Notes to the Consolidated Financial Statements

For the years ended March 31, 2015 and 2014

1. Basis of Presenting the Consolidated Financial Statements

The accompanying consolidated financial statements of THE NIPPON ROAD CO., LTD. (the “Company”) and its consolidated subsidiaries (hereinafter referred to collectively as the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau in Japan have been reclassified for the convenience of readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

2. Summary of Significant Accounting Policies

(1) Principles of Consolidation

At March 31, 2015, the consolidated financial statements included the accounts of the Company and its 42 (42 at March 31, 2014) subsidiaries (39 domestic subsidiaries and 3 overseas subsidiaries). All assets and liabilities of consolidated subsidiaries were revalued to fair market value as of the date of establishment of control. Any difference between the cost of an investment in a subsidiary and the amount of underlying equity in the net assets of the subsidiary, if any at the date of establishment of control, were expensed when incurred, as any such difference was insignificant. All significant intercompany accounts and transactions have been eliminated in consolidation.

The unconsolidated subsidiaries and affiliates did not have a material effect on the consolidated financial statements of the Companies and therefore they were excluded from consolidation. They were not accounted for using the equity method for the reason described above.

Overseas consolidated subsidiaries adopted accounting principles generally accepted in their respective countries and no adjustments were made to their financial statements in consolidation, as allowed under accounting principles and practices generally accepted in Japan. In addition, the financial statements of three overseas subsidiaries (Nippon Road (M) Sdn. Bhd., Thai Nippon Road Co., Ltd. and Thai Nippon Holding Ltd.) were prepared on a calendar-year basis. Significant transactions that occurred between January 1 and March 31 were reflected in the accompanying consolidated financial statements.

(2) Valuation of Securities

Securities held by the Companies are classified into two categories:

a) Held-to-maturity debt securities that the Companies intend to hold to maturity are stated at cost after accounting for any premium or discount on acquisition, which is amortized over the period to maturity.
b) Marketable equity securities for which market quotations are available are stated at fair value. Net unrealized gains and losses, net of the related tax effect, on these securities are reported as a separate component of “Shareholders’ Equity”.
Non–marketable equity securities for which it is not practicable to estimate the fair value because of lack of market prices and difficulty in estimating fair value without incurring excessive cost are valued at cost, cost being determined by the moving average method.

(3) Inventory Valuation

Inventories are classified into three categories:

a) Merchandise and b) the cost of uncompleted construction contracts, are valued at cost as determined by the job order costing method. (The balance sheet amounts of the inventories are calculated at the reduced book values reflecting potential decline in profitability.)

c) Raw materials are valued at cost as determined by the moving average method. (The balance sheet amounts of the inventories are calculated at the reduced book values reflecting potential decline in profitability.)

(4) Tangible Fixed Assets

Tangible fixed assets of the Company and its domestic subsidiaries, excluding leased assets, are principally depreciated using the declining-balance method over the estimated useful lives of the assets. However, the straight-line method has been applied to buildings, excluding building fixtures, acquired after April 1, 1998, over the estimated useful lives of the assets.

Leased assets are depreciated using the straight-line method over the lease term.

Tangible fixed assets of overseas subsidiaries are principally depreciated using the straight-line method over the estimated useful lives of the assets.

Normal repairs and maintenance, including minor renewals and improvements, are charged to expense as incurred.

Estimated useful lives range from 3 to 50 years for buildings and structures, and from 2 to 20 years for machinery, equipment, and leased assets.

(5) Intangible Assets

Amortization of intangible assets and long-term prepaid expenses included in "Other investments" are computed using the straight-line method, over the estimated useful lives.

Software for internal use is amortized over the expected useful life of the software (5 years) on a straight-line basis.

(6) Reserves and Allowances

(i) Allowance for doubtful accounts

The Company and its domestic subsidiaries provide an allowance for doubtful accounts based on a historical default ratio, in addition to the amount of potential losses from uncollectible receivables based on management's estimate.

The foreign consolidated subsidiaries provide for potential losses from uncollectible receivables based on management’s estimate.

(ii) Warranty provision for completed construction contracts

A warranty reserve for completed construction contracts is provided at an estimated amount, based on the actual level of defects and the related warranty costs specified in the completed construction contracts.

(iii) Provision for loss on construction contracts

The Company provides a reasonable estimated amount for future loss on construction contracts outstanding at the year-end.

(iv) Accrued bonus to directors and statutory auditors

To prepare for payment of bonuses to directors and statutory auditors, a reserve for bonus is provided based on the estimated amount of bonus to be paid.

(7) Method for accounting for Retirement benefits

(i) Method of attributing expected retirement benefits to periods

When calculating retirement benefit obligations, the benefit formula method was used for attributing expected retirement benefits for the periods through March 31, 2015.

(ii) Method of expenses for actuarial differences and prior service costs

Unrecognized prior service costs are amortized on a straight-line basis over 12 years from the year in which they occur.

Unrecognized actuarial differences are amortized on a straight-line basis over 12 years from the next year in which they occur.

(8) Translation of Foreign Currency

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rate prevailing at the balance sheet date. Resulting gains and losses are included in net income or loss for the period.

Assets and liabilities of the foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rate prevailing at the balance sheet date. Shareholders' equity at the beginning of the year is translated into Japanese yen at the historical rate. Profit and loss accounts for the year are translated into Japanese yen using the average exchange rate prevailing for the year. Differences in yen amounts arising from the use of different rates are presented as "foreign currency translation adjustments" in the shareholders' equity.

(9) Revenue Recognition

(i) Construction Contracts

The Company and its domestic consolidated subsidiaries recognize construction contract revenue using the percentage-of-completion method if the outcome of the construction activity is certain during the course of activity, otherwise using the completed contract method.

(ii) Revenue from finance lease transactions

Lease fees are recognized in sales and cost of sales at time of receipt.

(10) Hedge Accounting

The derivatives designated as hedging instruments by the Companies are principally interest rate swaps.

The Companies have a policy to utilize hedging instruments in order to reduce the Companies' risk of fluctuations in interest rates. Therefore, the Companies' purchases of hedging instruments are limited to, at maximum, the amounts of the hedged items.

Unrealized gains or losses from changes in the fair value of the derivatives designated as "hedging instruments" are deferred as an asset or liability until gains on losses relating to the hedge items are recognized. However, interest rate swaps, if they meet the conditions for hedge accounting and their nominal amount, terms of interest and contract period are substantially the same as those of hedged items, are not valued at fair value, but are accrued net of the swap interest paid and received.

The Companies evaluate the effectiveness of their hedging activities, except for interest rate swaps which meet the conditions described above, with reference to the correlation between fluctuation in the market value of hedged items and hedging instruments accumulated from the commencement of the hedges.

(11) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits capable of being withdrawn on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuations in value.

(12) Accounting for Consumption Tax

Consumption tax is imposed at the flat rate of 8% on all domestic consumption of goods and services (with certain exemptions).

The consumption tax withheld upon sale and consumption tax paid by the Companies on their purchases of goods and services are not included in the amounts of respective revenue and cost or expense items in the accompanying consolidated statements of income. The consumption tax withheld and consumption tax paid is recorded as assets or liabilities and the net balance is included in "Accounts payable - other" in the consolidated balance sheets.

(13) Income Taxes

Income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local inhabitant taxes and enterprise taxes.

The Company and its subsidiaries adopt deferred tax accounting in accordance with the amended regulations for the preparation of consolidated financial statements. Deferred income taxes are determined using the asset and liability approach, whereby deferred tax assets and liabilities are recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the consolidated financial statements.

