construction contracts	(7)	79	715
Increase (decrease) in provision for bonuses	155	77	700
Increase (decrease) in provision for bonuses for directors (and other officers)	26	23	213
Increase (decrease) in retirement benefit liability	(19)	169	1,528
Loss (gain) on sales of property, plant and equipment	(1)	(5)	(51)
Loss on retirement of non-current assets	89	1	16
Interest and dividend income	(32)	(41)	(370)
Interest expenses	16	12	110
Foreign exchange losses (gains)	16	2	23
Impairment loss	131	7	66
Decrease (increase) in notes and accounts receivable - trade	(5,550)	772	6,955
Decrease (increase) in costs on uncompleted construction contracts	750	(529)	(4,768)
Decrease (increase) in other assets	34	(9)	(85)
Increase (decrease) in notes and accounts payable - trade	1,532	30	277
Increase (decrease) in advances received on uncompleted construction contracts	(2,107)	502	4,523
Increase (decrease) in accrued consumption taxes	1,862	(1,626)	(14,656)
Increase (decrease) in other liabilities	1	741	6,687
Subtotal	1,105	4,548	40,979
Interest and dividend income received	32	41	370
Interest expenses paid	(16)	(12)	(112)
Income taxes paid	(1,423)	(1,468)	(13,233)
Net cash provided by (used in) operating activities	(301)	3,108	28,004
Cash flows from investing activities			
Purchase of investment securities	(54)	(4)	(38)
Purchase of property, plant and equipment	(542)	(1,260)	(11,359)
Proceeds from sales of property, plant and equipment	1	59	533
Payments for retirement of property, plant and equipment	(52)	–	–
Purchase of intangible assets	(231)	(53)	(482)
Collection of loans receivable	13	8	77
Payments for guarantee deposits	(13)	(14)	(133)
Proceeds from collection of guarantee deposits	9	5	47
Other, net	1	8	74
Net cash provided by (used in) investing activities	(867)	(1,252)	(11,280)

Consolidated Financial Statements

	Millions of yen		Thousands of U.S.Dollars(*)
	2018	2019	2019
Cash flows from financing activities			
Proceeds from long-term loans payable	1,100	–	–
Repayments of long-term loans payable	–	(274)	(2,468)
Repayments of lease obligations	(21)	(20)	(184)
Proceeds from disposal of treasury shares	0	0	0
Purchase of treasury shares	(501)	(0)	(8)
Cash dividends paid	(722)	(1,329)	(11,974)
Net cash provided by (used in) financing activities	(144)	(1,624)	(14,636)
Effect of exchange rate change on cash and cash equivalents	(33)	0	1
Net increase (decrease) in cash and cash equivalents	(1,347)	231	2,088
Cash and cash equivalents at beginning of period	14,462	13,114	118,161
Cash and cash equivalents at end of period	*1 13,114	*1 13,346	120,250

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 ¥110.99 to US$1.00, the approximate rate of exchange on March 31, 2019. 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: 5
Midori Industries Co., Ltd.
Yamaguchi Earth Engineering Co., Ltd.
Shimane Earth Engineering Co., Ltd.
Ehime Earth Engineering Co., Ltd.
PT NITTOC CONSTRUCTION INDONESIA

(Change in the scope of consolidation)
The Company established Ehime Earth Engineering Co., Ltd. in January 2019, and included this company in the scope of consolidation.

2. Application of the Equity Method

Not applicable

3. Fiscal Years, etc. of Consolidated Subsidiaries

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

4. 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.)

Consolidated Financial Statements

(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) Provision for bonuses for directors (and other officers)
The provision for bonuses for directors (and other officers) 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 eligible directors (and other officers).

(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 retirement 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 ¥44,269 million ($398,860 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.

(Unapplied Accounting Standards, etc.)

