HAZAMA ANDO CORPORATION

ANNUAL REPORT 2014

Year ended March 31, 2014

HAZAMA ANDO CORPORATION

Profile

HAZAMA ANDO CORPORATION was launched on April 1, 2013, through the merger of HAZAMA CORPORATION and ANDO Corporation. Amid a difficult business environment for the construction industry, the new company is seeking to realize an expanded business scale, a streamlined and more effective management structure, and greater earnings capacity.

ANDO Corporation was founded in 1873, and HAZAMA CORPORATION in 1889. As general contractors, each with well over a century of history and possessing industry-leading technological capabilities built on experience with numerous projects, these two companies have contributed to the development of Japan and the creation of today's rich lifestyle.

The merger brings together ANDO Corporation's strength in building construction, and HAZAMA CORPORATION's established reputation in civil engineering. In addition to expanding the business scale and enhancing management efficiency, the integrated company will draw on the complementarity effect of their respective achievements, and by generating synergies in terms of technology, marketing, and cost competitiveness, establish a more solid management foundation, and realize further business development and growth.

HAZAMA ANDO CORPORATION aspires to be a "good company" for all of its stakeholders. With solid technology and passion we will meet expectations, and contribute to the development of society through building and manufacture. Further, by looking beyond the present, continually seeking to create new value, and enhancing sustainable corporate development, we will seek to realize a prosperous future, and to build a new history as HAZAMA ANDO CORPORATION.

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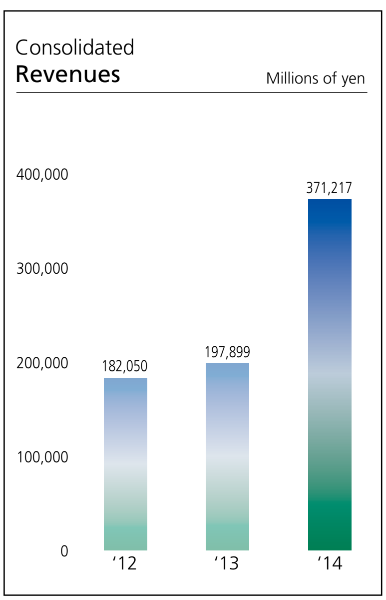
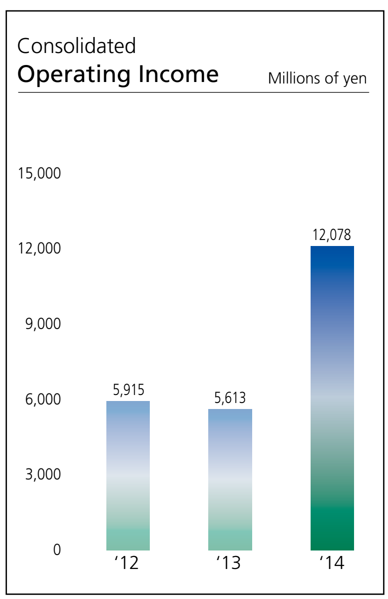
HAZAMA ANDO CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2014, 2013 and 2012

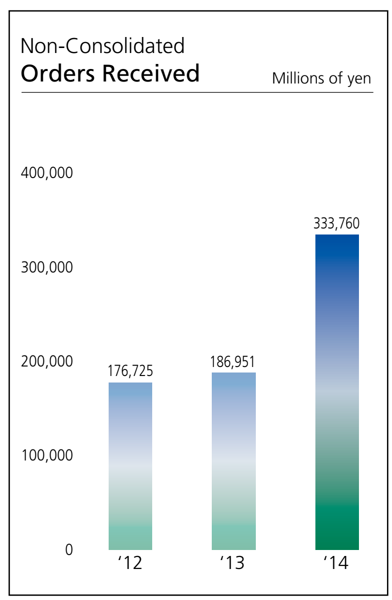
	Millions of yen			Thousands of U.S. dollars
Consolidated	**2014**	2013	2012	**2014**
Revenues	**¥371,217**	¥197,899	¥182,050	**$3,606,850**
Operating income	**12,078**	5,613	5,915	**117,353**
Net income	**16,414**	2,293	1,767	**159,483**
Total assets	**260,646**	141,880	133,177	**2,532,511**
Net assets	**54,381**	32,844	30,557	**528,381**

	Yen			U.S. dollars
Net income per share	**¥ 96.47**	¥ 20.69	¥ 15.38	**$ 0.94**
Net assets per share	**290.96**	212.75	194.75	**2.83**

Notes: 1. U.S. dollar amounts in this annual report are translated from yen at the rate of ¥102.92 to US$1.00 for convenience.
2. The main reason for significant changes in the management indicators of 2014 due to the merger with ANDO Corporation.
3. On this page and subsequent pages, figures for the fiscal year ended March 2013 and earlier are for the former HAZAMA CORPORATION.







Message from the Chairman & the President

Toshio Ono,
Representative Director and
Chairman of the Board of Directors

Toshiaki Nomura,
Representative Director and President

HAZAMA ANDO CORPORATION exceeded its plan targets for order volume, completed construction contracts, and earnings in the fiscal year ended March 2014. This was the result of the gradual recovery in the economy on disaster reconstruction-related demand and government economic stimulus measures, as well as the realization of merger synergies. The first year of the merger has proceeded smoothly, and we would like to express our appreciation to all stakeholders for the understanding and support that has made this possible.

For the fiscal year ending March 2015, the second year of the merger, the outlook for the construction industry remains uncertain. Although we expect the economy to continue to recover on the positive effects of government policies and measures, concerns have arisen as a result of the shortage of construction engineers, as well as higher construction costs due to rising prices for key materials.

Under such circumstances, we will pursue our basic strategies of "Utilize the complementary effect of the achievements from the two former companies to rebuild our technology, marketing, and cost competitiveness, and strengthen our business operations and promote efficiency," and "Provide the optimal allocation of management resources and necessary investments for continued growth," in order to establish the "HAZAMA ANDO" brand, and be a company with a strong management foundation, high earnings capacity, and an influential market presence.

Business Conditions and Outlook

1 Summary of Business Activities

The Japanese economy improved during fiscal 2013 (ended March 2014), supported by reconstruction-related demand, along with the government's steady implementation of measures for overcoming deflation and long-term economic growth, and corrections to the strong yen. Industrial production also began expanding again, with upturns in corporate earnings and business conditions. Looking ahead, while there are continued risks that a overseas downturn could depress the Japanese economy, the economic recovery is expected to continue with the positive effects of various government measures.

In the construction industry, the principal business of the HAZAMA ANDO Group, public sector construction investment rose steadily as disaster recovery-related projects moved into high gear. However, the business environment remained harsh as a result of such factors as a shortage of skilled construction workers, and rising prices for materials.

Under such conditions, on April 1, 2013, HAZAMA CORPORATION merged with ANDO Corporation to form HAZAMA ANDO CORPORATION. The aims of this merger are to expand the business scale, streamline and enhance management effectiveness, and increase earnings capacity. Through this merger we also aimed to establish the "HAZAMA ANDO" brand based on our respective past achievements, and to be a company with a strong management foundation, high earnings capacity, and an influential market presence.

As a result, for the fiscal year ended March 31, 2014, HAZAMA ANDO CORPORATION recorded consolidated revenues of ¥371.2 billion, due mainly to expansion of its business scale through the merger. Operating income amounted to ¥12.0 billion, with ordinary income of ¥11.2 billion, and net income of ¥16.4 billion.

The overview of group business segments is as follows.

In Civil Engineering, orders amounted to ¥107.6 billion, comprising 77.6% from the government sector, and 22.4% from the private sector. Overseas orders accounted for 6.8% of total orders. Among revenues, completed construction totaled ¥110.9 billion, with operating income of ¥8.1 billion.

In Building Construction, orders amounted to ¥226.0 billion, comprising 9.0% from the government sector, and 91.0% from the private sector. Overseas orders accounted for 14.7% of total orders. Among revenues, completed construction totaled ¥236.0 billion, with an operating income of ¥4.5 billion for the division.

Total orders received for construction, the cumulative total of the Civil Engineering and Building Construction divisions, amounted to ¥333.7 billion, comprising 31.2% from the government sector, and 68.8% the from private sector, with 12.2% of total orders from overseas. Completed construction totaled ¥346.9 billion, with operating income of ¥12.7 billion. (Note: Orders received and their breakdowns are stated on a non-consolidated basis.)

Revenue from HAZAMA ANDO Group's consolidated subsidiaries amounted to ¥20.8 billion, with operating income of ¥1.4 billion. Revenue was derived mainly from the sale of construction materials and leasing. In the other business division, revenues amounted to ¥3.3 billion, with operation income of ¥0.8 billion. Revenue was derived mainly from surveys and research conducted on a consignment basis.

2 Outlook for the Next Fiscal Year (ending March 2015)

In the construction industry, construction demand is expected to increase as a result of firm public sector construction investment with the execution of the associated budget, along with the economic recovery. However, the outlook is unclear as a result of such concerns as the shortage of skilled construction workers, and rising construction costs due to higher labor and materials expenses.

HAZAMA ANDO will pursue its basic strategies of "Utilize the complementary effect of the achievements from the two former companies to rebuild our technology, marketing, and cost competitiveness, and strengthen our business operations and promote efficiency," and "Provide the optimal allocation of management resources and necessary investments for continued growth," in order to establish the "HAZAMA ANDO" brand, and be a company with a strong management foundation, high earnings capacity, and an influential market presence.

Nagoya Castle Hommaru Palace Restoration Work – Phase I Completed

The first phase of the Nagoya Castle Hommaru Palace restoration (Nagoya-shi, Aichi Prefecture), a joint venture project led by HAZAMA ANDO CORPORATION launched in 2009, was completed and opened to the public in May 2013.

The Nagoya Castle Hommaru Palace is considered a masterpiece of Early Modern Japan castle architecture. It was built in the early Edo period, and in 1930 became the first castle designated as a national treasure, but was destroyed in air raids in 1945 along with the tenshukaku (the keep or tower).* Drawing on a wealth of documents including literary records, surveyed drawings, and old photographs, the palace is being restored to its original state using traditional materials and construction methods, with seismic strengthening and other modern technologies also incorporated.

Because the buildings will be opened to the public, the project is being conducted in three phases. The recently completed Phase I was the restoration of the palace entrance and the omote-shoin (the main hall), used to meet with visitors. Phase II (reception hall, kitchen, ume-no-ma) began in 2011, and Phase III (Jorakuden hall—for Shogun visitations) is also underway, with the entire restoration expected to be completed in 2018.

The restoration of Nagoya Castle Hommaru Palace, which was originally built 400 years ago, is a project with significant historical and cultural value. HAZAMA ANDO CORPORATION is proud to play a part, and is making a concerted effort for the project.

* HAZAMA ANDO CORPORATION also led the reconstruction of the Nagoya Castle Tenshukaku (1959), which received the 2nd Building Contractors Society (BCS) Award.

Entrance hall / Carriage Porch

Omote-shoin (the main hall)

Toyoma/Usuiso District Development Work

A joint venture project led by HAZAMA ANDO CORPORATION won a contract from the Urban Renaissance Agency (Miyagi/Fukushima Disaster Recovery Support Bureau) for the development of the Toyoma/Usuiso district in Iwaki-shi, Fukushima Prefecture, which was severely damaged in the tsunami caused by the Great East Japan Earthquake.

A large portion of the Toyoma/Usuiso district was flooded by the tsunami. The region, known as a spot for tourism, culture, and recreation, suffered catastrophic damage.

This project involves the development of the elevated areas and the reconstruction of the flatlands in these two districts, along with the development of new residential areas and open spaces for disaster prevention. The highways and roads in the area will be replaced in stages, and the developed areas will have facilities for safety, comfort, and convenience. The project is expected to be completed in the fiscal year ending March 2016, and the area will be handed over to residents in the fiscal year ending March 2017.

The joint venture project will utilize a collective construction management (CM) method for all aspects of the development project, from design to construction work, to shorten the construction period and reduce costs, and will proceed with the cooperation of local residents. The status of the development of the project will be featured in a monthly magazine, and a PR office has been established to provide local residents with additional information.

The joint venture project is making a concerted effort for this project in order to restore the disaster areas as quickly as possible, and to provide local residents with safe and secure towns.

Project website: http://tou-fukkou-jv.com/

Conceptual drawing of the completed Usuiso District (aerial view)

3D Laser Scanner Tunnel Displacement Measurement System

Method to precisely assess the displacement of tunnel walls

HAZAMA ANDO CORPORATION has developed 3D-LSTM, a system that uses a 3D laser scanner (Fig. 1), which is able to precisely measure the shape of objects, to accurately assess the displacement behavior of tunnel walls during excavation.

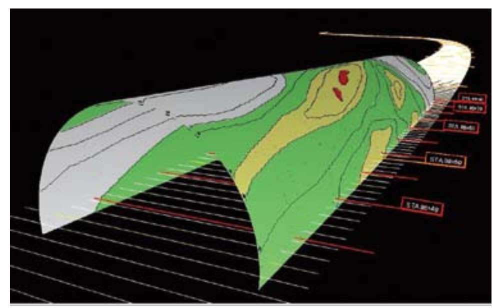
During construction of tunnels, the surface of the tunnel walls may be displaced by ground pressure from the surrounding rock. If the displacement is too critical, the tunnel could collapse. Accordingly, measurements of the displacement of the tunnel walls are taken, and based on the results of the measurement, fitted to a reasonable and economical structure suited to actual site conditions. For construction of tunnels in urban areas with fragile bedrock, or tunnels dug near important buildings in particular, it is important to ensure the stability of the working face during excavation, and precisely predict the occurrence of any displacement that might affect surrounding structures.