(14) Appropriation of Retained Earnings

Until the year ended March 31, 2006, under the Japanese Commercial Code and the Articles of Incorporation of the Company, the appropriation of retained earnings proposed by the Board of Directors was subject to approval by the shareholders at a meeting, which must be held within three months of the end of each financial year. The appropriations of retained earnings reflected in the accompanying consolidated financial statements included the results of such appropriations applicable to the immediately preceding financial year as approved at the shareholders' meeting and effected during the relevant year. Dividends were paid to shareholders on the shareholders' register as of the end of each financial year. As was customary practice in Japan, the payment of bonuses to directors and corporate auditors was made out of retained earnings through an appropriation, instead of being charged to the expense of the year.

The Japanese Commercial Code provided that interim cash dividends may be paid as a part of the annual dividend upon approval by the Board of Directors. The Company did not pay such interim dividends to its shareholders.

Effective from May 1, 2007, under the Japanese Corporate Law, such cash dividends are able to be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

(15) Legal Reserves

Under the Japanese Corporate Law, the entire amount of the issue price of shares is required to be accounted for as common stock, although a company may, by resolution of its Board of Directors, account for an amount not exceeding one-half of the issue price of the new shares as additional paid-in capital.

The Japanese Corporate Law requires that an amount equal to at least 10% of cash dividends and other cash appropriations are appropriated and set aside as legal reserve until the total amount of legal reserve and additional paid-in capital equals 25% of common stock. The legal reserve and additional paid-in capital may be used to eliminate or reduce a deficit by resolution of the shareholders' meeting or may be capitalized by resolution of the Board of Directors. If the total amount of the legal reserve and additional paid-in capital remains equal to or exceeds 25% of common stock, the legal reserve and additional paid-in capital are available for dividends by resolution of the shareholders' meeting. In the accompanying financial statements, the legal reserve is included in retained earnings and additional paid-in capital is included in capital surplus.

The maximum amount the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with the Japanese Corporate Law.

3. United States Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥120.27=U.S. $1, the approximate rate of exchange prevailing at March 31, 2015 has been used in translation. The approximate rate of exchange prevailing at June 30, 2015 was ¥122.48=U. S. $1. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rates.

4. Changes in Accounting Policies

The Company adopted Section 35 of "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ Statement No.26 of May 17, 2012) and the main clause of Section 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25 of March 26, 2015; hereinafter called "Guidance on Retirement Benefits") effective from April 1, 2014. As a result, the methods for calculating the retirement benefit obligation and service cost have been revised in the following respects: the method for attributing projected benefits to each period has been changed from the straight-line method to the benefit formula method, and the method for determining the discount rate has been changed to use a single weighted-average discount rate reflecting the expected timing and amount of benefit payments.

The cumulative effect of changing the method for calculating the retirement benefit obligation and service cost was recognized by adjusting retained earnings at April 1, 2014, in accordance with the transitional treatment provided in Paragraph 37 of Accounting Standard for Retirement Benefits.

As a result, the net defined benefit liability increased by ¥545 million (thousands of $4,530) and retained earnings decreased by ¥350 million (thousands of $2,916) as of April 1, 2014. The effect of changes has on operating income, ordinary income and income before income tax and minority interests are negligible.

5. Notes to the Consolidated Balance Sheets

(1) Investments of the Company in equity securities issued by unconsolidated subsidiaries and affiliates

	Millions of yen		Thousands of U.S. dollars (Note 3)
March 31	**2015**	2014	**2015**
Investment securities (corporate stock) ……………...	**¥154**	¥154	**$1,278**

(2) Pledged Assets

For the loans payable of the business company of the PFI business that we finance, the Company provided a collateral.

The assets pledged as collateral are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
March 31	**2015**	2014	**2015**
Short-term Loans			
(Current Assets "Other") ……………………………	**¥23**	¥22	**$189**
Investment securities ………………………………...	**49**	49	**412**
Long-term Loans			
(Investments and Other Assets "Other") ……………	**233**	256	**1,936**
	¥305	¥327	**$2,537**

The business securities deposits pledged as collateral under the Building Lots and Buildings Transaction Business Act Laws are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
March 31	**2015**	2014	**2015**
Investment securities ………………………………...	**¥45**	¥45	**$373**

(3) Change in the purpose for holding assets

The tangible fixed assets (land, building and others) were transferred to merchandise because of a change in the purpose for holding the assets amounted to ¥14 million ($119 thousand) for the year ended March 31, 2015 and ¥1,315 million for the year ended March 31, 2014.

(4) Contingent Liabilities

As of March 31, 2015 and 2014, the Company was contingently liable for guarantees as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
March 31	**2015**	2014	**2015**
Guarantees of loans from banks ………………………	**¥0**	¥1	**$3**

(5) Commitments

The Company had a total of ¥4,300 million ($35,753 thousand) of overdraft contracts and credit lines from two banks to facilitate the availability of efficient funds as of March 31, 2015 and 2014, respectively. The unutilized portion was ¥4,300 million ($35,753 thousand) as of March 31, 2015 and 2014, respectively.

(6) Provision for loss on construction contracts

Provision for loss on construction contracts is provided for the amount equivalent to cover future loss by evaluating individual construction from which loss is expected and reasonably estimated.
Cost on contracts in progress and provision account in relation to the construction works, which the expected loss becomes probable are represented in current assets and liabilities, respectively without netting.

Among cost of contracts in progress, amount in aggregate corresponding to provision for loss on construction works is 5 million yen ($38 thousand) and nil at March 31, 2015 and 2014, respectively.

Provision for loss on construction contracts, which were included in cost of sales for completed construction contracts, amounted to 127 million yen ($1,058 thousand) and 95 million yen for the year ended March 31, 2015 and 2014, respectively.

6. Notes to the Consolidated Statements of Income

(1) The major components of "Selling, General and Administrative Expenses"

	Millions of yen		Thousands of U.S. dollars (Note 3)
For the year ended March 31	**2015**	2014	**2015**
Employees' salaries and allowances …………	**¥4,634**	¥4,349	**$38,527**
Net periodic pension expense …………………	**75**	123	**624**
Accrued bonus to directors ………………………	**82**	62	**680**
Provision of allowance for doubtful accounts …	**21**	16	**174**

(2) Research and Development Expenses

Research and development expenses, which were included in general and administrative expenses, amounted to ¥367 million ($3,048 thousand) for the year ended March 31, 2015 and ¥344 million for the year ended March 31, 2014.