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 issued on March 30, 2018)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30 issued on March 30, 2018)

(1) Overview
The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) jointly developed comprehensive accounting standards for revenue recognition and publicly released "Revenue from Contracts with Customers" (IFRS No. 15 for IASB; Topic 606 for FASB) in May 2014. Taking into account the circumstances in which IFRS No. 15 became applicable from the fiscal year beginning on January 1, 2018, or later, and Topic 606 became applicable from the fiscal year beginning after December 15, 2017, the Accounting Standards Board of Japan (ASBJ) has developed comprehensive accounting standards for revenue recognition and announced them together with the implementation guidance.
As a basic guideline for developing accounting standards for revenue recognition, the ASBJ's starting point in prescribing accounting standards was to adopt the basic principles under IFRS No. 15, from the perspective of comparability among financial statements, which is one of the benefits in ensuring consistency with IFRS No. 15. In addition, it was determined that an alternative treatment shall be added within the scope of not impairing such comparability in case there are any items to which attention should be paid to practices, etc., previously implemented in Japan.

(2) Scheduled date of application
To be applied from the beginning of the consolidated fiscal year ending March 31, 2022.

(3) Impact of applying the said accounting standards, etc.
The impact of applying the "Accounting Standard for Revenue Recognition," etc., on the consolidated financial statements is currently being evaluated.

(Change in Presentation Method)
(Change due to the application of the Partial Amendments to Accounting Standard for Tax Effect Accounting)
The "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 issued on February 16, 2018) have been applied since the beginning of the fiscal year ended March 31, 2019. Consequently, the presentation method was changed to present deferred tax assets under the category of "Investments and other assets."
As a result, in the consolidated balance sheet for the fiscal year ended March 31, 2018, ¥523 million in deferred tax assets under current assets is included in ¥1,655 million in deferred tax assets under Investments and other assets.
Meanwhile, as regards the tax-effect accounting–related notes, the comments of the "Accounting Standards for Tax Effect Accounting," which are set forth in Items 3 through 5 of the Partial Amendments to Accounting Standard for Tax Effect Accounting (Note 8) (excluding the total of valuation reserve amounts) and the details stated in the said comments (Note 9) are added. Provided, however, that the portion of the said details relative to the previous consolidated fiscal year is not stated in accordance with the transitional treatment, which is set forth in Item 7 of the Partial Amendments to Accounting Standard for Tax Effect Accounting.

Consolidated Financial Statements

(Consolidated Balance Sheets)

*1 Accumulated depreciation of property, plant and equipment

As of March 31		
2018	2019	2019
¥6,605 million	¥6,741 million	$60,736 thousand

2 Contingent liabilities

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

As of March 31				
2018		2019		2019
4 properties	¥5 million	4 properties	¥3 million	$30 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		
2018	2019	2019
¥7 million	¥3 million	$34 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			
	2018	2019	2019
Other	¥2 million	¥2 million	$18 thousand

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

Fiscal year ended March 31, 2018 (As of March 31, 2018)

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 ¥23 million.

Fiscal year ended March 31, 2019 (As of March 31, 2019)

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 ¥21 million ($191 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
	2018	2019	2019
Total amount of the commitment line	2,200	2,200	19,821
Balance of executed loans	–	–	
Unused balance	2,200	2,200	19,821

*6 Notes, etc., matured at the end of the fiscal year under review were settled as of the clearance date or settlement date. The following notes, etc., matured at the end of the fiscal year are included in the balance as the last day of the fiscal year under review fell on a bank holiday.

As of March 31			
	2018	2019	2019
Notes receivable	¥182 million	270 million	$2,434 thousand
Electronically recorded monetary claims — operating	¥34 million	22 million	$205 thousand
Notes payable	¥475 million	420 million	$3,785 thousand

(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		
2018	2019	2019
¥17 million	¥81 million	$736 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
	2018	2019	2019
Provision for bonuses for directors (and other officers)	26	23	213
Employees' salaries and allowances	2,666	2,746	24,749
Provision for bonuses	348	396	3,574
Retirement benefit expenses	253	247	2,233
Provision of allowance for doubtful accounts	55	(15)	(140)

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

Fiscal year ended March 31		
2018	2019	2019
¥169 million	¥241 million	$2,173 thousand

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

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2018	2019	2019
Buildings and structures	–	0	2
Machinery, vehicles, tools, furniture and fixtures	1	1	9
Land	–	4	38
Total	1	5	51

*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
	2018	2019	2019
Buildings and structures	89	1	16
Machinery, vehicles, tools, furniture and fixtures	0	0	0
Total	89	1	16

Consolidated Financial Statements

*6 Impairment loss

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

For the fiscal year ended March 31, 2018, the Company reported impairment loss for the following asset group.