The ordinary method of measuring displacement is to take measurements every 10-30 meters along the tunnel wall. However, this method only measures changes at the target areas. For tunnels where a more precise measurement of the displacement is necessary, while it is possible to increase the number of target areas, this still does not allow for sufficient understanding of the precise locations and volume of the displacements.

To resolve these issues, HAZAMA ANDO CORPORATION focused on using a 3D laser scanner, which enables to measure a large volume of points in a short period of time, and to precisely determine the shape of objects. By taking 3D measurements of the shape of tunnel walls before and after displacement, and applying original technologies to compare the results, we are able to precisely determine the degree of displacement. (Fig. 2)

Going forward, in addition to tunnels where a more precise measurement of displacement is necessary, such as tunnels in urban areas with fragile bedrock or near important structures, this system will be applied for high-speed rail tunnels, such as the Shinkansen tunnels currently under construction.

(Fig. 1) 3D laser scanner

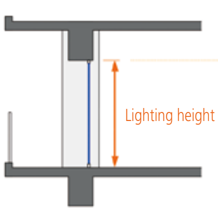


(Fig. 2) 3D representation of tunnel wall surface displacement

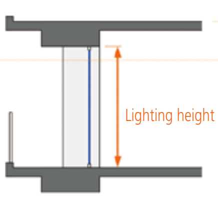
"Wise-Beam" Reinforced Concrete Flat Beam Construction Method

Flat beams allow for more open room spaces

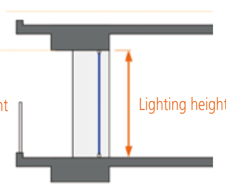
HAZAMA ANDO CORPORATION has developed the Wise-Beam construction method, a reinforced concrete flat beam construction method using a shallower beam than ordinarily used in construction. This method has received the certification for the General Building Research Corporation of Japan (GBRC Performance Verification No. 13-13).



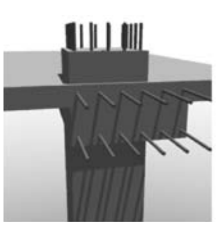
Ordinary construction method



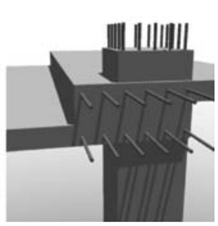
Wise-Beam construction method (with increased lighted area)



Wise-Beam construction method (with lowered ceiling)



Eccentric beam



Reversed beam

In the Wise Beam construction method, the structure uses the wider RC concrete beam than the width of column to reduce the height of beam so that the open space can be expanded within the restricted height of storey. In the apartment building, the taller windows on the balcony side can be installed in the open space to increase the lighting area.

In addition, the shallower the height of beam of each floor the shorter will be the height of building would become. This will allow for an additional floor in the area of the building height restriction.

This Wise-Beam construction method also can expand into the flat intersecting bi-directional beam. This method is applicable for common type reinforced concrete structure. For example, in the building where changes for the installation of facilities and equipment will be necessary in the future, such as medical facilities and production equipment, the shallow beams provide the benefit of easier access for installation of pipe and wire.

HAZAMA ANDO CORPORATION has previously been involved in the development of many types of construction methods. The above value-added structure method, which gives priority to the open space, offers a living environment that meets the needs of customers.

Major Orders Received

- LaLaport Fujimi New Construction Work/Mitsui Fudosan Co., Ltd. (Japan) ❶
- XIV TOBA-BETTEI New Construction Work/Resorttrust, Inc. (Japan)
- 4EM-TM project/Honda de Mexico, S.A. de C.V. (Mexico) ❷
- Sakuma Road Tunnel No. 2 Construction Work for Year 2013/ Chubu Regional Bureau, Ministry of Land, Infrastructure, Transport and Tourism (Japan)
- The Direct Line of Sotetsu-Tokyu Line and Shin-Tsunashima Station Construction Work/Japan Railway Construction, Transport and Technology Agency (Japan)
- Thakhek Water Supply Development Project/Department of Housing and Urban Planning, Ministry of Public Works and Transport (Lao People’s Democratic Republic) ❸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Major Projects in Progress

- Central Circular Shinagawa Route Ohashi Junction Tunnel/ Metropolitan Expressway Co., Ltd. (Japan)
- Tsugaru Dam Main Construction Work / Tohoku Regional Bureau, Ministry of Land, Infrastructure, Transport and Tourism (Japan)
- New Osaka Factory Construction Work / TOPPAN FORMS CO., LTD. (Japan)
- Nagoya Castle Hommaru Palace Restoration Work/City of Nagoya, Aichi Prefecture (Japan)
- Construction of the New Plant of Silao PEC de Mexico/PEC de Mexico, S.A. de C.V. (Mexico)

- The Project for Countermeasure Construction against the Landslides on Sindhuli Road Section II/Department of Roads, Ministry of Physical Infrastructure and Transport (Nepal) ❹

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Major Projects Completed

- Disaster Waste Management of No. 1-262 of Year 2011 ((Watari-Natori Block) (Iwanuma Area))/Miyagi Prefecture (Japan)

- Works on Maintenance and Development of Facilities of The University of Tokyo (Hongo Campus) General Research Building (New Faculty of Engineering Building 3)/Todai Interact PFI (Japan) ❺

- Sagami Jukan Aikawa Tunnel Road Construction Work No. 2/ Kanto Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism (Japan)

- Fukuyama Transporting West Kanto Logistics Center Construction Work/Fukuyama Transporting Co., Ltd. (Japan)

- HAL ALUMINUM (THAILAND) CO., LTD. Thai New Factory project/HAL ALUMINUM (THAILAND) CO., LTD. (Thailand) ❻

- Project for Landslide Prevention in Tegucigalpa Metropolitan Area/Municipal City Hall of the Central District, the Government of the Republic of Honduras (Honduras) ❼

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Corporate Governance

● Basic Policy

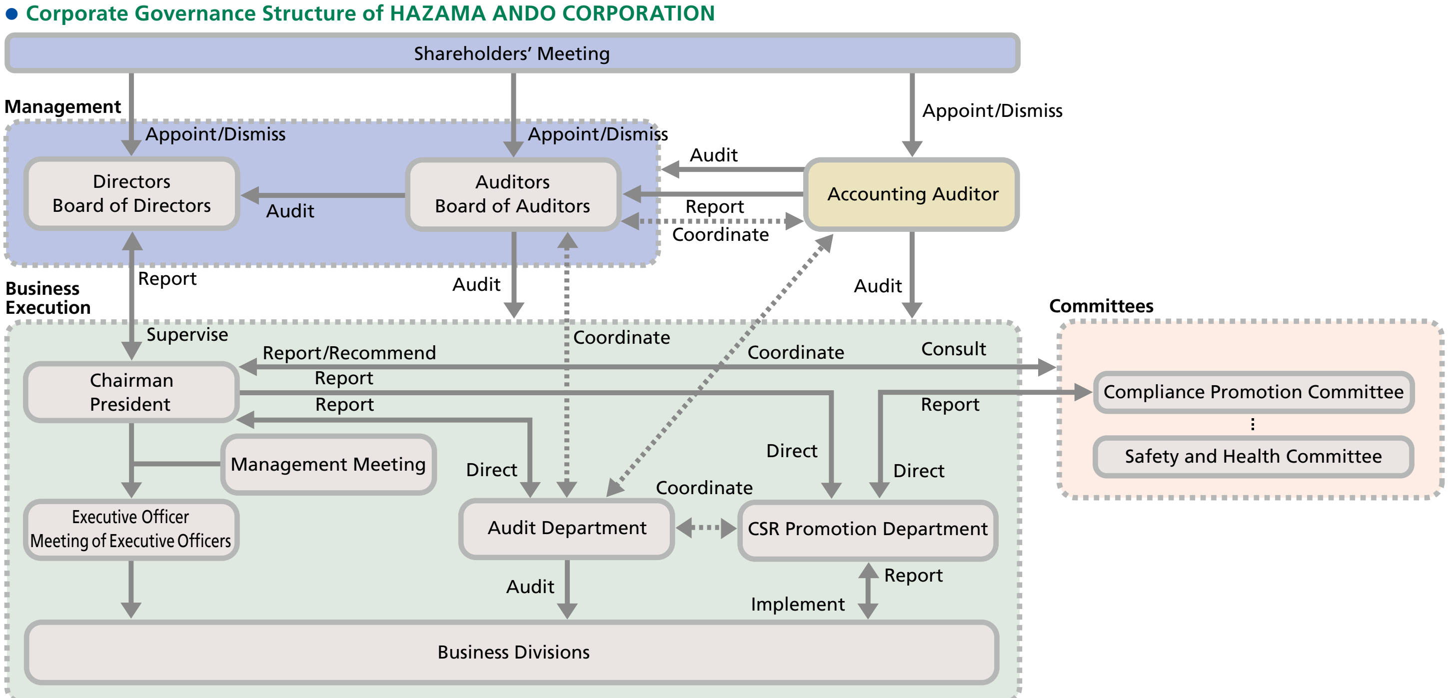
HAZAMA ANDO CORPORATION recognizes the need for transparency and fairness in management oversight and flexibility in decision-making. We consider it a management priority to maintain and implement a management system, rooted in the current organizational structure centered on the Board of Directors and the auditing system, which is able to respond quickly to changes in the business environment.

● Matters Regarding Corporate Functions including Business Execution, Auditing/Supervision, Nominating and Determination of Compensation

To strengthen its corporate governance, HAZAMA ANDO CORPORATION maintains a clear distinction between the decision-making and operational oversight functions of the directors and Board of Directors, and the business execution function of the Management Meeting, executive officers and the Meeting of Executive Officers. The specific functions are as follows.

1. Revisions related to the directors
   The term for directors is fixed at one year to further clarify the management responsibility of directors, and to establish an optimal management structure to respond to changes in the business environment. Further, to clarify the roles and responsibilities of board members, HAZAMA ANDO CORPORATION does not have the position of "executive director," and only makes a distinction between "representative director" and "director."
2. Board of Directors
   The Board of Directors is comprised of 10 members as of June 30, 2014. The Board meets monthly to promptly render decisions on important matters regarding management, and to provide oversight of business execution.
3. Management Meeting
   The Management Meeting meets monthly to discuss policies for management strategies and other matters, to confirm the progress of business plans, and to diversify and strengthen policy-proposing capabilities.
4. Executive officer system
   The number of executive officers as of June 30, 2014, totaled 35 (including 10 executive officers who concurrently serve as directors). HAZAMA ANDO CORPORATION has established the six officer categories of "chairman," "president," "vice president," "senior managing executive officer," "managing executive officer" and "executive officer." We have clarified the responsibilities for the operations executive officers manage, and limited the term to one year to enhance the mobility and flexibility of the executive officer system. In addition, we clarified through a resolution of the Board of Directors the rights and responsibilities regarding operations managed, and implemented a compensation system that reflects the performance of operations managed.
5. Meeting of Executive Officers
   The Meeting of Executive Officers meets monthly in accordance with the executive officer system, to enhance the efficiency of consensual decision-making and strengthen operational execution, as well as to ensure that management information is conveyed promptly and accurately along the management line, and to provide for the sharing of information among departments.
6. Board of Auditors System
   Auditors (including external auditors), in accordance with auditing standards established by the Board of Auditors, and in line with the auditing policies for each fiscal period, division of duties and other rules, maintains communication with directors, the Internal Auditing Department and other employees. Auditors attend meetings of the Board of Directors and other important meetings, receive reports and explanations from directors and employees regarding the status of the execution of their duties, review important documents and other papers, and conduct audits at the head office and other major business locations.
7. Various Committees
   HAZAMA ANDO CORPORATION has established various committees that contribute to the streamlining of management operations. These include the Compliance Promotion Committee to discuss and provide advice regarding compliance matters, and the Central Safety and Health Committee to discuss and provide advice regarding health and safety matters.

● Corporate Governance Structure of HAZAMA ANDO CORPORATION



HAZAMA ANDO CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2014, 2013, 2012, 2011 and 2010

Summary

	Millions of yen					Thousands of U.S. dollars
	2014	2013	2012	2011	2010	**2014**
Operating results:						
Revenues						
Construction	**¥357,474**	¥182,740	¥169,256	¥184,630	¥182,162	**$3,473,319**
Other activities	**13,743**	15,159	12,794	12,072	9,715	**133,531**
Total	**371,217**	197,899	182,050	196,702	191,877	**3,606,850**
Cost of sales	**342,810**	182,271	166,630	182,692	178,380	**3,330,840**
Gross profit	**28,407**	15,628	15,420	14,010	13,497	**276,010**
Selling, general and administrative expenses	**16,329**	10,015	9,505	10,031	11,747	**158,657**
Operating income	**12,078**	5,613	5,915	3,979	1,750	**117,353**
Net income (loss)	**16,414**	2,293	1,767	1,560	(1,744)	**159,483**
Financial position:						
Total assets	**¥260,646**	¥141,880	¥133,177	¥141,150	¥138,359	**$2,532,511**
Total liabilities	**206,265**	109,036	102,620	112,085	109,984	**2,004,130**
Net assets	**54,381**	32,844	30,557	29,065	28,375	**528,381**
Cash flows:						
Cash flows from operating Activities	**¥ 7,464**	¥ 7,934	¥ (3,158)	¥ 2,880	¥ 6,293	**$ 72,522**
Cash flows from investing Activities	**3,593**	(723)	562	1,260	239	**34,911**
Cash flows from financing Activities	**(54)**	(4,347)	(3,076)	1,636	(2,656)	**(525)**
	Yen					U.S. dollars
Per share amounts:						
Net income (loss)						
Basic	**¥ 96.47**	¥ 20.69	¥ 15.38	¥ 13.16	¥ (20.45)	**$ 0.94**
Diluted	**88.59**	14.74	11.51	10.50	—	**0.86**
Dividends						
Common stock	**5.00**	3.00	1.50	—	—	**0.05**
Class I preferred stock	**—**	78.40	78.80	83.28	90.80	**—**
Class II preferred stock	**—**	88.40	88.80	93.28	100.80	**—**
Class III preferred stock	**—**	98.40	98.80	103.28	110.80	**—**
Class IV preferred stock	**—**	—	93.80	98.28	105.80	**—**
Net assets	**290.96**	212.75	194.75	179.62	172.06	**2.83**

Note: 1. U.S. dollar amounts in this annual report are translated from yen at the rate of ¥102.92 to US$1.00 for convenience.
2. The dividend per share for 2014 includes a ¥2 commemorative dividend.
3. The main reason for significant changes in the management indicators of 2014 due to the merger with ANDO Corporation.