(3) Components of gain on sale of tangible fixed assets

	Millions of yen		Thousands of U.S. dollars (Note 3)
For the year ended March 31	**2015**	2014	**2015**
Machinery and equipment ……………………	**¥39**	¥10	**$325**
Land …………………………………………	**-**	150	**-**
Others …………………………………………	**6**	1	**52**
	¥45	¥161	**$377**

(4) Components of loss on sale of tangible fixed assets

	Millions of yen		Thousands of U.S. dollars (Note 3)
For the year ended March 31	**2015**	2014	**2015**
Machinery and equipment ……………………	-	¥2	-
	-	¥2	-

(5) Components of loss on disposal of tangible fixed assets

	Millions of yen		Thousands of U.S. dollars (Note 3)
For the year ended March 31	**2015**	2014	**2015**
Buildings………………………………………	**¥84**	¥46	**$696**
Machinery and equipment ……………………	**37**	20	**306**
Leasehold right ………………………………	**38**	-	**319**
Others …………………………………………	**20**	18	**171**
	¥179	¥84	**$1,492**

(6) Impairment loss on tangible fixed assets

For the year ended March 31, 2015, the Companies recognized an impairment loss for the following group of assets:

Location	Use	Category	Millions of yen	Thousands of U.S. dollars (Note 3)
Hokkaido and others	Idle assets	Land	**¥47**	**$389**
-	Idle assets	Others	**1**	**9**
Total			**¥48**	**$398**

The Companies assessed impairment for each group of assets, which were grouped on the basis of managerial accounting, branch and segment, and for idle assets, individually. The Companies reduced the book value of the above idle assets to the recoverable value and recorded the reduction as an impairment loss of ¥48 million ($398 thousand) under extraordinary losses.
The recoverable value was determined at the net selling value. The net selling value of land was based on the assessed value or appraisal value of the land.

For the year ended March 31, 2014, the Companies recognized an impairment loss for the following group of assets:

Location	Use	Category	Millions of yen
Aichi Prefecture	Assets used for business	Buildings	¥8
		Land	232
Nagano Prefecture	Assets used for business	Buildings	73
		Land	41
		Others	29
Kanagawa Prefecture	Assets used for business	Land	100
-	Idle assets	Others	2
Total			¥485

The Companies assessed impairment for each group of assets, which were grouped on the basis of managerial accounting, branch and segment, and for idle assets, individually.
As a result of the operating profitability worsened, the Companies reduced the book value of the above assets used for business to the recoverable value and recorded the reduction as an impairment loss of ¥483 million ($4,695 thousand) under extraordinary losses. In addition, the Companies reduced the book value of the above idle assets to the recoverable value and recorded the reduction as an impairment loss of ¥2 million ($20 thousand) under extraordinary losses.
Recoverable value was measured by higher of its fair value less costs of disposal and its value in use. The discount rate of 4.4% was used to calculate the present value of the future cash flows. The fair value of land was based on the assessed value or appraisal value of the land less estimated disposal costs. The value in use is based on the present value of future cash flows expected to be derived from an asset or cash-generating unit.

7. Other Comprehensive Income

The following table presents reclassification adjustments and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2015 and 2014.

	Millions of yen		Thousands of U.S. dollars (Note 3)
For the year ended March 31	**2015**	2014	**2015**
Valuation difference on available-for-sale securities:			
Amount recognized in the period ………………………	**¥1,832**	¥1,364	**$15,229**
Amount of recycling ……………………………………	**-**	(26)	**-**
Before income tax effect adjustment ………………...	**¥1,832**	¥1,338	**$15,229**
Amount of income tax effect ………………………...	**(558)**	(476)	**(4,637)**
Valuation difference on available-for-sale securities ...	**¥1,274**	¥862	**$10,592**
Foreign currency translation adjustments:			
Amount recognized in the period ………………………	**(215)**	127	**(1,789)**
Retirement benefits liability adjustments:			
Amount arising during the year ………………………	**722**	-	**6,006**
Reclassification adjustments for gains and losses included in net income	**(108)**	-	**(901)**
Amount before tax effect	**614**	-	**5,105**
Tax effect	**(230)**	-	**(1,911)**
Retirement benefits liability adjustments	**384**	-	**3,194**
Total other comprehensive income ………………………	**¥1,443**	¥989	**$11,997**

8. Notes to the Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2015

(1) Type and number of outstanding shares

	Thousands of shares			
Type of shares	Balance at March 31, 2014	Increase in shares during the year	Decrease in shares during the year	Balance at March 31, 2015
Issued stock:				
Common stock ……………………	97,616	-	-	97,616
Treasury stock:				
Common stock ……………………	9,604	25	-	9,629

(2) Dividends

(i) Dividends paid to shareholders

Resolution	Type of shares	Amount (Millions of yen)	Amount (Thousands of US dollars)	Resources	Amount per share (Yen)	Amount per share (US dollars)	Shareholders' cut-off date	Effective date
Board of directors (May 15, 2014)	Common stock	¥1,408	$11,708	Retained earnings	¥16	$0.13	March 31, 2014	June 9, 2014

(ii) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year

Resolution	Type of shares	Amount (Millions of yen)	Amount (Thousands of US dollars)	Resources	Amount per share (Yen)	Amount per share (US dollars)	Shareholders' cut-off date	Effective date
Board of directors (May 15, 2015)	Common stock	¥2,200	$18,293	Retained earnings	¥25	$0.21	March 31, 2015	June 8, 2015

For the year ended March 31, 2014

(1) Type and number of outstanding shares

Type of shares	Balance at March 31, 2013	Increase in shares during the year	Decrease in shares during the year	Balance at March 31, 2014
	Thousands of shares			
Issued stock:				
Common stock ……………………	97,616	-	-	97,616
Treasury stock:				
Common stock ……………………	9,571	32	-	9,604

(2) Dividends

(i) Dividends paid to shareholders

Resolution	Type of shares	Amount (Millions of yen)	Amount (Thousands of US dollars)	Resources	Amount per share (Yen)	Amount per share (US dollars)	Shareholders' cut-off date	Effective date
Board of directors (May 15, 2013)	Common stock	¥880	$8,555	Retained earnings	¥10	$0.10	March 31, 2013	June 10,2013

(ii) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year

Resolution	Type of shares	Amount (Millions of yen)	Amount (Thousands of US dollars)	Resources	Amount per share (Yen)	Amount per share (US dollars)	Shareholders' cut-off date	Effective date
Board of directors (May 15, 2014)	Common stock	¥1,408	$13,685	Retained earnings	¥16	$0.16	March 31, 2014	June 9, 2014

9. Notes to the Consolidated Statements of Cash Flows

Cash and Cash Equivalents at March 31, 2015 and 2014 consisted of:

	Millions of yen		Thousands of U.S. dollars (Note 3)
March 31	**2015**	2014	**2015**
Cash and deposits ……………………………………	**¥20,641**	¥19,414	**$171,627**
Certificates of deposit (Short-term investment securities) ……………………………………………	**13,000**	13,000	**108,088**
Cash and cash equivalents …………………………	**¥33,641**	¥32,414	**$279,715**

10. Leases

Information regarding finance leases as lessor for the years ended March 31, 2015 and March 31, 2014 were as follows:

(1) Detailes of Lease investment assets

Current assets

	Millions of yen		Thousands of U.S. dollars (Note 3)
March 31	**2015**	2014	**2015**
Lease receivables ……………………………………	**¥6,416**	¥6,135	**$53,348**
Estimated salvage value ……………………………	**832**	772	**6,919**
Receipt interest equivalent value ……………………	**(486)**	(448)	**(4,045)**
Lease investment assets ……………… ……………	**¥6,762**	¥6,459	**$56,222**

(2) The receiving schedule after April 1, 2015 and April 1, 2014 of lease receivables and investment assets was as follows:

Lease receivables (Current assets)

	Millions of yen		Thousands of U.S. dollars (Note 3)
March 31	**2015**	2014	**2015**
Due within one year………………………………	**¥3**	¥2	**$20**
Due after one to two years ………………………	**3**	2	**20**
Due after two to three years ………………………	**0**	2	**7**
Due after three to four years ………………………	**-**	1	**-**
Due after four to five years ………………………	**-**	-	**-**
Due after five years ………………………………	**-**	-	**-**

Lease investment assets (Current assets)

	Millions of yen		Thousands of U.S. dollars (Note 3)
March 31	**2015**	2014	**2015**
Due within one year………………………………	**¥2,059**	¥1,970	**$17,123**
Due after one to two years ………………………	**1,695**	1,584	**14,091**
Due after two to three years ………………………	**1,286**	1,207	**10,696**
Due after three to four years ………………………	**848**	807	**7,047**
Due after four to five years ………………………	**360**	384	**2,992**
Due after five years ………………………………	**168**	183	**1,399**

Information regarding operating lease transactions for the year ended March 31, 2015 and March 31, 2014 were as follows:

Future minimum lease payments on noncancellable leases

	Millions of yen		Thousands of U.S. dollars (Note 3)
March 31	**2015**	2014	**2015**
Due within one year	**¥667**	¥642	**$5,542**
Due over one year	**763**	766	**6,344**
	¥1,430	¥1,408	**$11,886**

11. Financial Instrument

(1) Status of Financial Instruments

(i) Policy regarding financial instruments

The Companies limit the scope of its cash and fund management activities to short-term deposits, and have a policy of relying principally on bank borrowings.