Use	Type	Location	Impairment loss
			Millions of yen
Assets planned to be sold	Buildings and structures, land, and intangible assets	Takamatsu-shi, Kagawa	131

(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	7
Land	124
Intangible assets	0
Total	131

(Background)

The Company, at its Board of Directors meeting, resolved to sell said non-current assets. Consequently, the Company reported an impairment loss because the value of said assets became lower than their recoverable amounts.

(Calculation method of recoverable amounts)

Recoverable amounts for assets planned to be sold are measured by using the net selling price, and the net selling prices are determined based on their selling prices, etc., under the relevant respective contracts.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

For the fiscal year ended March 31, 2019, the Company reported impairment loss for the following asset group.

Use	Type	Location	Impairment loss	
			Millions of yen	Thousands of U.S.Dollars
Assets planned to be sold	Buildings and structures, land, and land	Takamatsu-shi, Kagawa	7	66

(Grouping method)

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

(Breakdown of impairment loss recognized)

	Millions of yen	Thousands of U.S.Dollars
Building and structures	0	3
Land	6	62
Total	7	66

(Background)

The Company, at its Board of Directors meeting, resolved to sell said non-current assets. Consequently, the Company reported an impairment loss because the value of said assets became lower than their recoverable amounts.

(Calculation method of recoverable amounts)

Recoverable amounts for assets planned to be sold are measured by using the net selling price, and the net selling prices are determined based on their selling prices, etc., under the relevant respective contracts.

(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
	2018	2019	2019
Valuation difference on available-for-sale securities			
Accrued in the fiscal year	57	(40)	(362)
Amount of reclassification	–	–	–
Before tax-effect adjustment	57	(40)	(362)
Amount of tax-effect equivalent	(17)	12	111
Valuation difference on available-for-sale securities	40	(27)	(251)
Foreign currency translation adjustment			
Accrued in the fiscal year	(30)	5	47
Foreign currency translation adjustment	(30)	5	47
Remeasurements of defined benefit plans			
Accrued in the fiscal year	(54)	7	68
Amount of reclassification	39	47	428
Before tax-effect adjustment	(14)	55	496
Amount of tax-effect equivalent	4	(16)	(152)
Remeasurements of defined benefit plans, net of tax	(10)	38	345
Total other comprehensive income	(1)	15	140

(Consolidated Statements of Changes in Net Assets)

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

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

Fiscal year ended March 31, 2018	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	1,352,762	854,228	9	2,206,981
Total	1,352,762	854,228	9	2,206,981

Notes:

1. The increase in number of treasury shares represents the acquisition of the Company’s own shares pursuant to resolution at the Board of Directors meeting held on May 19, 2017, and 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.

Consolidated Financial Statements

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 23, 2017	Common shares	¥723 million	Retained earnings	¥17.00	March 31, 2017	June 26, 2017

(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 22, 2018	Common shares	¥1,001 million	Retained earnings	¥24.00	March 31, 2018	June 25, 2018

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)
1. Class and total number of issued shares and of treasury shares

Fiscal year ended March 31, 2019	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	2,206,981	1,400	125	2,208,256
Total	2,206,981	1,400	125	2,208,256

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 22, 2018	Common shares	¥1,001 million ($9,019 thousand)	Retained earnings	¥24.00	March 31, 2018	June 25, 2018
Board of Directors meeting held on November 8, 2018	Common shares	¥333 million ($3,006 thousand)	Retained earnings	¥8.00	September 30, 2018	November 30, 2018

(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 21, 2019	Common shares	¥917 million ($8,267 thousand)	Retained earnings	¥22.00	March 31 2019	June 24, 2019

(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
	2018	2019	2019
Cash and deposits	13,114	13,346	120,250
Cash and cash equivalents	13,114	13,346	120,250

(Lease Transactions)
(Lessee)
Finance lease transactions that transfer ownership
1. Details of leased assets
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
Property, plant and equipment
Consist mainly 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, 2018 (From April 1, 2017 to March 31, 2018)
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 and other, and electronically recorded monetary claims—operating, 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. Borrowings as funds for capital investments are exposed to market price fluctuation risk (interest rate risk) and 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 and other, and electronically recorded monetary claims—operating 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.