Financial Review

Revenues

Revenues in fiscal 2014 totaled ¥371,217 million (US$3,606,850 thousand), of which ¥357,474 million (US$3,473,319 thousand) came from construction projects and ¥13,743 million (US$133,531 thousand) from other activities. These two business segments accounted for 96.3% and 3.7%, respectively, of total revenues.

Costs and Expenses

Cost of sales amounted to ¥342,810 million (US$3,330,840 thousand), which is equivalent to 92.3% of revenues. Selling, general and administrative expenses amounted to ¥16,329 million (US$158,657 thousand), which is equivalent to 4.4% of revenues. Operating income reached ¥12,078 million (US$117,353 thousand), and the operating margin was 3.3%. Net income amounted to ¥16,414 million (US$159,483 thousand). Basic net income per share was ¥96.47 (US$0.94). We made no dividend payments on common stock.

Financial Position and Analysis

Total assets amounted to ¥260,646 million (US$2,532,511 thousand), total liabilities amounted to ¥206,265 million (US$2,004,130 thousand), and total net assets amounted to ¥54,381 million (US$528,381 thousand) at the end of fiscal 2014.

Net worth to total assets ratio was 20.6%. Net assets per share amounted to ¥290.96 (US$2.83).

Cash Flows

Cash and cash equivalents at the end of the year increased by ¥37,366 million (US$363,059 thousand) to ¥70,025 million (US$680,383 thousand).

Net cash provided by operating activities amounted to ¥7,464 million (US$72,522 thousand) mainly as the result of income before income taxes amounting to ¥20,751 million (US$201,623 thousand), decrease in inventories to ¥5,469 million (US$53,138 thousand) and gain on bargain purchase amounting to ¥10,090 million (US$98,037 thousand).

Net cash provided by investing activities amounted to ¥3,593 million (US$34,911 thousand) mainly as a result of proceeds from sales of tangible fixed assets.

Net cash used in financing activities amounted to ¥54 million (US$525 thousand) mainly as a result of repayment of long-term loans payable greater than the borrowing.

In addition, cash and cash equivalents was increased by ¥25,684 million (US$249,553 thousand) due to the merger with ANDO Corporation and new consolidation.

Construction Business (Non-Consolidated Construction Projects)

As HAZAMA ANDO CORPORATION's construction business accounts for a large percentage of consolidated group business, the financial performance of the business is presented below for reference.

	Millions of yen					Thousands of U.S. dollars
Revenues	**2014**	2013	2012	2011	2010	**2014**
Civil engineering						
Domestic						
Government sector	**¥ 80,092**	¥ 59,343	¥ 54,942	¥ 60,962	¥ 63,122	**$ 778,197**
Private sector	**23,323**	25,442	19,038	15,976	23,929	**226,613**
Overseas	**6,695**	6,275	7,223	8,188	12,245	**65,050**
Subtotal	**110,110**	91,060	81,203	85,126	99,296	**1,069,860**
Building construction						
Domestic						
Government sector	**21,590**	3,613	4,487	8,638	7,544	**209,775**
Private sector	**183,281**	62,828	68,595	76,724	66,969	**1,780,810**
Overseas	**31,149**	21,881	11,688	9,452	5,386	**302,652**
Subtotal	**236,020**	88,322	84,770	94,814	79,899	**2,293,237**
Total construction projects	**¥346,130**	¥179,382	¥165,973	¥179,940	¥179,195	**$3,363,097**

Revenue from the civil engineering category accounted for ¥110,110 million (US$1,069,860 thousand), or 31.8% of total revenue from construction projects, with domestic projects contributing ¥103,415 million (US$1,004,810 thousand), or 93.9%.

The government sector contributed ¥80,092 million (US$778,197 thousand), or 77.5%, of total domestic civil engineering revenue, while private-sector civil engineering revenue amounted to ¥23,323 million (US$226,613 thousand), or 22.5% of total domestic civil engineering revenue. Overseas civil engineering revenue reached ¥6,695 million (US$65,050 thousand), equivalent to 6.1% of total revenue in the civil engineering category.

Revenue from the building construction category totaled ¥236,020 million (US$2,293,237 thousand), or 68.2% of total construction revenue. Domestic projects accounted for ¥204,871 million (US$1,990,585 thousand), or 86.8%.

The government sector contributed ¥21,590 million (US$209,775 thousand), or 10.5%, of total domestic building construction revenue, while private-sector building construction revenue amounted to ¥183,281 million (US$1,780,810 thousand), or 89.5%, of total domestic building construction revenue. Overseas building construction revenue reached ¥31,149 million (US$302,652 thousand), equivalent to 13.2% of total revenue in the building construction category.

Total overseas construction revenue reached ¥37,844 million (US$367,702 thousand) and accounted for 10.9% of total construction revenue. Civil engineering projects accounted for 17.7% of this total, and building construction for 82.3%.

	Millions of yen					Thousands of U.S. dollars
Orders Received	**2014**	2013	2012	2011	2010	**2014**
Civil engineering	**¥107,666**	¥ 92,395	¥ 87,212	¥ 61,521	¥ 74,028	**$1,046,113**
Building construction	**226,094**	94,556	89,513	80,133	80,194	**2,196,794**
Total construction projects	**¥333,760**	¥186,951	¥176,725	¥141,654	¥154,222	**$3,242,907**

Orders received for construction projects during fiscal 2014 amounted to ¥333,760 million (US$3,242,907 thousand). Overseas work contributed 12.2% of orders in the construction category. Civil engineering orders amounted to ¥107,666 million (US$1,046,113 thousand), or 32.3% of total construction orders. Building construction orders amounted to ¥226,094 million (US$2,196,794 thousand), which is equivalent to 67.7% of total construction orders.

	Millions of yen					Thousands of U.S. dollars
Year-end Backlog	**2014**	2013	2012	2011	2010	**2014**
Civil engineering	**¥121,099**	¥114,655	¥113,278	¥107,382	¥131,216	**$1,176,632**
Building construction	**177,794**	69,652	63,454	58,887	73,751	**1,727,497**
Total construction projects	**¥298,893**	¥184,307	¥176,732	¥166,269	¥204,967	**$2,904,129**

Order backlog for construction projects at the end of fiscal 2014 amounted to ¥298,893 million (US$2,904,129 thousand), with civil engineering work accounting for ¥121,099 million (US$1,176,632 thousand), or 40.5%, and building construction for ¥177,794 million (US$1,727,497 thousand), or 59.5%.

Consolidated Balance Sheets

HAZAMA ANDO CORPORATION and Consolidated Subsidiaries
March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Assets			
Current assets:			
Cash and time deposits (Notes 4 and 23)	**¥ 70,774**	¥ 32,683	**$ 687,660**
Marketable securities (Notes 7 and 23)	**0**	0	**2**
Receivables (Note 23):			
Notes (Note 25)	**6,999**	1,078	**68,004**
Accounts	**104,298**	54,397	**1,013,389**
Inventories (Notes 5 and 8)	**9,919**	8,771	**96,376**
Advances paid	**5,713**	3,361	**55,509**
Deferred tax asset (Note 17)	**4,095**	3,070	**39,788**
Other	**4,226**	5,601	**41,060**
Less allowance for doubtful accounts	**(55)**	(338)	**(535)**
Total current assets	**205,969**	108,623	**2,001,253**
Property and equipment (Notes 7 and 13)**:**			
Land	**19,576**	13,293	**190,206**
Buildings and structures	**18,156**	14,193	**176,409**
Machinery and equipment	**8,306**	8,225	**80,703**
Other	**594**	226	**5,772**
	46,632	35,937	**453,090**
Less accumulated depreciation	**(17,921)**	(17,222)	**(174,126)**
Net property and equipment	**28,711**	18,715	**278,964**
Investments and other assets:			
Investments in securities (Notes 3, 7 and 23)	**15,361**	6,020	**149,252**
Investments in unconsolidated subsidiaries and affiliates	**197**	221	**1,914**
Long-term loans receivable	**744**	50	**7,229**
Deferred tax asset (Note 17)	**3,836**	2,275	**37,272**
Prepaid pension cost	**—**	3,165	**—**
Other	**6,084**	2,859	**59,114**
Less allowance for doubtful accounts	**(256)**	(48)	**(2,487)**
Total investments and other assets	**25,966**	14,542	**252,294**
Total assets	**¥260,646**	¥141,880	**$ 2,532,511**

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Liabilities and Net Assets			
Current liabilities:			
Short-term loans payable (Notes 6 and 23)	**¥ 17,480**	¥ 5,600	**$ 169,841**
Current maturities of long-term loans payable (Notes 6 and 23)	**8,822**	4,327	**85,717**
Current portion of bonds (Note23)	**326**	—	**3,168**
Payables (Note 23):			
Notes	**29,764**	24,406	**289,195**
Accounts	**72,264**	31,355	**702,138**
Income taxes payable	**2,651**	1,283	**25,758**
Advances received (Note 15)	**26,527**	15,195	**257,744**
Accrued expenses	**327**	435	**3,177**
Provision for losses on construction contracts (Note 8)	**3,053**	1,643	**29,664**
Provision for merger expenses	—	697	—
Other	**17,229**	10,491	**167,401**
Total current liabilities	**178,443**	95,432	**1,733,803**
Long-term liabilities:			
Bonds (Notes 23)	**846**	—	**8,220**
Long-term loans payable, less current maturities (Notes 6 and 23)	**11,945**	4,579	**116,061**
Retirement and severance benefits (Note 16)	—	8,672	—
Net defined benefit liability (Note 16)	**13,944**	—	**135,484**
Provision for environmental spending	**322**	284	**3,129**
Deferred tax liability (Note 17)	**74**	—	**719**
Other	**691**	69	**6,714**
Total long-term liabilities	**27,822**	13,604	**270,327**

Net assets (Notes 19 and 20)**:**				
Shareholders' equity:				
Common stock	Authorized - 397,250,000 shares			
	Issued – 185,209,189 shares	**12,000**	5,000	**116,595**
Preferred stock	Authorized - 2,750,000 shares			
	Issued - 0 shares	—	7,000	—
Capital surplus		**15,010**	9,007	**145,842**
Retained earnings		**27,604**	11,665	**268,208**
Less treasury stock, at cost		**(95)**	(98)	**(923)**
Total shareholders' equity		**54,519**	32,574	**529,722**
Accumulated other comprehensive income:				
Net unrealized holding gain on available-for-sale securities		**954**	244	**9,269**
Deferred gains or losses on hedges		**2**	—	**19**
Foreign currency translation adjustment		**130**	—	**1,263**
Remeasurement of defined benefit plans		**(1,855)**	—	**(18,023)**
Total accumulated other comprehensive income		**(769)**	244	**(7,472)**
Share subscription rights		**22**	26	**214**
Minority interests		**609**	—	**5,917**
Total net assets		**54,381**	32,844	**528,381**
Total liabilities and net assets		**¥260,646**	¥141,880	**$ 2,532,511**

Consolidated Statements of Income

HAZAMA ANDO CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Revenues (Notes 10 and 21)**:**			
Construction	**¥357,474**	¥182,740	**$3,473,319**
Other activities	**13,743**	15,159	**133,531**
	371,217	197,899	**3,606,850**
Cost of sales (Notes 11 and 21)**:**			
Construction	**331,365**	168,434	**3,219,637**
Other activities	**11,445**	13,837	**111,203**
	342,810	182,271	**3,330,840**
Gross profit	**28,407**	15,628	**276,010**
Selling, general and administrative expenses (Notes 12 and 21)**:**	**16,329**	10,015	**158,657**
Operating income	**12,078**	5,613	**117,353**
Other income (expenses):			
Interest and dividends income	**322**	93	**3,129**
Foreign exchange gain	**429**	489	**4,168**
Interest expense	**(980)**	(604)	**(9,522)**
Commission fee	**(198)**	—	**(1,924)**
Gains on bargain purchase	**10,090**	—	**98,037**
Loss on sales of noncurrent assets (Note 14)	**(262)**	(8)	**(2,546)**
Impairment loss (Note 13)	**(72)**	—	**(700)**
Merger expenses	**(150)**	(997)	**(1,457)**
Other, net	**(506)**	(369)	**(4,915)**
	8,673	(1,396)	**84,270**
Income before income taxes	**20,751**	4,217	**201,623**
Income taxes (Note 17)**:**			
Current	**3,440**	1,523	**33,424**
Deferred	**852**	401	**8,279**
	4,292	1,924	**41,703**
Income before minority interest	**16,459**	2,293	**159,920**
Minority interests in income of consolidated subsidiaries	**45**	—	**437**
Net income	**¥ 16,414**	¥ 2,293	**$ 159,483**

	Yen		U.S. dollars (Note 1)
	2014	2013	**2014**
Per share amounts (Note 22)**:**			
Net income			
Basic	**¥ 96.47**	¥ 20.69	**$ 0.94**
Diluted	**88.59**	14.74	**0.86**
Cash dividends applicable to the year			
Common stock	**5.00**	3.00	**0.05**
Class I preferred stock	—	78.40	—
Class II preferred stock	—	88.40	—
Class III preferred stock	—	98.40	—

See accompanying notes.