The Companies utilize hedging instruments in order to reduce the companies' risk of fluctuations in interest rates, and have a policy of not engaging in derivative transactions for speculative purposes.

(ii) Type of financial instruments and related risk

In the course of its business activities, the Companies are exposed to credit risk arising from notes receivable, accounts receivable from construction contracts and other that are outstanding from its customers.

The Companies are exposed to market price risk for short-term investment securities and investment securities because of short-term maturities, commercial papers, held-to-maturity debt securities and stocks of other companies with which the Companies have business relationship.

In the course of its business activities, the Companies notes payable, accounts payable for construction contracts and others are mostly payable within four months.

The Companies have loans payable up to five years from the date of the closing of accounts. Although the Companies are exposed to liquidity risk from the portion of the loans payable, the Companies use interest rate swap transactions in order to minimize the risk of fluctuation in interest rates on such borrowings.

Please note that further information regarding the method of hedge accounting, hedging instruments and hedged items, hedging policy, and the assessment of the effectiveness of hedging activities may be found in the section "2. Summary of Significant Accounting Policies, (10) Hedge Accounting".

(iii) System for management of financial instruments

a. Credit risk management (the risk that counterparties may default on their obligations to the Companies)

The Companies have prepared an official policy for managing credit exposures. The Companies establish a payment term and credit limit for each customer in every branch and every business office. Credit risk management section of head office monitors the outstanding balances of customers on a regular basis and changes collection terms or credit limits in case based on the financial performance of each customer. These procedures are also performed by the consolidated subsidiaries to reduce credit risk.

Credit risk related to held-to-maturity debt securities and derivative transactions, the Companies believe the credit risk is minimal as they hold government bonds only as well as the fact that they only have derivative transactions with highly rated financial institutions.

b. Market risk management (the risks arising from fluctuations in interest rates, prices and other indicators)

The Companies use interest rate swap transactions in order to minimize the risk of fluctuation in interest rates on borrowings.

For marketable securities and investment securities, the Companies periodically confirm the market value of such financial instruments and the financial position of the issuers. The Companies review the status of these investments on a continuing basis in order to take into consideration of the market conditions and relationship with the client.

The execution and management of the derivative transactions follow the official rules that determine authority and the ceiling of the transactions, and the approval of the director in charge.

c. Liquidity risk management (the risk that the Companies may not be able to meet its payment obligations on the schedules date)

The Companies plan capital requirements based on reviewing each branch’s section report and manage liquidity risk by maintaining fluidity of their capital. These procedures are also performed by the consolidated subsidiaries to manage liquidity risk. When a group company faces shortage of operating funds, the companies use group financing.

(iv) Supplementary explanation of the estimated fair value of financial instruments and related matters

The estimated fair value of financial instruments is based on their market prices and other indicators. When there is no market price available, the Companies use reasonable assumptions to estimate the fair value. Since factors that may result in fluctuations in value are taken into account in estimating the price, this price may fluctuate when different assumptions are used.

The contract (notional) amount of derivatives in the section “Estimated Fair Value and Other Matters Related to Financial Instruments” is not an indicator of the actual risk involved in derivative transactions.

(2) Estimated Fair Value and Other Matters Related to Financial Instruments

Carrying value on the consolidated balance sheet as of March 31, 2015 and unrealized gains (losses) are shown in the following table. Please note that for those items of which obtaining an estimated fair value is deemed to be extremely difficult, such differences are not stated (Please refer to note 2).

	Millions of yen					
	2015			2014		
	Book value	Fair market value	Difference	Book value	Fair market value	Difference
(1) Cash and deposit	**¥20,641**	**¥20,641**	**¥ -**	¥19,414	¥19,414	**¥ -**
(2) Notes receivable, accounts receivable from completed construction contracts and other	**60,241**	**60,241**	**-**	59,304	59,304	-
(3) Short-term investment securities	**13,000**	**13,000**	**-**	13,000	13,000	-
(4) Investment securities	**6,540**	**6,541**	**1**	4,704	4,707	3
Total assets	**¥100,422**	**¥100,423**	**¥1**	¥96,422	¥96,425	¥3
(5) Notes payable, accounts payable for construction contracts and other	**¥35,831**	**¥35,831**	**¥ -**	¥39,768	¥39,768	**¥ -**
(6) Accounts payable-other	**15,917**	**15,917**	**-**	16,125	16,125	-
(7) Short-term loans payable	**406**	**406**	**-**	393	393	-
(8) Long-term loans payable (*)	**9,720**	**9,717**	**(3)**	9,760	9,793	(33)
Total liabilities	**¥61,874**	**¥61,871**	**¥(3)**	¥66,046	¥66,079	¥(33)
Derivatives transactions	**-**	**-**	**-**	-	-	-

	Thousands of U.S. dollars (Note 3)		
	2015		
	Book value	Fair market value	Difference
(1) Cash and deposit	**$171,627**	**$171,627**	**$ -**
(2) Notes receivable, accounts receivable from completed construction contracts and other	**500,885**	**500,885**	**-**
(3) Short-term investment securities	**108,088**	**108,088**	**-**
(4) Investment securities	**54,368**	**54,383**	**15**
Total assets	**$834,968**	**$834,983**	**$15**
(5) Notes payable, accounts payable for construction contracts and other	**$297,925**	**$297,925**	**$ -**
(6) Accounts payable-other	**132,347**	**132,347**	**-**
(7) Short-term loans payable	**3,374**	**3,374**	**-**
(8) Long-term loans payable (*)	**80,818**	**80,789**	**(29)**
Total liabilities	**$514,464**	**$514,435**	**$(29)**
Derivatives transactions	**-**	**-**	**-**

(*) Current portion of long-term loans payable were included in Long-term loans payable

Note

1. Valuation method of fair value of financial instruments

Asset

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

Since these items are settled in a short period of time and have estimated fair values that are virtually the same as the carrying value on the Company's book, the book value has been used.

(3) Short-term investment securities

Since these items are the certificates of deposits and commercial papers that settled in a short period of time and have estimated fair values that are virtually the same as the carrying value on the Company's book, the book value has been used.

(4) Investment securities

The estimated fair values of these items are as follows. Stocks are valued at quoted price in active markets. Bonds are valued at the price provided by the financial institutions.