Consolidated Financial Statements

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, 2018, were as follows. Financial instruments for which it is deemed extremely difficult to measure the market value are not included in the table below. (Refer to Note 2.)

(Millions of yen)

	Carrying value in the consolidated balance sheets	Market value	Difference
(1) Cash and deposits	13,114	13,114	–
(2) Notes receivable, accounts receivable from completed construction contracts, electronically recorded monetary claims—operating and other	24,683	24,683	–
(3) Investment securities Available-for-sale securities	804	804	–
Total assets	38,602	38,602	–
(1) Notes payable, accounts payable for construction contracts and other	12,691	12,691	–
(2) Short-term loans payable	274	274	–
(3) Long-term loans payable	826	826	–
Total liabilities	13,791	13,791	–
Derivative transactions	–	–	–

Notes:

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

Assets

(1) Cash and deposits and (2) Notes receivable, accounts receivable from completed construction contracts and other, and electronically recorded monetary claims—operating

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

(3) Investment securities

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

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

Liabilities

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

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

(2) Short-term loans payable

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) Long-term loans payable

As these instruments were determined with reference to fixed interest rates and the credit standing of the Company has not changed much following similar new borrowings. Accordingly, as their market values and book values are considered to be 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 (Millions of yen)
Available-for-sale securities (unlisted stocks)	145

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, 2018)

(Millions of yen)

	Within one year	Over one year and within five years	Over five years and within 10 years	Over 10 years
Cash and deposits	13,114	–	–	–
Notes receivable, accounts receivable from completed construction contracts, electronically recorded monetary claims—operating and other	24,683	–	–	–
Investment securities				
Available-for-sale securities with maturity dates	–	–	–	–
Total	37,797	–	–	–

4. The repayment schedules for loans payable and lease obligations after the consolidated balance sheet date (March 31, 2018)

1) Long-term loans payable (excluding the current portion of long-term loans payable)

Classification	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years
Long-term loans payable (Millions of yen)	274	274	278	–

2) Lease obligations (excluding the current portion of lease obligations)

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)	15	12	9	0

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

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 and other, and electronically recorded monetary claims—operating, 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. Borrowings as funds for capital investments are exposed to market price fluctuation risk (interest rate risk) and 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 and other, and electronically recorded monetary claims—operating 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.

Consolidated Financial Statements

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, 2019, were as follows. Financial instruments for which it is deemed extremely difficult to measure the market value are not included in the table below. (Refer to Note 2.)

(Millions of yen)

	Carrying value in the consolidated balance sheets	Market value	Difference
(1) Cash and deposits	13,346	13,346	–
(2) Notes receivable, accounts receivable from completed construction contracts, electronically recorded monetary claims—operating and other	23,906	23,906	–
(3) Investment securities Available-for-sale securities	768	768	–
Total assets	38,022	38,022	–
(1) Notes payable, accounts payable for construction contracts and other	12,810	12,810	–
(2) Short-term loans payable	274	274	–
(3) Long-term loans payable	552	552	–
Total liabilities	13,636	13,636	–
Derivative transactions	–	–	–

(Thousands of U.S.Dollars)

	Carrying value in the consolidated balance sheets	Market value	Difference
(1) Cash and deposits	120,250	120,250	–
(2) Notes receivable, accounts receivable from completed construction contracts, electronically recorded monetary claims—operating and other	215,395	215,395	–
(3) Investment securities Available-for-sale securities	6,928	6,928	–
Total assets	342,574	342,574	–
(1) Notes payable, accounts payable for construction contracts and other	115,417	115,417	–
(2) Short-term loans payable	2,468	2,468	–
(3) Long-term loans payable	4,973	4,973	–
Total liabilities	122,859	122,859	–
Derivative transactions	–	–	–

Notes:

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

Assets

(1) Cash and deposits and (2) Notes receivable, accounts receivable from completed construction contracts and other, and electronically recorded monetary claims—operating

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

(3) Investment securities

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

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

Liabilities

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

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

(2) Short-term loans payable

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) Long-term loans payable

As these instruments were determined with reference to fixed interest rates and the credit standing of the Company has not changed much following similar new borrowings. Accordingly, as their market values and book values are considered to be 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	$1,313 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, 2019)