Consolidated Statements of Comprehensive Income

HAZAMA ANDO CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Income before minority interest	**¥16,459**	¥2,293	**$159,920**
Other comprehensive income			
Valuation difference on available-for-sale securities	**710**	390	**6,899**
Deferred gains or losses on hedges	**2**	—	**19**
Foreign currency translation adjustment	**208**	—	**2,021**
Total other comprehensive income (Note 18)	**920**	390	**8,939**
Comprehensive income	**17,379**	2,683	**168,859**
Comprehensive income attribute to:			
Comprehensive income attribute to owners of the parent	**17,257**	2,683	**167,674**
Comprehensive income attribute to minority interests	**122**	—	**1,185**

See accompanying notes.

Consolidated Statements of Changes in Net Assets

HAZAMA ANDO CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2014 and 2013

	Millions of yen			
	Shareholders' equity			
	Common stock and preferred stock	Capital surplus	Retained earnings	Treasury stock
Balance at April 1, 2012	¥12,000	¥9,004	¥9,767	¥(112)
Net income			2,293	
Cash dividends paid			(395)	
Disposal of treasury stock		3		15
Acquisition of treasury stock				(1)
Redemption of fractional preferred stock		(0)		
Net changes in items other than shareholders' equity				
Balance at April 1, 2013	**¥12,000**	**¥9,007**	**¥11,665**	**¥(98)**
Net income			**16,414**	
Cash dividends paid			**(475)**	
Disposal of treasury stock		**(3,114)**		**3,125**
Acquisition of treasury stock				**(2)**
Redemption of fractional preferred stock		**0**		
Increase by merger		**9,117**		**(3,120)**
Net changes in items other than shareholders' equity				
Balance at March 31, 2014	**¥12,000**	**¥15,010**	**¥27,604**	**¥(95)**

	Millions of yen						
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Capital surplus	Retained earnings	Remeasurements of defined benefit plans	Share subscription rights	Minority interests	Total
Balance at April 1, 2012	¥ (146)	—	—	—	¥45	—	¥30,558
Net income							2,293
Cash dividends paid							(395)
Disposal of treasury stock							18
Acquisition of treasury stock							(1)
Redemption of fractional preferred stock							(0)
Net changes in items other than shareholders' equity	390	—	—	—	(19)	—	371
Balance at April 1, 2013	**¥244**	—	—	—	**¥26**	—	**¥32,844**
Net income							**16,414**
Cash dividends paid							**(475)**
Disposal of treasury stock							**11**
Acquisition of treasury stock							**(2)**
Redemption of fractional preferred stock							**0**
Increase by merger							**5,997**
Net changes in items other than shareholders' equity	**710**	**2**	**130**	**(1,855)**	**(4)**	**609**	**(408)**
Balance at March 31, 2014	**¥954**	**¥2**	**¥130**	**¥(1,855)**	**¥22**	**¥609**	**¥54,381**

	Thousands of U.S. dollars (Note 1)			
	Shareholders' equity			
	Common stock and preferred stock	Capital surplus	Retained earnings	Treasury stock
Balance at April 1, 2013	**$116,595**	**$87,515**	**$113,340**	**$(952)**
Net income			**159,483**	
Cash dividends paid			**(4,615)**	
Disposal of treasury stock		**(30,257)**		**30,363**
Acquisition of treasury stock				**(19)**
Redemption of fractional preferred stock		**0**		
Increase by merger		**88,584**		**(30,315)**
Net changes in items other than shareholders' equity				
Balance at March 31, 2014	**$116,595**	**$145,842**	**$268,208**	**$(923)**

	Thousands of U.S. dollars (Note 1)						
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Capital surplus	Retained earnings	Remeasurement of defined benefit plans	Share subscription rights	Minority interests	Total
Balance at April 1, 2013	**$2,370**	—	—	—	**$253**	—	**$319,121**
Net income							**159,483**
Cash dividends paid							**(4,615)**
Disposal of treasury stock							**106**
Acquisition of treasury stock							**(19)**
Redemption of fractional preferred stock							**0**
Increase by merger							**58,269**
Net changes in items other than shareholders' equity	**6,899**	**19**	**1,263**	**(18,023)**	**(39)**	**5,917**	**(3,964)**
Balance at March 31, 2014	**$9,269**	**$19**	**$1,263**	**$(18,023)**	**$214**	**$5,917**	**$528,381**

See accompanying notes.

Consolidated Statements of Cash Flows

HAZAMA ANDO CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Cash flows from operating activities:			
Income before income taxes	**¥ 20,751**	¥ 4,217	**$ 201,623**
Adjustment to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	**1,212**	560	**11,776**
Impairment loss	**72**	—	**700**
Gain on bargain purchase	**(10,090)**	—	**(98,037)**
Increase (decrease) in allowance for doubtful accounts	**(1,120)**	18	**(10,882)**
Increase (decrease) in retirement and severance benefits	**(14,477)**	600	**(140,663)**
Increase (decrease) in net benefit defined liability	**13,944**	—	**135,484**
Decrease (increase) in prepaid pension cost	**3,165**	(426)	**30,752**
Interest and dividends income	**(322)**	(93)	**(3,129)**
Interest expense	**980**	604	**9,522**
Foreign exchange loss (gain)	**(219)**	(493)	**(2,128)**
Loss (gain) on valuation of investments in securities	**70**	56	**680**
Loss (gain) on sale of property, plant and equipment	**249**	(8)	**2,419**
Changes in assets and liabilities:			
Increase (decrease) in provision for business structure improvement	**—**	697	**—**
Increase (decrease) in provision for merger expenses	**(1,111)**	—	**(10,795)**
Increase (decrease) in provision for disaster payment	**—**	(106)	**—**
Decrease (increase) in notes and accounts receivable	**2,476**	(5,077)	**24,058**
Decrease (increase) in inventories	**5,469**	1,305	**53,138**
Decrease (increase) in advances paid	**(2,186)**	1,592	**(21,240)**
Increase (decrease) in notes and accounts payable	**(11,053)**	1,167	**(107,394)**
Increase (decrease) in advances received	**1,729**	4,603	**16,800**
Increase (decrease) in deposit received	**(213)**	3,171	**(2,070)**
Increase (decrease) in consumption tax payable	**2,642**	(3,724)	**25,670**
Other, net	**(1,527)**	335	**(14,836)**
Subtotal	**10,441**	8,998	**101,448**
Interest and dividends received	**257**	93	**2,497**
Interest paid	**(949)**	(539)	**(9,221)**
Income taxes paid	**(2,285)**	(618)	**(22,202)**
Net cash provided by (used in) operating activities	**7,464**	7,934	**72,522**
Cash flows from investing activities:			
Purchase of marketable securities and investments in securities	**(54)**	(68)	**(525)**
Proceeds from sales of marketable securities and investments in securities	**159**	53	**1,545**
Purchase of property, plant and equipment	**(753)**	(368)	**(7,316)**
Proceeds from sales of property, plant and equipment	**2,478**	13	**24,077**
Payments of loans receivable	**(38)**	(2)	**(369)**
Collection of loans receivable	**104**	18	**1,010**
Proceeds from withdrawal of investments in silent partnership	**1,792**	—	**17,412**
Other, net	**(95)**	(369)	**(923)**
Net cash provided by (used in) investing activities	**3,593**	(723)	**34,911**
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	**1,301**	(1,840)	**12,641**
Proceeds from long-term loans payable	**10,901**	4,514	**105,917**
Repayments of long-term loans payable	**(11,533)**	(6,589)	**(112,058)**
Cash dividends paid	**(475)**	(395)	**(4,615)**
Other, net	**(248)**	(37)	**(2,410)**
Net cash provided by (used in) financing activities	**(54)**	(4,347)	**(525)**
Effect of exchange rate changes on cash and cash equivalents	**678**	492	**6,588**
Net increase (decrease) in cash and cash equivalents	**11,681**	3,356	**113,496**
Cash and cash equivalents at beginning of year	**32,659**	29,303	**317,324**
Increase cash and cash equivalents resulting from merger	**22,441**	—	**218,043**
Increase cash and cash equivalents from newly consolidated subsidiary	**3,244**	—	**31,520**
Cash and cash equivalents at end of year (Note 4)	**¥70,025**	¥32,659	**$680,383**

See accompanying notes.

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of HAZAMA ANDO CORPORATION (the "Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English with some expanded descriptions from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2014, which was ¥102.92 to U.S. $1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(1) Consolidation
The consolidated financial statements include the accounts of the Company and its significant subsidiaries (the "Companies"). All significant intercompany transactions and unrealized profits and losses among the Companies have been eliminated in consolidation.

All companies are required to consolidate all significant investees, which are controlled through substantial ownership of majority voting rights or existence of certain conditions. Investments in affiliates over which the Company has the ability to exercise significant influence over operating and financial policies of the investees, are accounted for by the equity method.

Investments in remaining unconsolidated subsidiaries and affiliates, which have immaterial effect on the consolidated financial statements, are accounted for at cost. Such investments are adjusted for any non-recoverable diminution in value, and income from these unconsolidated subsidiaries and affiliates is recognized only when the Companies receive dividends therefrom.

(2) Revenue and cost recognition
When the outcome of construction contracts can be estimated reliably, the percentage-of-completion method (cost-to-cost method for the estimated progress) is mainly applied. Otherwise the completed-contract method is applied.

(3) Foreign currency translation
Revenues and expenses are translated at the rates of exchange prevailing when transactions are made. Assets and liabilities denominated in foreign currencies are generally translated at the rates of foreign exchange prevailing at the balance sheet date and the resulting translation gains or losses are included in earnings.

(4) Cash and cash equivalents
Cash and cash equivalents include cash on hand, highly liquid investments with maturity of three month or less from the purchase date. See Note 4 as to a reconciliation of cash and cash equivalents reported in the consolidated statements of cash flows with cash and time deposits reported in the consolidated balance sheets.

(5) Allowance for doubtful accounts
To prepare for credit loss on receivables, collectability of normal receivables is estimated by applying the historical overall credit loss rates, and collectability of doubtful receivables is analyzed individually and the estimated uncollectible amount is recorded.

(6) Inventories
Inventories are stated at cost as determined on a specific project basis.

(7) Securities
Securities of the Companies are classified into one of the following categories based on the intent of holding, and are accounted for as follows:
(a) Debt securities that are intended to be held to maturity ("held-to-maturity debt securities") are stated at amortized cost.

(b) Securities other than trading securities, held-to-maturity debt securities and shares issued by unconsolidated subsidiaries and affiliated companies not on the equity method ("available-for-sale securities") are stated at fair market values, if their fair market values are readily available. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on sale of these securities are computed using moving-average costs. Available-for-sale securities with no available fair market values are stated at moving-average cost.

(8) Derivatives and hedging transactions
Derivative financial instruments are stated at fair value and changes in the fair value are recognized as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Companies defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,
(a) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payables is recognized in the consolidated statements of operations in the period which includes the inception date, and
(b) the discount or premium on the contract (that is the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

Also, if interest rate swap contracts are used as hedge and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

The Companies use forward foreign currency contracts and interest rate swap contracts as derivative financial instruments only for the purpose of mitigating future risks of fluctuation of foreign currency exchange rates and interest rate increases.

The Companies evaluate hedge effectiveness by comparing the cumulative changes in cash flows from or the changes in fair value of hedged items and the corresponding changes in the hedging derivative instruments.

(9) Property and equipment, depreciation
Property and equipment are carried at cost. Depreciation of building is mainly provided on the straight-line method, and depreciation of other property and equipment is provided on the declining-balance method over estimated useful lives, except that the declining-balance method is applied to buildings of one consolidated subsidiary.

Expenditures for significant renewals and betterments are capitalized, while expenditures for normal repairs and maintenance are charged to expense when incurred.

(10) Provision for losses on construction contracts
To prepare for future losses related to construction contracts, the amount of estimated losses is recorded for the construction when losses are probable to occur and such losses can be reasonably estimated.

(11) Provision for environmental spending
To prepare for the treatment of Polychlorinated Biphenyl waste, which is obligated by the "Act on Special Measures Concerning Promotion of Proper Treatment of PCB Waste," the estimated cost for treatment is recorded.

(12) Retirement and severance benefits
To prepare for the payment of retirement and severance benefits to employees, the Companies have recorded the amount expected to arise at the end of the subject fiscal year based on retirement benefit obligations and pension assets at the end of the subject fiscal year. Differences arising from changes in accounting standards (¥9,985 million) have been amortized in equal amounts over 15 years. Actuarial differences are recognized in expenses using the straight-line method over period less than the average of the estimated remaining service lives (9 years) commencing with the succeeding period. Prior service costs are recognized in expenses using the straight-line method over period less than the average of the estimated remaining service lives (3 years) commencing with present period.