Liabilities

(5) Notes payable, accounts payable for construction contracts and other, (6) Accounts payable-other, (7) Short-term loans payable

Since these items are settled in a short period of time and have estimated fair values that are virtually the same as the carrying value on the Company's book, the book value has been used.

(8) Long-term loans payable

Fair values of long-term loans payable are calculated by discounting the total amount of the principal and interest of such borrowed money at the interest rates considered to be applicable to new borrowings.

The long-term loans payable with variable interest rates are treated as exceptions for interest rate swaps.

These are calculated by discounting the total amount of the principal and interest of such borrowed money processed the same as the interest swap rate at the rational estimate interest rates to be applicable to similar borrowings.

Derivative transactions

The fair value of interest rate swaps subject to special treatment embedded in long-term loans subject to hedging is included in the fair value of the corresponding long-term loan. (Note 1 (8))

2. Items for which obtaining an estimated fair value is deemed to be extremely difficult

Items	Book value Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Unlisted shares	**¥775**	¥745	**$6,443**

The items were not included in "(4) Investment securities" at March 31, 2015 and 2014, because they were not publicly traded, and obtaining an estimated fair value is deemed to be extremely difficult.

3. Scheduled amortization amounts, following the date of the consolidated accounts, for monetary claims and securities with maturity dates

	Millions of yen							
	March 31, 2015				March 31, 2014			
	Within 1 year	Over 1 year but within 5 years	Over 5 year but within 10 years	Over 10 years	Within 1 year	Over 1 year but within 5 years	Over 5 year but within 10 years	Over 10 years
Cash and deposit	**¥20,584**	**¥ -**	**¥ -**	**¥ -**	¥19,348	¥ -	¥ -	¥ -
Notes receivable, accounts receivable from completed construction contracts and other ……………………..	**60,241**	**-**	**-**	**-**	59,304	-	-	-
Short-term investment securities ……………..	**13,000**	**-**	**-**	**-**	13,000	-	-	-
Investment securities …	**-**	**45**	**-**	**-**	-	45	-	-
Asset total	**¥93,825**	**¥45**	**¥ -**	**¥ -**	¥91,652	¥45	¥ -	¥ -

	Thousands of U.S. dollars (Note 3)			
	March 31, 2015			
	Within 1 year	Over 1 year but within 5 years	Over 5 year but within 10 years	Over 10 years
Cash and deposit	**$171,149**	**$ -**	**$ -**	**$ -**
Notes receivable, accounts receivable from completed construction contracts and other ……………………..	**500,885**	**-**	**-**	**-**
Short-term investment securities ……………..	**108,088**	**-**	**-**	**-**
Investment securities …	**-**	**373**	**-**	**-**
Asset total	**$780,122**	**$373**	**$ -**	**$ -**

4. Scheduled repayment amounts from the date of the closing of the consolidated accounts for long-term loans and short-term loans.

	Millions of yen			
	March 31, 2015		March 31, 2014	
	Short-term loans	Long-term loans	Short-term loans	Long-term loans
Due within one year …………..	**¥406**	**¥140**	¥393	¥1,040
Due after one to two years …….	**-**	**5,540**	-	140
Due after two to three years …...	**-**	**3,040**	-	5,540
Due after three to four years …...	**-**	**-**	-	3,040
Due after four to five years …...	**-**	**1,000**	-	-
Due after five years ……………	**-**	**-**	-	-

	Thousands of U.S. dollars (Note 3)	
	March 31, 2015	
	Short-term loans	Long-term loans
Due within one year …………....	**$3,374**	**$1,164**
Due after one to two years …….	**-**	**46,063**
Due after two to three years …...	**-**	**25,276**
Due after three to four years …...	**-**	**-**
Due after four to five years …...	**-**	**8,315**
Due after five years ……………	**-**	**-**

12. Investment Securities

Investment securities as of March 31, 2015 and 2014 were as follows:

(1) Held-to-maturity debt securities with market quotations

	Millions of yen					
	2015			2014		
	Fair market value	Book value	Difference	Fair market value	Book value	Difference
Securities with unrealized gains						
Governmental and municipal bonds …	**¥47**	**¥45**	**¥2**	¥48	¥45	¥3
Securities with unrealized losses						
Governmental and municipal bonds …	**-**	**-**	**-**	-	-	-
Total	**¥47**	**¥45**	**¥2**	¥48	¥45	¥3

	Thousands of U.S. dollars (Note 3)		
	2015		
	Fair market value	Book value	Difference
Securities with unrealized gains			
Governmental and municipal bonds..	**$389**	**$373**	**$16**
Securities with unrealized losses			
Governmental and municipal bonds..	**-**	**-**	**-**
Total	**$389**	**$373**	**$16**

(2) Marketable securities

	Millions of yen					
	2015			2014		
	Acquisition cost	Fair market value	Difference	Acquisition cost	Fair market value	Difference
Marketable securities with unrealized gains						
Equity securities ……	**¥2,606**	**¥6,341**	**¥3,735**	¥2,592	¥4,490	¥1,898
Debt securities:						
Convertible bonds …	**-**	**-**	**-**	-	-	-
Others ………………	**-**	**-**	**-**	-	-	-
Sub total	**¥2,606**	**¥6,341**	**¥3,735**	¥2,592	¥4,490	¥1,898
Marketable securities with unrealized losses						
Equity securities ……	**¥204**	**¥153**	**¥(51)**	¥215	¥170	¥(45)
Debt securities:						
Convertible bonds …	**-**	**-**	**-**	-	-	-
Others ………………	**-**	**-**	**-**	-	-	-
Sub total	**¥204**	**¥153**	**¥(51)**	¥215	¥170	¥(45)
Total	**¥2,810**	**¥6,494**	**¥3,684**	¥2,807	¥4,660	¥1,853

	Thousands of U.S. dollars (Note 3)		
	2015		
	Acquisition cost	Fair market value	Difference
Marketable securities with unrealized gains			
Equity securities ……	**$21,669**	**$52,723**	**$31,054**
Debt securities:			
Convertible bonds …	-	-	-
Others ………………	-	-	-
Sub total	**$21,669**	**$52,723**	**$31,054**
Marketable securities with unrealized losses			
Equity securities ……	**$1,695**	**$1,272**	**$(423)**
Debt securities:			
Convertible bonds …	-	-	-
Others ………………	-	-	-
Sub total	**$1,695**	**$1,272**	**$(423)**
Total	**$23,364**	**$53,995**	**$30,631**

Non-marketable securities book value ¥ 621million ($5,165housand) were not included in "Marketable securities" at March 31, 2015, because it is not practicable to estimate the fair value because of each of market prices and difficulty in estimating fair value without incurring excessive cost.

(3) Marketable securities sold for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen					
	2015			2014		
	Proceeds from sales	Gains on sales	Losses on sales	Proceeds from sales	Gains on sales	Losses on sales
Marketable securities …	**¥ -**	**¥ -**	**¥ -**	¥49	¥26	¥0

	Thousands of U.S. dollars (Note 3)		
	2015		
	Proceeds from sales	Gains on sales	Losses on sales
Marketable securities …	**$ -**	**$ -**	**$ -**

13. Derivative and Hedging Activities

For the year ended March 31, 2015 and 2014

1. Derivatives transactions for which hedge accounting does not apply

   None

2. Derivatives transactions for which hedge accounting applies

			Millions of yen					
			March 31, 2015			March 31, 2014		
Method of Hedging accounting:	Type of transaction	Hedge item	Contract amount	Portion over 1 year	Fair value	Contract amount	Portion over 1 year	Fair value
Special treatment of interest-rate swaps	Interest rate swap transaction Floating receiving, fixed payment	Long-term loans payable	**¥8,000**	**¥8,000**	**Note**	¥8,000	¥7,000	Note

			Thousands of U.S. dollars (Note 3)		
			March 31, 2015		
Method of Hedging accounting:	Type of transaction	Hedge item	Contract amount	Portion over 1 year	Fair value
Special treatment of interest-rate swaps	Interest rate swap transaction Floating receiving, fixed payment	Long-term loans payable	**$66,517**	**$66,517**	**Note**

Note) The fair value of interest rate swaps subject to special treatment embedded in long-term loans subject to hedging is included in the fair value of the corresponding long-term loan.