(Millions of yen)

	Within one year	Over one year and within five years	Over five years and within 10 years	Over 10 years
Cash and deposits	13,346	–	–	–
Notes receivable, accounts receivable from completed construction contracts, electronically recorded monetary claims—operating and other	23,906	–	–	–
Investment securities				
Available-for-sale securities with maturity dates	–	–	–	–
Total	37,253	–	–	–

(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	120,250	–	–	–
Notes receivable, accounts receivable from completed construction contracts, electronically recorded monetary claims—operating and other	215,395	–	–	–
Investment securities				
Available-for-sale securities with maturity dates	–	–	–	–
Total	335,646	–	–	–

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

Consolidated Financial Statements

(Securities)

Fiscal year ended March 31, 2018 (As of March 31, 2018)

1. Held-to-maturity debt securities (As of March 31, 2018)
   Not applicable

2. Available-for-sale securities (As of March 31, 2018)

(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	801	361	440
Bonds			
National government bonds, local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Subtotal	801	361	440
(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	804	365	439

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)	145

3. Available-for-sale securities sold during the consolidated fiscal year under review (From April 1, 2017 to March 31, 2018)
   Not applicable

Fiscal year ended March 31, 2019 (As of March 31, 2019)

1. Held-to-maturity debt securities (As of March 31, 2019)
   Not applicable

2. Available-for-sale securities (As of March 31, 2019)

(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	765	364	400
Bonds			
National government bonds, local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Subtotal	765	364	400
(2) Securities with carrying value in the consolidated balance sheets not exceeding acquisition cost			
Shares	3	5	(1)
Bonds			
National government bonds, local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Subtotal	3	5	(1)
Total	768	369	399

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	1,313

Consolidated Financial Statements

(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	6,893	3,280	3,612
Bonds			
National government bonds, local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Subtotal	6,893	3,280	3,612
(2) Securities with carrying value in the consolidated balance sheets not exceeding acquisition cost			
Shares	34	46	(12)
Bonds			
National government bonds, local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Subtotal	34	46	(12)
Total	6,928	3,327	3,600

3. Available-for-sale securities sold during the consolidated fiscal year under review (From April 1, 2018 to March 31, 2019)
Not applicable

(Derivative Transactions)

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

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, 2019 (From April 1, 2018 to March 31, 2019)

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, retirement 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
	2018	2019	2019
Beginning balance of projected benefit obligations	4,022	4,017	36,200
Service cost	245	244	2,201
Interest cost	18	15	142
Accrued amount of actuarial differences	54	(14)	(128)
Retirement benefits paid	(323)	(138)	(1,244)
Ending balance of projected benefit obligations	4,017	4,125	37,171

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

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)
Not applicable

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)
Not applicable

(3) Reconciliation of the ending balance of projected benefit obligations and plan assets, and the retirement 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
	2018	2019	2019
Projected benefit obligations under unfunded plans	4,017	4,125	37,171
Net carrying value in the consolidated balance sheets of relevant liabilities and assets	4,017	4,125	37,171
Retirement benefit liability	4,017	4,125	37,171
Net carrying value in the consolidated balance sheets of relevant liabilities and assets	4,017	4,125	37,171

Consolidated Financial Statements

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

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2018	2019	2019
Service cost	245	244	2,201
Interest cost	18	15	142
Amortization of actuarial differences	48	56	506
Amortization of prior service cost	(8)	(8)	(77)
Retirement benefit expenses relative to the defined benefit plans	303	307	2,772

(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
	2018	2019	2019
Prior service cost	(8)	(8)	(77)
Actuarial differences	(6)	63	574
Total	(14)	55	496

(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
	2018	2019	2019
Unrecognized prior service cost	32	23	216
Unrecognized actuarial differences	(420)	(351)	(3,162)
Total	(388)	(327)	(2,946)

(7) Matters regarding plan assets
Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)
Not applicable

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)
Not applicable

(8) Matters regarding the basis for actuarial calculations
Major basis for actuarial calculations (presented in weighted average figures)

As of March 31	2018	2019
Discount rate	0.40%	0.35%

3. Defined contribution plans
The amount to be contributed by the Company and its consolidated subsidiaries under the defined contribution plans was ¥157 million for the fiscal year ended March 31, 2018, and ¥149 million ($1,343 thousand) for the fiscal year ended March 31, 2019.