Upon the split-up, the Company succeeded differences arising from changes in accounting standards and actuarial differences, and the above periods of amortization include the periods before split-up.

The Company and its consolidated subsidiaries have calculated net defined benefit liability and retirement benefit costs under certain lump-sum payment plans using simplified method.

(13) Lease transactions
(a) Finance leases which transfer ownership of leased assets
Leased assets arising from finance lease transactions which transfer ownership to the lessee are depreciated by the same method as the depreciation of fixed assets.
(b) Finance leases which do not transfer ownership of leased assets
Leased assets arising from finance lease transactions which do not transfer ownership to the lessee are depreciated to a residual value of zero by the straight-line method using the contract term as useful life.

(14) Income taxes
The Companies recognize tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting purposes. The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(15) Appropriations of retained earnings
Appropriations of retained earnings are reflected in the accompanying consolidated financial statements for the following year upon the shareholders' meeting approval.

(16) Amounts per share
Basic net income per share is based on the weighted average number of common stock outstanding during the period, and diluted net income per share reflects the potential dilution that could occur if preferred stock were converted into common stock or share subscription rights were exercised.
Cash dividends per share represent amounts applicable for the respective years on accrual basis.
A net asset per share is reported at the amounts of ¥290.96 (US$2.83) and ¥212.75 at March 31, 2014 and 2013, respectively.

(17) Change in accounting policies with amendment of respective law or regulation that are not distinguishable from change in accounting estimates
Effective from the year ended March 31, 2014, the Company and its consolidated domestic subsidiaries have applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012 (hereinafter, the "Statement No.26")) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012 (hereinafter, the "Guidance No.25")) except the article 35 of the Statement No.26 and the article 67 of the Guidance No.25 and actuarial gains and losses, past service costs and transition obligations that are yet to be recognized have been recognized and the difference between retirement benefit obligations and plan assets has been recognized as a liability for retirement benefits.
In accordance with the article 37 of the Statement No.26, the effect of the change in accounting policies arising from initial application has been recognized in accumulated adjustments for retirement benefit in accumulated other comprehensive income.
As a result of the application, a liability for retirement benefits in the amount of ¥13,944 million (US$135,484 thousand) has been recognized and accumulated other comprehensive income has decreased by ¥1,855million (US$18,023 thousand), at the end of the current fiscal year.
The effects of this change on earnings per share are described in the related note.

3. Securities

(1) The following tables summarize book values and fair values of held-to-maturity debt securities as of March 31, 2014 and 2013.

	Millions of yen					
	2014			2013		
Type	Book values	Fair values	Difference	Book values	Fair values	Difference
Securities with fair values exceeding book values						
Bonds	**¥426**	**¥461**	**¥35**	—	—	—
Sub total	**426**	**461**	**35**	—	—	—
Securities with fair values not exceeding book values						
Bonds	**¥7**	**¥7**	**¥0**	¥135	¥131	¥(4)
Sub total	**7**	**7**	**0**	135	131	(4)
Total	**¥433**	**¥468**	**¥35**	¥135	¥131	¥(4)

Type	Thousands of U.S. dollars 2014 Book values	Fair values	Difference
Securities with fair values exceeding book values			
Bonds	**$4,139**	**$4,479**	**$340**
Sub total	**4,139**	**4,479**	**340**
Securities with fair values not exceeding book values			
Bonds	**$68**	**$68**	**$0**
Sub total	**68**	**68**	**0**
Total	**$4,207**	**$4,547**	**$340**

(2) The following tables summarize book values and acquisition costs of available-for-sale securities as of March 31, 2014 and 2013:

	Millions of yen					
	2014			2013		
Type	Book values	Acquisition costs	Difference	Book values	Acquisition costs	Difference
Securities with book values exceeding acquisition costs						
Equity securities	**¥8,948**	**¥7,064**	**¥ 1,884**	¥2,718	¥2,061	¥ 657
Sub total	**8,948**	**7,064**	**1,884**	2,718	2,061	657
Securities with book values not exceeding acquisition costs						
Equity securities	**¥2,184**	**¥2,620**	**¥(436)**	¥806	¥1,066	¥(260)
Sub total	**2,184**	**2,620**	**(436)**	806	1,066	(260)
Total	**¥11,132**	**¥9,684**	**¥1,448**	¥3,524	¥3,127	¥ 397

	Thousands of U.S. dollars		
	2014		
Type	Book values	Acquisition costs	Difference
Securities with book values exceeding acquisition costs			
Equity securities	**$86,941**	**$68,636**	**$18,305**
Sub total	**86,941**	**68,636**	**18,305**
Securities with book values not exceeding acquisition costs			
Equity securities	**$21,221**	**$25,457**	**$(4,236)**
Sub total	**21,221**	**25,457**	**(4,236)**
Total	**$108,162**	**$94,093**	**$14,069**

(3) Total sales, related gains and losses of available-for-sale securities are as follows:

	Millions of yen		Thousands of U.S. dollars
Type	**2014**	2013	**2014**
Equity securities			
Sales	**¥14**	¥50	**$136**
Related gains	**5**	0	**49**
Related losses	**0**	—	**0**

(4) Impairment losses on securities recognized for the years ended March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
Type	**2014**	2013	**2014**
Available-for-sale securities	**¥70**	¥56	**$680**
Total	**¥70**	¥56	**$680**

4. Cash and Cash Equivalents

(1) Cash and cash equivalents reported in the consolidated statements of cash flows at March 31, 2014 and 2013 were reconciled with cash and time deposits reported in consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Cash and time deposits	**¥70,774**	¥32,683	**$687,660**
Time deposits with maturities of exceeding 3-month from the date of acquisition	**(749)**	(24)	**(7,277)**
Total: Cash and cash equivalents	**¥70,025**	¥32,659	**$680,383**

(2) Details of important non-monetary transactions
The main component of assets and liabilities that is assumed as the result of the merger is as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	
Current assets	**¥ 84,322**	**$ 819,296**
Fixed assets	**31,821**	**309,182**
Total assets	**116,143**	**1,128,478**
Current liabilities	**83,232**	**808,706**
Long-term liabilities	**13,579**	**131,937**
Total liabilities	**96,811**	**940,643**

Capital surplus increased ¥9,117 million (US$88,584 thousand) by the merger with ANDO Corporation.

5. Inventories

Inventories at March 31, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Accumulated Costs on uncompleted construction contracts	**¥ 5,191**	¥ 6,655	**$50,437**
Others	**4,728**	2,116	**45,939**
Total	**¥ 9,919**	¥ 8,771	**$96,376**

6. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans are represented mainly by loan on deed. The average interest rates of short-term loans were 1.9% and 2.0% at March 31, 2014 and 2013.

Bonds at March 31, 2014 and 2013 are summarized below:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Long-term debt from bonds, insurance companies and others due serially through 2020:			
Unsecured 0.5%	**1,172**	—	**11,388**
Less current maturities	**(326)**	—	**(3,168)**
Total	**¥846**	—	**$ 8,220**

Long-term loans payable at March 31, 2014 and 2013 are summarized below:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Long-term debt from banks, insurance companies and others due serially through 2020:			
Secured 2.4% to 2.6%	**¥4,282**	¥4,515	**$ 41,605**
Unsecured 1.2% to 2.9%	**16,485**	4,391	**160,173**
Less current maturities	**(8,822)**	(4,327)	**(85,717)**
Total	**¥11,945**	¥4,579	**$ 116,061**

Repayment schedules for bonds are summarized below:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2015	**¥ 326**	**$ 3,168**
2016	**276**	**2,682**
2017	**276**	**2,682**
2018	**216**	**2,099**
2019	**78**	**757**
2020~	**—**	**—**
Total	**¥1,172**	**$11,388**

Repayment schedules for the long-term loans payable are summarized below:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2015	**¥ 8,822**	**$ 85,717**
2016	**5,742**	**55,791**
2017	**2,938**	**28,546**
2018	**1,683**	**16,353**
2019	**796**	**7,734**
2020~	**786**	**7,637**
Total	**¥20,767**	**$201,778**

As is customary in Japan, long-term and short-term bank loans are made under general agreements which provide that additional security and guarantees for present and future indebtedness will be given under certain circumstances at the request of the banks, and that any collateral furnished will be applicable to all indebtedness due to that bank.

In addition, the agreements provide that the bank has the right to offset cash deposited against any long-term and short-term debt that become due and in case of default and certain other specified events, against all other debts payable to the bank. Such rights have never been exercised by the bank.

7. Pledged Assets

The following assets were pledged to secure short-term bank loans, long-term debt and certain other obligation at March 31, 2014 and 2013:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Marketable securities	**¥ 0**	¥ 0	**$ 2**
Property and equipment	**16,737**	15,185	**162,621**
Investments in securities	**733**	394	**7,122**
Other assets	**158**	—	**1,536**
Total	**¥17,628**	¥15,579	**$171,281**

8. Estimated loss on uncompleted construction contracts

Amount of costs on uncompleted construction contracts for which a construction loss is anticipated and reserve for expected losses on construction contracts in process are presented without being offset.

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Amount of costs on uncompleted construction contracts for which a construction loss is anticipated, matching with reserve for expected losses on construction contracts in process	**¥167**	¥19	**$1,623**

9. Contingent Liabilities

At March 31, 2014, the Companies had the following contingent liabilities for loan guaranteed:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Guarantees for loan			
Pressance Corporation Co.,Ltd.	**¥94**	¥—	**$ 913**
Loans of employees	**3**	—	**29**
Total	**¥97**	¥—	**$ 942**

10. Revenues from construction contracts recognized by the percentage-of-completion method

Revenues from construction contracts recognized by the percentage-of-completion method for the fiscal year ended March 31, 2014 and 2013 were ¥323,156 million (US$3,139,876 thousand) and ¥157,701 million, respectively.

11. Provision for losses on construction contracts included in cost of sales of construction contracts

Provision for losses on construction contracts included in cost of sales of construction contracts for the fiscal year ended March 31, 2014 and 2013 were ¥2,340 million (US$22,736 thousand) and ¥1,438 million, respectively.

12. Research and Development Expenses

Research and development expenses included in manufacturing costs, and selling, general and administrative expenses amounted to ¥1,345 million (US$13,068 thousand) and ¥1,135 million for the years ended March 31, 2014 and 2013, respectively.

13. Impairment Loss

No impairment loss is recognized for the year ended March 31, 2013.
Impairment loss for the year ended March, 31, 2014 is as follows:

Location	Use	Type of assets	Millions of yen	Thousands of U.S. dollars
Ibaraki prefecture	Idle asset	Land	**¥ 70**	**$ 680**
Other	Idle asset	Land	**2**	**20**
Total			**¥72**	**$ 700**

The Companies generally conduct grouping of its business assets by location and idle assets by each property unit to measure impairment loss. As the above assets become idle assets in the subject fiscal year, the book value was reduced to recoverable amount, and such reduction was recorded as an impairment loss in the extraordinary loss caption. The recoverable amounts of these assets were measured based on net selling price, and were mainly evaluated based on appraisal value.

14. Loss on Sales of Noncurrent Assets

Loss on sales of noncurrent assets for the year ended March 31, 2014 and 2013 is as follows:

	Millions of yen		Thousands of U.S. dollars
Type of assets	**2014**	2013	**2014**
Land	**¥262**	¥—	**$2,546**
Other	**—**	8	**—**
Total	**¥262**	¥ 8	**$2,546**

15. Advances Received

As is customary in Japan, the Companies normally receive payments from customers on a progress basis in accordance with the terms of the respective construction contracts.

16. Net Defined Benefit Liability

The Company and its consolidated subsidiaries have adopted the lump-sum payment plan and the retirement benefit pension plan as their defined benefit plan.

One of the domestic consolidated subsidiaries has adopted the defined contribution corporate pension plan and the lump-sum payment plan, and the rest have adopted the lump-sum payment plan only.

The Company has set up a retirement benefit trust fund due to its merger with ANDO Corporation.

The Company and its consolidated subsidiaries have calculated net defined benefit liability and retirement benefit costs under certain lump-sum payment plans using simplified method.

(a)Defined benefit plans

	Millions of yen	Thousands of U.S. dollars
	2014	**2014**
(1) Movement in retirement benefit obligations		
Balance at April 1, 2013	**¥17,599**	**$ 170,997**
Increase by merger	**13,304**	**129,265**
Service cost	**1,391**	**13,515**
Interest cost	**294**	**2,857**
Actuarial loss (gain)	**977**	**9,493**
Past service cost	**(1,205)**	**(11,708)**
Benefits paid	**(1,764)**	**(17,140)**
Balance at March 31, 2014	**¥30,596**	**$ 297,279**
(2) Movement in plan assets		
Balance at April 1, 2013	**¥9,427**	**$ 91,595**
Increase by merger	**7,542**	**73,280**
Expected return on plan assets	**194**	**1,885**
Actuarial loss (gain)	**588**	**5,713**
Contributions paid by the employer	**1,312**	**12,748**
Benefits paid	**(1,071)**	**(10,406)**
Balance at March 31, 2014	**¥17,992**	**$ 174,815**
(3) Movement in simplified method		
Balance at April 1, 2013	**¥1,140**	**$ 11,077**
Increase from newly consolidated subsidiary	**44**	**428**
Retirement benefit costs	**284**	**2,759**
Benefits paid	**(126)**	**(1,224)**
Other	**(3)**	**(30)**
Balance at March 31, 2014	**¥1,339**	**$ 13,010**

(4) Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits

Funded retirement benefit obligation	**¥30,596**	**$ 297,279**
Plan assets	**(17,992)**	**(174,815)**
	12,604	**122,464**
Unfunded retirement benefit obligation	**1,340**	**13,020**
Total net liability (asset) for retirement benefits at March 31, 2014	**13,944**	**135,484**
Liability for retirement benefits	**13,944**	**135,484**
Total net liability (asset) for retirement benefits at March 31, 2014	**¥13,944**	**$135,484**

(Note) Retirement benefit obligation under the lump-sum payment plan is included in funded retirement benefit obligation because a retirement benefit trust has been established for lump-sum payment plans. In addition, the retirement benefit trust that has been established for the lump-sum payment plan is included in plan assets.