14. Retirement Benefits

(1) Summary of a retirement benefit scheme

The Company and its domestic consolidated subsidiaries operate funded and unfunded defined benefit plans covering substantially all employees. On October 1, 2008, the Company and its domestic consolidated subsidiaries have transferred from the qualified pension plan to the defined benefit pension plan.

All defined benefit pension plan provide a lump sum or pension based on salaries and terms. The lump sum payment plans provide a lump sum based on salaries and terms as retirement benefit.

37 domestic consolidated subsidiaries participate in another type of retirement benefit plan, operated by two independent pension plans.

(2) Defined benefit plan

1) The changes in the retirement benefit obligation during the year ended March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Balance at the beginning of the year…………………	**¥10,626**	¥10,357	**$88,349**
Cumulative effect of change in accounting principle	**545**	-	**4,530**
Restated balance at the beginning of the year	**11,171**	10,357	**92,880**
Service costs …………………………………………	**493**	448	**4,100**
Interest costs …………………………………………	**122**	155	**1,018**
Accrued of the actuarial gain or loss ………………...	**46**	442	**383**
Payment of retirement benefits ………………………	**(926)**	(776)	**(7,700)**
Balance at the end of the year…………………………	**¥10,906**	¥10,626	**$90,681**

Note) Domestic consolidated subsidiaries calculate the projected benefit obligation by the simple method permitted under the Japanese accounting standard.

2) The changes in plan assets during the year ended March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Balance at the beginning of the year…………………	**¥8,789**	¥8,043	**$73,078**
Expected return on plan assets ………………………	**220**	201	**1,827**
Accrued of the actuarial gain or loss ………………...	**768**	334	**6,389**
Contributions by the Company ……………………...	**962**	980	**7,997**
Payment of retirement benefits ………………………	**(919)**	(769)	**(7,638)**
Balance at the end of the year ………………………	**¥9,820**	¥8,789	**$81,653**

3) The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2015 and 2014 for the company's and consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars (Note 3)
March 31	**2015**	2014	**2015**
Funded retirement benefit obligations ………………	**¥10,866**	¥10,584	**$90,345**
Plan assets at fair value………………………………	**(9,820)**	(8,789)	**(81,653)**
	1,046	1,795	**8,692**
Unfunded retirement benefit obligations ……………	**40**	42	**334**
Net liability in the consolidated balance sheet……….	**1,086**	1,837	**9,027**
Liability for retirement benefits………………………	**1,086**	1,837	**9,027**
Net defined benefit liability in the consolidated balance sheet ………..………..………..…………...	**¥1,086**	¥1,837	**$9,027**

4) The components of retirement benefit expense for the year ended March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
March 31	**2015**	2014	**2015**
Service costs …………………………………………	**¥ 494**	¥448	**$4,100**
Interest costs …………………………………………	**122**	155	**1,018**
Expected return on plan assets ………………………	**(220)**	(201)	**(1,827)**
Amortization of actual gain (loss)……………………	**54**	167	**452**
Amortization of prior service costs ……..…………...	**(163)**	(163)	**(1,353)**
Retirement benefit expense …………………………	**287**	406	**2,390**

Note) Domestic consolidated subsidiaries calculate the projected benefit obligation by the simple method permitted under the Japanese accounting standard.

5) The components of retirement benefits liability adjustments included in other comprehensive income (before the tax effect) for the year ended March 31, 2015 and 2014 are as follows;

	Millions of yen		Thousands of U.S. dollars (Note 3)
March 31	**2015**	2014	**2015**
Prior service cost ……………………………………	**¥163**	-	**$1,353**
Actual gain and loss ………………. ………………..	**(777)**	-	**(6,458)**
Total	**(614)**	-	**(5,105)**

6) The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before the tax effect) as of March 31, 2015 and 2014 are as follows;

	Millions of yen		Thousands of U.S. dollars (Note 3)
March 31	**2015**	2014	**2015**
Unrecognized prior service costs ……………………	**¥(10)**	¥(173)	**$(82)**
Unrecognized actuarial differences …………………...	**343**	1,119	**2,848**
Total	**333**	946	**2,766**

7) Plan assets

i) The breakdown of plan assets

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2015 and 2014 are as follows:

March 31	**2015**	2014
Bonds …………………………………………	**56%**	58%
Stocks …………………………………………	**31**	25
Cash and deposit……………………	**10**	15
Others ……..…………....	**3**	2
Total	**100**	100

ii) Estimation method of the long-term expected rate of return

The expected long-term return rate on plan assets is determined based on the current and expected future distribution of plan assets and the current and expected future long-term return rate on various assets of which plan assets are composed.

8) The assumptions used in the actuarial computation (weighted average);

March 31	**2015**	2014
Discount rate ………………………………………	**1.1%**	1.5%
The long-term expected rate of return…………	**2.5**	2.5
Expected rates of salary …………………………	**5.2**	5.6

(3) Defined contribution plans

Annual contribution to the defined contribution plans at March 31, 2015 and 2014 are as follows;

	Millions of yen		Thousands of U.S. dollars
March 31	**2015**	2014	**2015**
	34	35	**279**

15. Accounting for Income Taxes

(1) Significant components of deferred tax assets and liabilities

At March 31, 2015 and 2014, significant components of deferred tax assets and liabilities were as follows:

March 31, 2015	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Deferred tax assets:			
Accrued expenses …………………………………	**¥830**	¥675	**$6,904**
Impairment loss on fixed assets …………………	**666**	813	**5,541**
Valuation loss on merchandise ……………………	**244**	275	**2,026**
Net defined benefit liability…………………..…..	**342**	337	**2,845**
Reserve for corporate tax	**251**	241	**2,084**
Others ……………………………………………..	**356**	774	**2,957**
Sub total of deferred tax assets	**2,689**	3,115	**22,357**
Less valuation allowance	**(720)**	(934)	**(5,989)**
Total of deferred tax assets	**1,969**	2,181	**16,368**
Deferred tax liabilities			
Accelerated depreciation of fixed assets ………..	**(343)**	(379)	**(2,851)**
Valuation difference on available-for-sale securities …………………………………………	**(1,217)**	(659)	**(10,119)**
Others …………………………………………….	**(7)**	(8)	**(57)**
Total of deferred tax liabilities	**(1,567)**	(1,046)	**(13,027)**
Net deferred tax assets	**402**	1,135	**3,341**

Note) Net deferred tax liabilities as of March 31, 2015 and 2014 are reflected in the following accounts in the consolidated balance sheet:

March 31, 2015	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Deferred tax assets (Current Assets) ……………...	**1,334**	1,244	**11,089**
Deferred tax assets (Non-current Assets) ………..	**4**	5	**34**
Deferred tax liabilities (Current Liabilities) ………	**(2)**	(2)	**(16)**
Deferred tax liabilities (Non-current Liabilities)…	**(934)**	(112)	**(7,766)**