4. Multiemployer plans
The amount to be contributed under the multiemployer plans of the Japan SOGO Employees' Pension Fund (former Japan Geotechnical Consultants Employees' Pension Fund), of which the accounting is processed in the same manner as that for the defined contribution plans, was ¥151 million for the fiscal year ended March 31, 2018, and ¥142 million ($1,280 thousand) for the fiscal year ended March 31, 2019. The Japan Geotechnical Consultants Employees' Pension Fund, with which the Company was affiliated, returned the substitutional part of the Employees' Pension Fund, and the Fund was transferred to the Japan SOGO Employees' Pension Fund, an employees' pension fund with a defined benefit pension plan.

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

As of March 31	Millions of yen		Thousands of U.S.Dollars
	2018	2019	2019
Plan assets	18,678	19,451	175,250
Total of the actuarial liability based on the pension financing calculation and the minimum liability reserves	15,237	15,421	138,940
Net amount	3,440	4,030	36,309

(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, 2018: 14.67% (As of March 31, 2017)
Fiscal year ended March 31, 2019: 17.25% (As of March 31, 2018)

(3) Supplementary explanation
The major factors of the net amount in Item (1) above were the balance of the prior service liability (¥1,857 million for the fiscal year ended March 31, 2018, and ¥—million ($—thousand) for the fiscal year ended March 31, 2019) and the general reserve (¥5,297 million for the fiscal year ended March 31, 2018, and ¥4,030 million ($36,309 thousand) for the fiscal year ended March 31, 2019), based on the pension financing calculation.
The amortization method for the prior service liability under the multiemployer plans is the principal and interest equal amortization with a 20-year amortization period. The Group amortized the special contribution (¥52 million for the fiscal year ended March 31, 2018, and ¥—million ($—thousand) for the fiscal year ended March 31, 2019), 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

Consolidated Financial Statements

(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
	2018	2019	2019
Deferred tax assets			
Loss carried forward	5	0	6
Real estate for sale	4	4	41
Accrued enterprise tax	53	58	531
Provision for bonuses	308	297	2,684
Allowance for doubtful accounts	8	6	57
Provision for warranties for completed construction	2	11	103
Provision for loss on construction contracts	9	34	308
Non-current assets (Impairment loss)	61	20	186
Defined contribution pension benefits payable	3	3	33
Retirement benefit liability	1,234	1,262	11,371
Unrealized gains	37	35	320
Asset retirement obligation	13	15	136
Other	115	208	1,880
Subtotal of deferred tax assets	1,858	1,960	17,661
Valuation reserve	(67)	(65)	(590)
Total of deferred tax assets	1,790	1,894	17,071
Deferred tax liabilities			
Valuation difference on available-for-sale securities	(134)	(122)	(1,102)
Total of deferred tax liabilities	(134)	(122)	(1,102)
Net deferred tax assets	1,655	1,772	15,968

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	2018	2019
	(%)	(%)
Effective statutory tax rate	30.9	30.6
(Reconciliation)		
Non-deductible expenses such as entertainment expenses	0.6	0.8
Per capita inhabitant tax	3.2	2.8
Exclusion from revenues such as dividend income	(0.0)	(0.0)
Valuation reserve	(0.1)	(0.0)
Special deduction of income tax	(2.5)	(2.1)
Other	(0.5)	(0.6)
Effective income tax rate after the adoption of tax-effect accounting	31.6	31.5

(Asset Retirement Obligation)

End of fiscal year ended March 31, 2018 (As of March 31, 2018)

This information is omitted due to its immateriality.

End of fiscal year ended March 31, 2019 (As of March 31, 2019)

This information is omitted due to its immateriality.

(Segment Information, etc.)

[Segment Information]

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

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, 2019 (From April 1, 2018 to March 31, 2019)

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.