(5) Retirement benefit costs

Service cost	**¥1,391**	**$ 13,515**
Interest cost	**294**	**2,857**
Expected return on plan assets	**(194)**	**(1,885)**
Transition obligations amortization	**334**	**3,245**
Net actuarial loss amortization	**436**	**4,236**
Past service costs amortization	**(665)**	**(6,461)**
Retirement benefit expenses by simplified method	**285**	**2,769**
Total retirement benefit costs for the fiscal year ended March 31, 2014	**¥1,881**	**$ 18,276**

(6) Accumulated adjustments for retirement benefit

Transition obligations that are yet to be treated	**¥336**	**$ 3,264**
Actual gains and losses that are yet to be recognized	**3,296**	**32,025**
Past service costs that are yet to be recognized	**(750)**	**(7,287)**
Total retirement benefit costs for the fiscal year ended March 31, 2014	**¥2,882**	**$ 28,002**

(7) Plan assets

1. Plan assets comprise:

Bonds	**38%**
Equity securities	**35**
General account assets	**14**
Cash and cash equivalents	**8**
Other	**5**
Total	**100%**

(Note) The retirement benefit trust that has been established for the lump-sum payment plan and the corporate pension plan accounts for 24% of the total plan assets.

2. Long-term expected rate of return:

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(8) Actuarial assumptions

The principal actuarial assumptions at March 31, 2014 (expressed as weighted averages) follow:

Discount rate	**1.0%**
Long-term expected rate of return	**1.1%**

(9) The amount of contributions required to be made to the defined contribution plan of consolidated subsidiaries is ¥3 million (US$29 thousand).

The liabilities for retirement and severance benefits included in the consolidated balance sheets as of March 31, 2013 are as follows:

	Millions of yen
	2013
Projected benefit obligation	¥(18,739)
Fair value of pension assets	9,427
Less unrecognized net transition obligation	672
Less unrecognized actuarial differences	3,343
Less unrecognized past service liability	(210)
Prepaid pension cost	(3,165)
Retirement and severance benefits	¥ (8,672)

Included in the consolidated statements of operations for the years ended March 31, 2013 is retirement and severance benefit expenses as follows:

	Millions of yen
	2013
Service costs-benefits earned during the year	¥ 881
Interest cost on projected benefit obligation	319
Expected return on pensions assets	(129)
Amortization of net transition obligation	336
Amortization of net actuarial differences	390
Amortization of prior service costs	(565)
Retirement and severance benefit expense	¥1,232

The discount rate used by the Company is 1.0% at March 31, 2013.

The rate of expected return on pension assets is 1.5% at March 31, 2013.

The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated total service years.

Actuarial differences are recognized in the consolidated statements of operations using the straight-line method over 9 years commencing with the succeeding period.

Prior service costs are recognized in the consolidated statements of operations using the straight-line method over 3 years commencing with the present period.

Net transition obligation is recognized using the straight-line method over 15 years.

17. Income Taxes

The Companies were subject to a number of taxes based on income, which, in the aggregate, indicate statutory rate in Japan of approximately 38.0% for the years ended March 31, 2014 and 2013.

The following table summarizes the significant differences between the statutory tax rate and the effective tax rate for financial statement purposes for the year ended March 31, 2014 and 2013.

	2014	2013
Statutory tax rate	**38.0%**	38.0%
Permanent non-deductible expenses	**2.2**	2.0
Permanent non-taxable income	**(0.7)**	(0.4)
Gain on bargain purchase	**(18.5)**	—
Per capita inhabitant taxes	**0.8**	3.6
Change in valuation allowance	**(1.1)**	(3.5)
Decrease in deferred income tax assets due to tax rate changes	**0.9**	—
Tax rate difference of special corporate tax for reconstruction	—	2.8
Others	**(0.9)**	3.1
Effective tax rate	**20.7%**	45.6%

Significant components of the Companies' deferred income taxes as of March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Deferred income tax assets:			
Non-deductible construction costs under the percentage-of-completion method	**¥1,505**	¥1,264	**$14,623**
Non-deductible retirement benefits	**—**	3,179	**—**
Net defined benefit liability	**6,193**	—	**60,173**
Others	**6,532**	2,835	**63,467**
Gross deferred income tax assets	**14,230**	7,278	**138,263**
Less: Valuation allowance	**(2,965)**	(620)	**(28,809)**
Total deferred income tax assets	**11,265**	6,658	**109,454**
Deferred income tax liabilities:			
Prepaid pension cost	**—**	(1,161)	**—**
Valuation difference on available-for-sale securities	**(490)**	(152)	**(4,761)**
Others	**(2,918)**	—	**(28,352)**
Total deferred income tax liabilities	**(3,408)**	(1,313)	**(33,113)**
Net deferred income taxes	**¥7,857**	¥5,345	**$76,341**

In Japan, the Bill for Partial Amendment of the Income Tax Act (Article 10, 2014) was issued on March 31, 2014, and the special corporate tax for reconstruction is not imposed from the fiscal year started April 1, 2014. The statutory effective tax rate used for the deferred tax assets and liabilities where the timing of the reversal of the related temporary difference is expected during the fiscal year ending March 31, 2015 is changed from 38.0% to 35.6%. As a result of this change, net amounts of differed tax assets decrease ¥178 million (US$1,730 thousand) and income taxes-differed increase by the same amount.

18. Comprehensive Income

Amounts reclassified to net income (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and tax effects for each component of other comprehensive income are as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Valuation difference on available-for-sale securities:			
Increase (decrease) during the year	**¥976**	¥494	**$9,483**
Reclassification adjustment	**69**	49	**670**
Sub-total, before tax	**1,045**	543	**10,153**
Tax (expense) or benefit	**(335)**	(153)	**(3,255)**
Sub-total, net of tax	**710**	390	**6,898**
Deferred gains or losses on hedges:			
Increase (decrease) during the year	**¥4**	¥ —	**$39**
Reclassification adjustment	**0**	—	**0**
Sub-total, before tax	**4**	—	**39**
Tax (expense) or benefit	**(2)**	—	**(20)**
Sub-total, net of tax	**2**	—	**19**
Foreign currency translation adjustment:			
Increase (decrease) during the year	**¥208**	¥ —	**$2,021**
Reclassification adjustment	**—**	—	**—**
Sub-total	**208**	—	**2,021**
Total other comprehensive income	**¥920**	¥390	**$8,938**

19. Net Assets

Under the Japanese Corporate Law ("the Law"), the entire amount paid for new shares is required to be designated as common stock (or preferred stock). However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus in the accompanying consolidated balance sheets.

Under the Law, in cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock and preferred stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Law, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit or could be capitalized generally by a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law.

20. Consolidated Statements of Changes in Net Assets

(1) Common stock and preferred stock issued

	Number of shares				
	Common stock	Class I preferred stock	Class II preferred stock	Class III preferred stock	Class IV preferred stock
Balance at April 1, 2012	100,000,000	750,000	875,000	875,000	250,000
Increase during the year	16,356,517	0	0	0	0
Decrease during the year	0	0	723,726	0	0
Balance at April 1, 2013	**116,356,517**	**750,000**	**151,224**	**875,000**	**250,000**
Increase during the year	**68,852,672**	**0**	**0**	**0**	**0**
Decrease during the year	**0**	**750,000**	**151,224**	**875,000**	**250,000**
Balance at March 31, 2014	**185,209,189**	**0**	**0**	**0**	**0**

Detail of increase or decrease during the year ended March 31, 2013 and 2014 was as follows:
(Common stock)

	Number of shares	
	2014	2013
Increase by exercising the call option of Class II preferred stock	—	16,356,517
Increase by merger	**43,833,139**	—
Increase by exercising the call option of preferred stock	**25,019,533**	—
Total	**68,852,672**	16,356,517

(Class I preferred stock)

	Number of shares	
	2014	2013
Decrease by retirement of treasury stock	—	750,000

(Class II preferred stock)

	Number of shares	
	2014	2013
Decrease by retirement of treasury stock	**723,726**	151,224

(Class III preferred stock)

	Number of shares	
	2014	2013
Decrease by retirement of treasury stock	**—**	875,000

(Class IV preferred stock)

	Number of shares	
	2014	2013
Decrease by retirement of treasury stock	**—**	250,000

(2) Treasury stock outstanding
(Common stock)

	Number of shares				
	Common stock	Class I preferred stock	Class II preferred stock	Class III preferred stock	Class IV preferred stock
Balance at April 1, 2012	1,076,624	0	0	0	0
Increase during the year	3,215	0	0	0	0
Decrease during the year	140,600	0	0	0	0
Balance at April 1, 2013	**939,239**	**0**	**0**	**0**	**0**
Increase during the year	**10,007,432**	**750,000**	**151,224**	**875,000**	**250,000**
Decrease during the year	**10,476,790**	**750,000**	**151,224**	**875,000**	**250,000**
Balance at March 31, 2014	**469,881**	**0**	**0**	**0**	**0**

(Details of increase or decrease)
(Common stock)

	Number of shares	
	2014	2013
Increase by merger	**10,000,000**	—
Increase by purchase of shares less than one unit	**7,432**	3,215
Decrease by delivery of treasury stock	**10,475,198**	140,600
Decrease by adding of shares less than one unit	**1,592**	—

(Class I preferred stock)

	Number of shares	
	2014	2013
Increase by exercising the call option	**750,000**	—
Decrease by retirement of treasury stock	**750,000**	—

(Class II preferred stock)

	Number of shares	
	2014	2013
Increase by exercising the call option	**151,224**	723,726
Decrease by retirement of treasury stock	**151,224**	723,726

(Class III preferred stock)

	Number of shares	
	2014	2013
Increase by exercising the call option	**875,000**	—
Decrease by retirement of treasury stock	**875,000**	—

(Class IV preferred stock)

	Number of shares	
	2014	2013
Increase by exercising the call option	**250,000**	—
Decrease by retirement of treasury stock	**250,000**	—

21. Segment Information

Effective April 1, 2010, the Company adopted the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (Accounting Standards Board of Japan ("ASBJ") Statement No. 17 on March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued on March 21, 2008).

(1) General information about reportable segments
Each reportable segment of the Companies is the business unit of the Companies, which discrete financial information is able to obtain. Reportable segments are reviewed periodically at the Board of Directors meeting in order to determine distribution of management resources and evaluate business results by each reportable segment.

The Companies mainly operate the construction and construction-related business. Among them the Company, the general constructor, operates their businesses that is composed of the civil engineering and building construction, and each headquarter plans and executes on their business strategy of production systems and sales process in Japan and overseas.

Furthermore, consolidated subsidiaries respectively develop their business by cooperating with the Company.

Accordingly, the Companies classify their business operating segments, identified by product and services, into three reportable segments as "Civil engineering segment", "Building construction segment" and "Consolidated subsidiaries segment".

The major products and services of each segment are as follows:

Reportable segments	Major products and services
Civil engineering	Civil engineering of the Company in Japan and overseas
Building construction	Building construction of the Company in Japan and overseas
Consolidated subsidiaries	Constructions and sales of construction materials of consolidated subsidiaries

(2) Basis of measurement about reported segment profit or loss, segment assets, segment liabilities and other material items
Accounting methods of reported segment are the same as that set forth in "Summary of Significant Accounting Policies". The segment profits or losses for each reportable segment are in conformity to the operating income of consolidated statements of income. Intersegment transactions and transfers are based on fair market prices.

Assets are not allocated to Civil engineering segment and Building construction segment, since the chief operating decision maker have no financial information on assets in these segments. However, corresponding depreciation expenses including amortization of intangible fixes assets are allocated to Civil engineering segment and Building construction segment according to the reasonable criterion measured by depending on the degree on benefit.