For the year ended March 31, 2015 and 2014, the reconciliation of the statutory tax rate to the effective income tax rate was as follows:

For the year ended March 31	2015	2014
Statutory tax rate …………………………………	**35.64%**	38.01%
Adjustments		
Permanent non-deductible differences such as entertainment expenses etc. ……………………	**0.69**	1.03
Inhabitant tax per capital ………………………	**1.12**	1.41
Valuation allowance for deferred tax assets ……	**(1.86)**	(2.80)
Reversal of deferred tax assets at the end of the fiscal year due to changes in the tax rate ………	**1.23**	1.36
Others …………………………………………..	**(0.41)**	1.02
Effective income tax rate …………………………	**36.41**	40.03

The “Act for Partial Amendment of the Income Tax Act, etc.” (Act No.9 of 2015) and the “Act for Partial Amendment of the Local Tax Act, etc.” (Act No.2 of 2015) were promulgated on March 31, 2015. Accordingly, the effective statutory tax rate used to measure the Company’s deferred tax assets and liabilities was changed from 35.64% to 33.10% and 32.34% for the temporary differences expected to be realized or settled from April 1, 2015 and 2016, respectively. As a result of these changes, deferred tax assets (after offsetting deferred tax liabilities) as of March 31, 2015 decreased by ¥59 million ($488 thousand). Income taxes-deferred and valuation difference on available-for-sale securities increased by ¥141 million ($1,173 thousand) and ¥93 million ($776 thousand) respectively. Retirement benefits liability adjustments decreased by ¥11 million ($91 thousand).

16. Segment Information

(1) Outline of Reporting Segments

The Company has defined its reporting segments to be units composing the Company, for which financial information can be separately obtained. The Company's Board of Directors periodically monitors these business segments in order to determine the allocation of management resources and evaluate business results.

The Companies draw up a comprehensive strategy about construction work and a product and service by each management section of the Companies and the main consolidated subsidiary, and develop operation.

Accordingly, the Companies have categorized its operations by products and services that based on each management section of the Companies and the main consolidated subsidiary. The Reporting Segments are Construction, Material sales and Leasing business.

The Construction segment manufactures pavement, engineering, building and business about the overall other construction. The Material sales segment manufactures asphalt, emulsion and the overall other production and sales business for pavement and materials. The Leasing business segment engages in manufactures the leases business of the car and apparatuses for office work.

(2) Calculation Method of Sales, Income (Loss), Assets, Liabilities and Other Items by Reporting Segments

The accounting methods used in the accounting for reporting segments are basically the same as the "Important Items Regarding the Preparation of the Consolidated Financial Statements". Please note that the income (loss) figures of the reporting segments are operating income-based figures.

Inter-segment sales and transfers are based market prices.

(3) Sales, Income (Loss), Assets, Liabilities and Other Items by Reporting Segments

	Millions of yen					
For the year ended March 31, 2015	Construction	Material sales	Leasing business	Other	Adjustment	Consolidated total
Sales						
Sales to external customers …	**¥127,363**	**¥25,337**	**¥4,929**	**¥1,426**	**¥ -**	**¥159,055**
Inter-segment sales ………	**111**	**9,444**	**873**	**469**	**(10,897)**	**-**
Total …………………………	**127,474**	**34,781**	**5,802**	**1,895**	**(10,897)**	**159,055**
Segment income ……………	**¥8,605**	**¥5,265**	**¥209**	**¥155**	**¥(3,275)**	**¥10,959**
Segment Assets ………………	**¥68,318**	**¥25,322**	**¥11,362**	**¥3,489**	**¥36,740**	**¥145,231**
Depreciation …………………	**¥1,089**	**¥1,457**	**¥534**	**¥42**	**¥61**	**¥3,183**
Increase of tangible fixed assets and intangible assets …………	**¥1,983**	**¥1,866**	**¥837**	**¥16**	**¥101**	**¥4,803**

	Millions of yen					
For the year ended March 31, 2014	Construction	Material sales	Leasing business	Other	Adjustment	Consolidated total
Sales						
Sales to external customers …	¥123,710	¥28,064	¥4,437	¥1,258	¥ -	¥157,469
Inter-segment sales ………	75	10,304	824	442	(11,645)	-
Total …………………………	123,785	38,368	5,261	1,700	(11,645)	157,469
Segment income ……………	¥6,423	¥5,498	¥164	¥39	¥(2,864)	¥9,255
Segment Assets ………………	¥67,613	¥25,860	¥10,784	¥3,644	¥34,265	¥142,166
Depreciation …………………	¥1,710	¥1,216	¥510	¥60	¥63	¥3,559
Increase of tangible fixed assets and intangible assets …………	¥1,196	¥1,842	¥911	¥7	¥20	¥3,976

	Thousands of U.S. dollars (Note 3)					
For the year ended March 31, 2015	Construction	Material sales	Leasing business	Other	Adjustment	Consolidated total
Sales						
Sales to external customers …	**$1,058,973**	**$210,672**	**$40,983**	**$11,853**	**$ -**	**$1,322,481**
Inter-segment sales …………	**921**	**78,523**	**7,262**	**3,899**	**(90,605)**	**-**
Total ……………………………	**1,059,894**	**289,195**	**48,245**	**15,752**	**(90,605)**	**1,322,481**
Segment income ……………	**$71,544**	**$43,776**	**$1,735**	**$1,290**	**$(27,228)**	**$91,117**
Segment Assets ………………	**$568,040**	**$210,546**	**$94,470**	**$29,011**	**$305,478**	**$1,207,545**
Depreciation ……………………	**$9,053**	**$12,119**	**$4,439**	**$349**	**$507**	**$26,467**
Increase of tangible fixed assets and intangible assets …………	**$16,490**	**$15,517**	**$6,953**	**$134**	**$837**	**$39,931**

Note) 1. "Others" includes the real estate, development and sales of the software, sales of the apparatus for office work, non-life insurance agency, and administration of sports facilities.

2. "Adjustment"is as follows:

Segment income	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Transaction eliminations during segment	**¥21**	¥23	**$175**
Corporate expense (*)	**¥(3,296)**	¥(2,892)	**$(27,403)**
Total	**¥(3,275)**	¥(2,869)	**$(27,228)**

**Corporate expenses mainly comprise headquarters' general and administrative expenses that are not allocable to any reporting segment.*

Segment assets	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Transaction eliminations during segment	**¥(575)**	¥(583)	**$(4,785)**
Corporate assets (*)	**¥37,315**	¥34,848	**$310,263**
Total	**¥36,740**	¥34,265	**$305,478**

**Corporate assets mainly comprise operative fund (cash and deposits) ,long-term investment capital and general and administrative assets that are not allocable to any reporting segment.*

Depreciation and Increase of tangible fixed assets and intangible assets adjustment of the "Other" category are not allocable to any reporting segment, and it are the expense of the companies headquarter reporting.

3. Segment profit is reconciled with operating income on the consolidated financial statements.

Information on Relevant

(a) Information about products and services

Information about products and services is omitted as the Company classifies such segments in the same way as it does its reporting segments.

(b) Information about geographic areas

(i) Operating revenues

Information about geographic areas is omitted as operating revenues attributable to the third-party customers in Japan exceed 90% of the operating revenues reported in the Consolidated Statements of Income.