Consolidated Financial Statements

[Related Information]

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

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, 2019 (From April 1, 2018 to March 31, 2019)

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, 2018 (From April 1, 2017 to March 31, 2018)

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

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

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, 2018 (From April 1, 2017 to March 31, 2018)

Not applicable

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

Not applicable

[Information on Gain on Bargain Purchase by Reportable Segment]

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

Not applicable

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

Not applicable

[Related Party Information]

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

Not applicable

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(1) Parent company information

AN Holdings Corp.

AN Holdings is a wholly-owned subsidiary of ASO CORPORATION.

(2) Condensed financial information of significant affiliated companies

Not applicable

(Per-Share Information)

Fiscal year ended March 31	2018	2019	
Net assets per share	¥554.76	¥588.33	$5.30
Basic earnings per share	¥64.13	¥65.24	$0.59
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
	2018	2019	2019
Basic earnings per share			
Profit attributable to owners of parent	2,688	2,721	24,518
Amounts not attributable to common shareholders	–	–	–
Profit attributable to owners of parent regarding common shares	2,688	2,721	24,518
Average number of common shares during the fiscal year (Thousands of shares)	41,921	41,711	

(Significant Subsequent Events)

Not applicable

Consolidated Financial Statements

5) [Consolidated Supplementary Statements]

[Schedule of Bonds Payable]

Not applicable

[Schedule of Loans Payable]

Classification	Beginning balance of the fiscal year ended March 31, 2019		Ending balance of the fiscal year ended March 31, 2019		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	274	2,468	274	2,468	0.25	–
Current portion of lease obligations	20	181	15	141	–	–
Long-term loans payable (excluding the current portion of long-term loans payable)	826	7,442	552	4,973	0.25	2020–2021
Lease obligations (excluding the current portion of lease obligations)	37	336	21	194	–	2020–2022
Other interest-bearing debt	–	–	–	–	–	–
Total	1,157	10,429	863	7,778	–	–

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 long-term loans payable (excluding the current portion of long-term loans payable) are as follows:

Classification	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years
Long-term loans payable (Millions of yen)	274	278	–	–

Classification	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years
Long-term loans payable (Thousands of U.S.Dollars)	2,468	2,504	–	–

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

Classification	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years
Lease obligations (Millions of yen)	12	9	0	–

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)	108	84	1	–

[Schedule of Asset Retirement Obligation]

This information is omitted due to its immateriality.

(2) [Other]

Quarterly data for the fiscal year ended March 31, 2019

Cumulative periods	Three months (From April 1, 2018 to June 30, 2018)	Six months (From April 1, 2018 to September 30, 2018)	Nine months (From April 1, 2018 to December 31, 2018)	Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)
Net sales (Millions of yen)	12,310	26,638	44,550	63,264
Profit before income taxes (Millions of yen)	289	1,093	2,718	4,000
Profit attributable to owners of parent (Millions of yen)	148	668	1,767	2,721
Basic earnings per share (Yen)	3.57	16.03	42.36	65.24

Accounting periods	First quarter (From April 1, 2018 to June 30, 2018)	Second quarter (From July 1, 2018 to September 30, 2018)	Third quarter (From October 1, 2018 to December 31, 2018)	Fourth quarter (From January 1, 2019 to March 31, 2019)
Quarterly basic earnings per share (Yen)	3.57	12.46	26.33	22.88

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, 2019, 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, 2019, 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 28, 2019

Yasumori Audit Corporation
Tokyo, Japan

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)	Construction business: 1,167 persons Other business: 10 persons Total: 1,177 persons Notes: 1. Number of employees indicate the number of active employees. 2. The figures in parentheses in the number of employees column indicate the average annual number of temporary employees.
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 Ehime Earth Engineering Co., Ltd. 2-6-12 Amayama ,Matsuyama-shi, Ehime 790-0951 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)	Number of employees — Total 1,177 Professional Engineer — 51 Registered 1st Class Civil Engineer — 650 Registered 2nd Class Civil Engineer — 682 Registered 1st and 2nd Class Architect — 8 Registered Surveyor and Assistant-Surveyor — 309

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
N-Jet Method	High-Pressure Injection Mixing Method to Form Columnar or Fan-Like Improved Soil

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
Bite Off Method	Japan's First Steel Wire Cutting & Removal Method for Installed Anchors
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