(3) Information about reported segment profit or loss, segment assets, segment liabilities and other material items
(a) Segment information as of and for the fiscal year ended March 31, 2014 is as follows:

	Millions of yen							
	Reportable segments				Other	Total	Reconciliations	Consolidated
	Civil engineering	Building construction	Consolidated subsidiaries	Sub total				
Year ended March 31, 2014:								
Revenues:								
Outside customers	**¥110,951**	**¥236,027**	**¥20,896**	**¥367,874**	**¥3,343**	**¥371,217**	**¥ —**	**¥371,217**
Intersegment	**—**	**—**	**35,573**	**35,573**	**307**	**35,880**	**(35,880)**	**—**
Total	**110,951**	**236,027**	**56,469**	**403,447**	**3,650**	**407,097**	**(35,880)**	**371,217**
Segment profit	**8,171**	**4,595**	**1,412**	**14,178**	**836**	**15,014**	**(2,936)**	**12,078**
Assets	**Note 4**	**Note 4**	**27,625**	**173,951**	**10,485**	**184,436**	**76,210**	**260,646**
Other material items:								
Depreciation and amortization	**197**	**422**	**246**	**865**	**136**	**1,001**	**186**	**1,187**
Capital expenditures	**Note 4**	**Note 4**	**2,493**	**6,108**	**5,943**	**12,051**	**3,266**	**15,317**

	Thousands of U.S. dollars							
	Reportable segments				Other	Total	Reconciliations	Consolidated
	Civil engineering	Building construction	Consolidated subsidiaries	Sub total				
Year ended March 31, 2014:								
Revenues:								
Outside customers	**$1,078,031**	**$2,293,305**	**$203,032**	**$3,574,368**	**$32,482**	**$3,606,850**	**$ —**	**$3,606,850**
Intersegment	**—**	**—**	**345,637**	**345,637**	**2,983**	**348,620**	**(348,620)**	**—**
Total	**1,078,031**	**2,293,305**	**548,669**	**3,920,005**	**35,465**	**3,955,470**	**(348,620)**	**3,606,850**
Segment profit	**79,392**	**44,646**	**13,719**	**137,757**	**8,123**	**145,880**	**(28,527)**	**117,353**
Assets	**Note 4**	**Note 4**	**268,412**	**1,690,157**	**101,876**	**1,792,033**	**740,478**	**2,532,511**
Other material items:								
Depreciation and amortization	**1,914**	**4,101**	**2,390**	**8,405**	**1,321**	**9,726**	**1,807**	**11,533**
Capital expenditures	**Note 4**	**Note 4**	**24,223**	**59,347**	**57,744**	**117,091**	**31,733**	**148,824**

Notes:

1. "Other" consisted of mainly research and other activities, which are not included in reportable segment.
2. Reconciliations amounts were as follows:
   (i) Reconciliations amount of segment profit was to ¥(2,936) million (US$(28,527) thousand), which included ¥3 million (US$29 thousand) of intersegment eliminations and others, and ¥(2,939) million (US$(28,556) thousand) of corporate expenses. Corporate expenses were mainly general and administrative expenses, which are not attributed to reportable segments.
   (ii) Reconciliations amount of segment assets was to ¥76,211 million (US$740,488 thousand), which included ¥(15,352) million (US$(149,164) thousand) of intersegment eliminations and others, and ¥91,563 million (US$889,652 thousand) of corporate assets. Corporate assets were mainly cash and time deposits, investments in securities and others, which are not attributed to reportable segments.
3. Segment profit was adjusted to operating income of consolidated statement of operations.
4. As discussed in Note 21. (2), assets are not allocated to Civil engineering segment and Building construction segment, since the chief operating decision maker have no financial information on assets in these segments. However, for your information, segment assets of Civil engineering segment and Building construction segment are amounted to ¥146,326 million (US$1,421,745 thousand), and capital expenditures of these segments are amounted to ¥3,615 million (US$36,124 thousand).

(b) Segment information as of and for the fiscal year ended March 31, 2013, which is restated in conformity with the requirements of the Standard, is as follows:

	Millions of yen							
	Reportable segments				Other	Total	Reconciliations	Consolidated
	Civil engineering	Building construction	Consolidated subsidiaries	Sub total				
Year ended March 31, 2013:								
Revenues:								
Outside customers	¥91,060	¥88,322	¥15,053	¥194,435	¥3,464	¥197,899	¥ —	¥197,899
Intersegment	—	0	26,722	26,722	1	26,723	(26,723)	—
Total	91,060	88,322	41,775	221,157	3,465	224,622	(26,723)	197,899
Segment profit	6,456	(593)	811	6,674	276	6,950	(1,337)	5,613
Assets	Note 4	Note 4	23,259	115,616	3,167	118,783	23,097	141,880
Other material items:								
Depreciation and amortization	179	173	155	507	—	507	(4)	503
Capital expenditures	Note 4	Note 4	70	312	—	312	—	312

Notes:

1. "Other" consisted of mainly research and other activities, which are not included in reportable segment.
2. Reconciliations amounts were as follows:
   (i) Reconciliations amount of segment profit was to ¥(1,337) million, which included ¥39 million of intersegment eliminations and others, and ¥(1,376) million of corporate expenses. Corporate expenses were mainly general and administrative expenses, which are not attributed to reportable segments.
   (ii) Reconciliations amount of segment assets was to ¥23,097 million, which included ¥(13,137) million of intersegment eliminations and others, and ¥36,234 million of corporate assets. Corporate assets were mainly cash and time deposits, investments in securities and others, which are not attributed to reportable segments.

3. Segment profit was adjusted to operating income of consolidated statement of operations.

4. As discussed in Note 21. (2), assets are not allocated to Civil engineering segment and Building construction segment, since the chief operating decision maker have no financial information on assets in these segments. However, for your information, segment assets of Civil engineering segment and Building construction segment are amounted to ¥92,357 million, and capital expenditures of these segments are amounted to ¥242 million.

(4) Related information

(a) Information about products and services

Disclosure of information about products and services is omitted, since reportable segments of the Companies are classified by their products and services.

(b) Information about geographic areas

(Revenues)

Revenues information about geographic areas for the year ended March 31, 2014and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
Geographic Areas	**2014**	2013	**2014**
Japan	**¥325,964**	¥169,661	**$3,167,159**
Other	**45,253**	28,238	**439,691**
Total	**¥371,217**	¥197,899	**$3,606,850**

(Tangible fixed assets)

Disclosure of tangible fixed assets information about geographic areas is omitted, since the proportion of tangible fixed assets in Japan to total tangible fixed assets is over 90%.

(c) Information about major customers

Disclosure of information about major customers is omitted, since net sales to no single customer represented 10% or more of total net sales of the Companies' consolidated statement of income for the year ended March 31, 2014.

Information about major customers for the year ended March 31, 2013 is as follows:

		Millions of yen
Customers	Related reportable segments	2013
Ministry of Land, Infrastructure, Transport and Tourism	Civil engineering	¥22,595

(d) Information about impairment loss of fixed assets by reported segment

No impairment loss is recognized for the year ended March 31, 2013.

Impairment loss of fixed assets by reported segment of year ended March 31, 2014 is as follow.

	Millions of yen					
	2014					
	Reportable segments					
	Civil engineering	Building construction	Consolidated subsidiaries	Other	Eliminations and others	Total
Impairment loss	**¥ —**	**¥ —**	**¥ 70**	**¥ —**	**¥ 2**	**¥ 72**

	Thousands of U.S. dollars					
	2014					
	Reportable segments					
	Civil engineering	Building construction	Consolidated subsidiaries	Other	Eliminations and others	Total
Impairment loss	**$ —**	**$ —**	**$ 680**	**$ —**	**$ 20**	**$ 700**

(e) Information about negative goodwill by reported segment

The Company recorded gain on a bargain purchase of ¥10,090 million (US$98,037 thousand) arising from the merger with ANDO Corporation at April 1, 2013. This gain is not allocated to a specific segment of year ended March 31, 2014.

22. Amounts per Share of Common Stock

Basis of calculation of basic and diluted net income per share (the "EPS") for the year ended March 31, 2014 is as follows:

	Net income	Weighted-average shares	EPS	
Year ended March 31, 2014:	Millions of yen	Thousands of shares	Yen	U.S. dollars
Net income	**¥16,414**			
Net income not available to common shareholders				
Cash dividends on preferred stock	—			
Basic EPS-Net income available to common shareholders	**¥16,414**	**170,142**	**¥96.47**	**$0.94**
Effect of dilution				
Cash dividends on preferred stock	—	**14,838**		
Shares adjusted by share subscription rights	—	**297**		
Diluted EPS-Net income for computation	**¥16,414**	**185,277**	**¥88.59**	**$0.86**

(Note) As a result of application of the article 37 of the statement No.26,Net assets per share has decreased by 10.04 yen in this fiscal year.

Basis of calculation of basic net loss per share (the "EPS") for the year ended March 31, 2013 is as follows:

	Net income	Weighted-average shares	EPS
Year ended March 31, 2013:	Millions of yen	Thousands of shares	Yen
Net income	¥2,293		
Net income not available to common shareholders			
Cash dividends on preferred stock	158		
Basic EPS-Net income available to common shareholders	¥2,135	103,215	¥20.69
Effect of dilution			
Cash dividends on preferred stock	158	51,293	
Shares adjusted by share subscription rights	—	1,085	
Diluted EPS-Net income for computation	¥2,293	155,593	¥14.74

23. Financial Instruments

(1) Status of financial instruments

(a) Policies for using financial instruments

The Companies raise funds mainly by borrowings from bank, and restrict temporary surplus funds to the lower risk assets such as deposits. Derivative transactions are employed for hedging of the risk described below, and never use for speculation.

(b) Detail of financial instruments and the related risks

Notes and accounts receivable are exposed to the credits risks in relation to customers. Foreign currency-dominated notes and accounts receivable are also exposed to foreign exchange risk.

Investment securities which are mainly share held for keep the relationship with business partners are exposed to market price fluctuation risk.

Notes and accounts payable are mostly settled within one year.

Borrowing is primarily for working funds. With variable interest rates, it is exposed to interest-rates risk.

Borrowing, notes and accounts payable are also exposed to liquidity risk.

Derivative transactions entered into by the Companies are forward currency exchange contracts to hedge foreign exchange risk involving oversea business and interest rate swap contracts to hedge interest-rates risk involving borrowing.

Refer to Note 2(8) "Derivatives and hedging transactions" for information about the hedging instruments and hedging items, hedging policy and method of evaluating hedging effectiveness concerning the hedge accounting methods adopted by the Companies.

(c) Policies and processes for risk management
In order to control customer's credit risk, each business and sales management division within the Companies conduct periodic monitoring of key transaction partners and attempt to find out deterioration of the financial situation at the initial stage under the internal credit policies.

For the purpose of hedging foreign exchange risk, the Companies conduct forward exchange contracts. The Companies also conduct interest rate swap contracts to avert interest-rate risk by each long-term borrowing.

Fair value of investment securities are periodically reported to the Directors and Executive Officers. The possession situation of securities is also continually reviewed, taking into consideration of the Companies' relationship with respective business partners.

Derivative transactions are treated by the Finance Department in accordance with the established policies. The Companies deal with credible banks to reduce the credit risk.

In order to manage the liquidity risk, the Companies update financial plan monthly.

(d) Supplementary explanation on fair value of financial instruments
The fair value of financial instruments is based on market value or reasonable estimate if there is no market value. Since certain assumptions are used for estimating values, values could be different if different assumptions are applied. In addition, the derivative contract amounts described in Note 24 "Derivative Financial Instruments" are not indicative of actual market risk involved in derivative transactions.

(2) Fair value of financial instruments
The following tables summarize book values and fair values of financial instruments as of March 31, 2014:

	Millions of yen			Thousands of U.S. dollars		
Type	Book values	Fair values	Difference	Book values	Fair values	Difference
Assets						
(a) Cash and time deposits	**¥70,774**	**¥70,774**	**¥ —**	**$687,660**	**$687,660**	**$ —**
(b) Receivables:						
Notes	**6,999**	**6,999**	**—**	**68,004**	**68,004**	**—**
Accounts	**104,298**	**104,271**	**(27)**	**1,013,389**	**1,013,127**	**(262)**
(c) Marketable securities and Investments in securities:						
Held-to-maturity debt securities	**433**	**467**	**34**	**4,207**	**4,538**	**331**
Available-for-sale securities	**11,132**	**11,132**	**—**	**108,162**	**108,162**	**—**
Total assets	**¥193,636**	**¥193,643**	**¥7**	**$1,881,422**	**$1,881,491**	**$ 69**
Liabilities						
(a) Payables:						
Notes	**¥29,764**	**¥29,764**	**¥ —**	**$289,195**	**$289,195**	**$ —**
Accounts	**72,264**	**72,264**	**—**	**702,138**	**702,141**	**—**
(b) Short-term bank loans	**17,480**	**17,480**	**—**	**169,841**	**169,841**	**—**
Current maturities of long-term debt	**8,822**	**8,822**	**—**	**85,717**	**85,717**	**—**
Current portion of bonds	**326**	**326**	**—**	**3,168**	**3,168**	**—**
(c) Bonds	**846**	**845**	**1**	**8,220**	**8,210**	**10**
(d) Long-term debt, Less current maturities	**11,945**	**11,903**	**42**	**116,061**	**115,653**	**408**
Total liabilities	**¥141,447**	**¥141,404**	**¥43**	**$1,374,340**	**$1,373,922**	**$ 418**

The following tables summarize book values and fair values of financial instruments as of March 31, 2013:

	Millions of yen		
Type	Book values	Fair values	Difference
Assets			
(a) Cash and time deposits	¥32,683	¥32,683	¥ —
(b) Receivables:			
Notes	1,078	1,078	—
Accounts	54,397	54,382	(15)
(c) Investments in securities:			
Held-to-maturity debt securities	134	130	(4)
Available-for-sale securities	3,524	3,524	—
Total assets	¥91,816	¥91,797	¥(19)
Liabilities			
(a) Payables:			
Notes	¥24,406	¥24,406	¥ —
Accounts	31,355	31,355	—
(b) Short-term bank loans	5,600	5,600	—
Current maturities of long-term debt	4,327	4,327	—
(c) Deposit received	8,690	8,690	—
(d) Long-term debt, less current maturities	4,579	4,562	17
Total liabilities	¥78,957	¥78,940	¥ 17

Notes:

1. Method of measurement of financial instruments and matters concerning securities and derivatives

(Assets)

(a) Cash and time deposits

The fair values of this account are equivalent to the book value, since this account is settled in a short period of time.