(ii) Tangible fixed assets

Information about geographic areas is omitted as Tangible fixed assets located in Japan exceed 90% of the Tangible fixed assets reported in the Consolidated Balance Sheets.

(c) Information about major customers

For the year ended March 31, 2015

No related items.

For the year ended March 31, 2014

No related items.

Information on Impairment Loss on Tangible Fixed Assets by reporting segment

For the year ended March 31, 2015

March 31, 2015	Construction	Material sales	Leasing business	Other	Adjustment	Total
			Millions of yen			
Impairment loss	¥ -	¥ -	¥ -	¥ -	**¥48**	**¥48**

Note) 1."Others" includes the real estate, development and sales of the software, sales of the apparatus for office work, non-life insurance agency, and administration of sports facilities.

2.The amount of "Adjustment" is impairment loss about the idle assets that are not allocable to any reporting segment.

For the year ended March 31, 2014

March 31, 2014	Construction	Material sales	Leasing business	Other	Adjustment	Total
			Millions of yen			
Impairment loss	¥240	¥ -	¥ -	¥144	**¥102**	**¥486**

Note) 1."Others" includes the real estate, development and sales of the software, sales of the apparatus for office work, non-life insurance agency, and administration of sports facilities.

2.The amount of "Adjustment" is impairment loss about assets used for business and the idle assets that are not allocable to any reporting segment.

Information on Amortization on Goodwill and Unamortized Balance by reporting segment

Information on Amortization on Goodwill and Unamortized Balance by reporting segments is omitted, as the amount was insignificant as of and for the years ended March 31, 2015 and 2014.

Information on Gain on Negative Goodwill by reporting segment

Information on gain on negative goodwill by reporting segments is omitted, as the amount was insignificant as of and for the years ended March 31, 2015 and 2014.

Geographic Segment Information

Segment information classified by geographic area was omitted because the majority of the Companies' operations were performed in Japan.

Export Sales and Sales by overseas subsidiaries

Segment information for export sales and sales by overseas subsidiaries was omitted since such sales make up less than 10% of consolidated sales and are, thus, immaterial.

17. Related Party Transactions

The material transactions of the Company with related companies and individuals, excluding transactions with consolidated subsidiaries which were eliminated in the consolidated financial statements and other than those disclosed elsewhere in these financial statements, for the years ended March 31, 2015 and 2014 were as follows:

				Millions of yen / Thousands of U.S. dollars (Note 3)					
				Transaction			Resulting accounting balance		
Name of related company	Paid-in capital	Principal Business	Equity ownership percentage by the company	Description of the company's transactions	For the year ended March 31		Account	At March 31	
					2015	2014		**2015**	2014
Shimizu Corporation	¥74,365 million	Construction & Development	24.95%	Construction contracts	**¥13,873** **$(115,349)**	¥15,412	Accounts receivables from completed construction contracts	**¥7,699** **$(64,015)**	¥7,092
							Advances received on uncompleted construction contracts	**¥198** **$(1,649)**	¥128
				Material sales	**¥12** **$(104)**	¥16	Accounts receivable -trade	**¥6** **$(49)**	¥9
				Construction order	**¥260** **$(2,161)**	¥24	Accounts payable -other	**¥90** **$(748)**	¥25

The terms and conditions of the above transactions are on an arm's-length basis.

18. Per Share Data

	Yen		U.S. dollars (Note 3)
Per Share	**2015**	2014	**2015**
Net assets	**¥813.50**	¥734.91	**$6.76**
Net income			
Basic ……………………………………………	**¥82.12**	¥61.55	**$0.68**
Diluted ………………………………………….	**-**	-	-
Cash dividends			
Common shares ………………………………..	**¥25.00**	¥16.00	**$0.21**

Note) Diluted per share amounts are not shown because no convertible bonds have been issued.

Calculation bases for net assets per share for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Net assets	**¥71,710**	¥64,776	**$596,243**
Deduction amount ………………………………	**¥133**	¥95	**$1,106**
(Minority interests) ……………………………	**¥(133)**	¥(95)	**$(1,106)**
Net assets available to common stockholders ….	**¥71,577**	¥64,681	**$595,137**
Common stock outstanding except for treasury stock (in thousands of shares) …………………..	**87,987**	88,012	**732**

Calculation bases for net income per share for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Net income ………………………………………	**¥7,226**	¥5,418	**$60,085**
Net income not available to common stockholders …………………………………….	**-**	-	**-**
(Net income appropriated as bonuses to directors) …………………………………..…	**-**	-	**-**
Net income available to common stockholders …	**¥7,226**	¥5,418	**$60,085**
Average common stock outstanding (in thousands of shares). ………………………..	**88,002**	88,030	**732**

Note) As noted in "Changes in the Accounting Policies", the application of the Accounting Standard for Retirement Benefits and the Guidance on Retirement Benefits is subject to the transitional accounting treatment set forth in Clause 37 of the Accounting Standard for Retirement Benefits. As a result, net assets per share was decreased by ¥3.99 ($0.03) for the fiscal year ended March 31, 2015. Net income per share for the fiscal year ended March 31, 2015 are immaterial.

19. Subsequent Events

The payment of cash dividends to shareholders on record at March 31, 2015 in the aggregate amount of ¥2,200 million ($18,293 thousand) (¥25 per share) was agreed by the Board of Directors on May 15, 2015. The resolution came into force on June 8, 2015.

20. Short-term loans payable and long-term loans payable

March 31	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars (Note 3) 2015	Average interest rate (%)	Repayment period
Short-term loans payable …	**¥406**	¥393	**$3,374**	1.93	-
Current portion of long-term loans payable ………………	**140**	1,040	**1,164**	1.06	-
Long-term loans payable (excluding current portion) …	**9,580**	8,720	**79,654**	1.36	2016～2019
Total	**¥10,126**	¥10,153	**$84,192**		

Annual maturities of long-term loans payable are as follows:

Year ending on March 31	Millions of yen	Thousands of U.S. dollars (Note 3)
Due after one to two years ………………	5,540	46,063
Due after two to three years ………………	3,040	25,276
Due after three to four years ………………	0	0
Due after four to five years ………………	1,000	8,315
	¥9,580	$79,654

21. Quarterly information (Unaudited)

	Millions of yen			
	The first quarter Apr. 1 – Jun. 30, 2014	The second quarter Jul. 1 – Sep. 30, 2014	The third quarter Oct. 1 – Dec. 31, 2014	The fourth quarter Jan. 1 – Mar. 31, 2015
Net Sales …………………….	¥30,574	¥64,972	¥107,421	¥159,055
Income (loss) before income taxes and minority interests …………	¥166	¥2,390	¥6,527	¥11,429
Net Income (loss) …………	¥33	¥1,492	¥4,165	¥7,226
Net Income (loss) of per share (Yen) ……………….	¥0.38	¥16.95	¥47.32	¥82.12

	Thousands of U.S. dollars (Note 3)			
	The first quarter Apr. 1 – Jun. 30, 2014	The second quarter Jul. 1 – Sep. 30, 2014	The third quarter Oct. 1 – Dec. 31, 2014	The fourth quarter Jan. 1 – Mar. 31, 2015
Net Sales ……………………	$254,213	$540,217	$893,168	$1,322,481
Income (loss) before income taxes and minority interests ………..	$1,381	$19,871	$54,271	$95,027
Net Income (loss) ………..	$275	$12,401	$34,628	$60,085
Net Income (loss) of per share (U.S.dollars) ………	$0.00	$0.14	$0.39	$0.68