(b) Notes, accounts and unconsolidated subsidiaries and affiliates receivables

The fair values of these accounts are based on the present value of discounted cash flows using the interest rate determined by the factors of the remaining terms and credit risks, with respect to each receivable categorized by collection terms.

(c) Marketable securities and Investments in securities

The fair values of this account are based on the quoted market value.

(Liabilities)

(a) Notes and accounts payables and (b) Short-term bank loans, Current maturities of long-term debt and Current portion of bonds

The fair values of these accounts are equivalent to the book value, since these accounts are settled in a short period of time.

(c) Bonds

The fair value of bonds issued by the Company is based on the price on bond markets or present value of the total principal and interest discounted by an interest rate determined taking into account the remaining period of bond and current credit risk.

(d)Long-term debt, less current maturities

The fair values of this account are based on the present value of discounted cash flows using the interest rate which may be applicable when the same kinds of borrowings are made.

(Derivative transactions)

See Note 24 “Derivative Financial Instruments”.

2. Financial instruments which are difficult to estimate the fair value

Non-marketable securities (book values of ¥3,994 million (US$38,807 thousand) and ¥2,362 million as of March 31, 2014 and 2013, respectively) are not included in the above “Assets (c) Investments in securities”; since it is difficult to estimate the fair values thereof because neither market quoted value is available nor future cash flows can be estimated.

3. Redemption schedules for cash and time deposits, receivables and held-to-maturity debt securities as of March 31, 2014 and 2013 are as follows:

	Millions of yen							
	2014				2013			
	Within 1 year	Over 1 year less than 5 years	Over 5 years less than 10 years	Over 10 years	Within 1 year	Over 1 year less than 5 years	Over 5 years less than 10 years	Over 10 years
Cash and time deposits	**¥70,774**	**¥ —**	**¥ —**	**¥ —**	¥32,683	¥ —	¥ —	¥ —
Receivables:								
Notes	**6,999**	**—**	**—**	**—**	1,078	—	—	—
Accounts	**97,554**	**6,744**	**—**	**—**	53,113	1,284	—	—
Held-to-maturity debt securities	**45**	**5**	**137**	**246**	—	—	135	—
Total	**¥175,372**	**¥ 6,749**	**¥137**	**¥246**	¥86,873	¥ 1,284	¥ 135	¥ —

	Thousands of U.S. dollars			
	2014			
	Within 1 year	Over 1 year less than 5 years	Over 5 years less than 10 years	Over 10 years
Cash and time deposits	**$687,660**	**$ —**	**$ —**	**$ —**
Receivables:				
Notes	**68,004**	**—**	**—**	**—**
Accounts	**947,862**	**65,527**	**—**	**—**
Held-to-maturity debt securities	**438**	**48**	**1,331**	**2,391**
Total	**$1,703,964**	**$65,575**	**$1,331**	**$ 2,391**

24. Derivative Financial Instruments

Derivative transactions accounted for by the hedge accounting as of March 31, 2014 and 2013 are as follows:

(Interest-related transactions)

		Millions of yen					
		2014			2013		
		Contract amount		Fair value	Contract amount		Fair value
Type of derivative transactions	Main items hedged	Total	Settled over 1 year		Total	Settled over 1 year	
Benchmark method:							
Interest swap contract: To pay fixed, to receive variable	Long-term debt	**¥293**	**¥267**	**Note 1**	¥—	¥—	Note 1
Short-cut method:							
Interest swap contract: To pay fixed, to receive variable	Long-term debt	**¥5,860**	**¥3,561**	**Note 1**	¥1,316	¥731	Note 1

Type of derivative transactions	Main items hedged	Thousands of U.S. dollars 2014 Contract amount Total	Settled over 1 year	Fair value
Benchmark method:				
Interest swap contract: To pay fixed, to receive variable	Long-term debt	**$2,847**	**$2,594**	**Note 1**
Short-cut method:				
Interest swap contract: To pay fixed, to receive variable	Long-term debt	**$56,937**	**$34,600**	**Note 1**

Note:

1. The fair values of special case interest swap treatment are included in the fair value of long-term debt since such interest swap is treated together with long-term debt being hedged.

25. Effect of bank holiday

The year-end of March 31, 2013 fell on a bank holiday. Notes maturing on March 31, 2013 are settled on following business day, April 1, 2013 and accounted for accordingly. The amounts settled on were as follows:

	Millions of yen		Thousands of U.S. dollars
Type	**2014**	2013	**2014**
Notes receivable	**¥ —**	¥ 31	**$ —**
Total	**¥ —**	¥ 31	**$ —**

26. Asset Retirement Obligations

Disclosures about asset retirement obligations are omitted, since the amount of asset retirement obligations is immaterial for the year ended March 31, 2014 and 2013.

27. Fair Value of Investment and Rental Property

Disclosures about fair value of investment and rental property are omitted, since the total amount of investment and rental property is immaterial for the years ended March 31, 2014 and 2013.

28. Stock Option Plans

(1) Amount of cost and accounts for stock options as of March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Cost of sales on construction contracts	**¥ —**	¥ —	**$ —**
Selling, general and administrative expenses	**—**	2	**—**

(2) Amount of profit and accounts for not exercising of stock options as of March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Special profits	**¥—**	¥3	**$—**

(3) The stock options outstanding as of March 31, 2014 are mainly as follows:
(a) Content

	The first series of share subscription rights (A)	The first series of share subscription rights (B)	The second series of share subscription rights (A)	The second series of share subscription rights (B)
	June 27, 2008	June 27, 2008	June 26, 2009	June 26, 2009
Persons granted	Directors of the company: 8 Executive officers: 13	Executive employees: 76	Directors of the company: 9 Executive officers: 12	Executive employees: 9
Class and number of shares	110,400 shares of common stock	722,000 shares of common stock	115,000 shares of common stock	86,400 shares of common stock
Date of grant	July 15, 2008	July 15, 2008	July 14, 2009	July 14, 2009
Condition of settlement rights	The person who exercises stock purchase rights shall be a director, or executive officer of the Company, who has continued to work at the Company from the fifth stockholders' meeting to the sixth stockholders' meeting. However, this condition is invalid in case of death or loss of position due to Company circumstances.	The person who exercises stock purchase rights shall be an employee of the Company who has continued to work at the Company from July 15, 2008 until July 15, 2010. However, this condition is invalid in case of death, retirement age or loss of position due to Company circumstances.	The person who exercises stock purchase rights shall be a director, or executive officer of the Company, who has continued to work at the Company from the sixth stockholders' meeting to the seventh stockholders' meeting. However, this condition is invalid in case of death or loss of position due to Company circumstances.	The person who exercises stock purchase rights shall be an employee of the Company who has continued to work at the Company from July 14, 2009 until July 14, 2011. However, this condition is invalid in case of death, retirement age or loss of position due to Company circumstances.
Length of service	From July 15, 2008 to July 14, 2009	From July 15, 2008 to July 15, 2010	From July 14, 2009 to July 13, 2010	From July 14, 2009 to July 14, 2011
Exercisable period	From July 15, 2009 to July 14, 2019	From July 16, 2010 to July 15, 2015	From July 14, 2010 to July 13, 2020	From July 15, 2011 to July 14, 2016

	The third series of share subscription rights (A)	The fourth series of share subscription rights (A)
	June 29, 2010	June 29, 2011
Persons granted	Directors of the company: 8 Executive officers: 8	Directors of the company: 9 Executive officers: 13
Class and number of shares	90,000 shares of common stock	85,800 shares of common stock
Date of grant	July 16, 2010	July 15, 2011
Condition of settlement rights	The person who exercises stock purchase rights shall be a director, or executive officer of the Company, who has continued to work at the Company from the seventh stockholders' meeting to the eighth stockholders' meeting. However, this condition is invalid in case of death or loss of position due to Company circumstances.	The person who exercises stock purchase rights shall be a director, or executive officer of the Company, who has continued to work at the Company from the eighth stockholders' meeting to the ninth stockholders' meeting. However, this condition is invalid in case of death or loss of position due to Company circumstances.
Length of service	From July 16, 2010 to July 15, 2011	From July 15, 2011 to July 14, 2012
Exercisable period	From July 16, 2011 to July 15, 2021	From July 15, 2012 to July 14, 2022

(b) Number and price

	The first series of share subscription rights (A)	The first series of share subscription rights (B)	The second series of share subscription rights (A)	The second series of share subscription rights (B)	The third series of share subscription rights (A)	The fourth series of share subscription rights (A)
Non-vested shares						
At the beginning of the year	—	—	—	—	—	—
Granted during the year	—	—	—	—	—	—
Forfeited and expired during the year	—	—	—	—	—	—
Vested during the year	—	—	—	—	—	—
At the end of the year	—	—	—	—	—	—
Vested shares						
At the beginning of the year	35,300	142,500	46,000	57,600	63,000	66,000
Vested during the year	—	—	—	—	—	—
Exercised during the year	17,700	38,000	4,600	9,600	—	5,300
Forfeited or expired during the year	—	—	—	—	—	—
Unexercised at the end of the year	17,600	104,500	41,400	48,000	63,000	60,700
Exercise price	¥ 1	¥125	¥ 1	¥120	¥ 1	¥ 1
Average stock price at exercise	¥267	¥260	¥360	¥362	—	¥375
Fair value price at the grant date	¥107	¥ 30	¥101	¥ 28	¥ 72	¥111

(4) Method to estimate fair value of stock options

It does not give employees stock options for the current fiscal year.

(5) Method to estimate number of vested stock options

As a rational estimate of the forfeited number of stock options in the future is generally difficult, the company adopts a method whereby only forfeited numbers are reflected.

29. Business Combinations

On May 24, 2012, the Company has implemented a merger agreement with ANDO Corporation (“ANDO”) which took effect on April 1, 2013, and the approval of the extraordinary general meetings of shareholders held on July 20, 2012.

(1) Outline of the merger

(a) Name and business of acquired company
Name: ANDO Corporation
Business: Construction and real estimate business

(b) Main reason of the merger
The merger is expected to expand our business scale, to streamline and enhance management efficiency, and to strengthen earnings capabilities. This agreement, through a capital tie-up with ANDO from 2003 and based on the track record we have built, will allow us to take advantage of the complementary effect to generate synergies in technology, sales and cost competitiveness, as well as to strengthen business fields and promote efficiency. In addition, by establishing a foundation for further overseas business development and expansion into new business fields, the merger is expected to enhance our earnings capabilities, financial foundation and corporate value, to establish a more solid management foundation, and to foster business development and growth.

(c) Date of merger
April 1, 2013

(d) Regal form of merger
Absorption-type merger (HAZAMA as the surviving company, ANDO as the extinct company)

(e) Name after management integration
HAZAMA ANDO CORPORATION

(f) Voting rights acquired
100%

(g)Reason for determining acquiring company
It is decided that HAZAMA be the acquiring company and ANDO be the acquired company, due to shareholders of HAZAMA a wholly owned subsidiary, will have the largest percentage of voting rights of the integrated company.

(2) Acquisition cost of acquired company

		Millions of yen	Thousands of U.S. dollars
		2014	2014
Consideration for the acquisition	Common stocks	¥ 9,117	$ 88,583
Immediacy acquisition cost	Advisory cost, etc.	125	1,215
Acquisition cost		¥ 9,242	$ 89,798

(3) Share exchange ratio, its basis for determination, number of share delivered

	HAZAMA (Surviving company)	ANDO (Extinct company)
Content of allotment in relation to the merger	Common stock 1	Common stock 0.53

Notes:
1. 0.53 shares of HAZAMA's common stock are allotted and delivered per share of ANDO common stock.
However, it isn't allotted to 2,783,963 shares of the Company's common stock which ANDO owns.
2. HAZAMA and ANDO requested financial advisers to perform financial analyses with respect to the share transfer ratio.
HAZAMA and ANDO referred to the analyses of the share transfer ration rendered by financial advisers.
As a result of discussions concerning the share transfer ratio, HAZAMA and ANDO resolved to apply such share transfer ratio.
3. Number of shares delivered by the merger is 43,833,139 common stock of HAZAMA. (HAZAMA does not apply treasury stock to the allotment of shares by this merger.)

(4) Amount of gain on bargain purchase and reason for recognizing negative goodwill

(a) Amount of gain on bargain purchase
¥10,090 million ($98,036 thousand)

(b) Reason for recognizing negative goodwill
ANDO accounted for the difference between the acquisition cost and the net amount of assets and liabilities acquired, as negative goodwill.

(5) Amount of assets and liabilities acquired on date of merger

	Millions of yen	Thousands of U.S. dollars
	2014	
Current assets	¥ 84,322	$ 819,296
Fixed assets	31,821	309,182
Total assets	116,143	1,128,478
Current liabilities	83,232	808,706
Long-term liabilities	13,579	131,937
Total liabilities	96,811	940,643

30. Subsequent Event

On June 27, 2014, the shareholders of the Company approved the appropriations of retained earnings to pay cash dividends in the amount of ¥924 million (US$8,978 thousand).

Independent Auditor's Report

To the Board of Directors of HAZAMA ANDO CORPORATION:

We have audited the accompanying consolidated financial statements of HAZAMA ANDO CORPORATION and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2014 and 2013, and the consolidated income statements, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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 such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and 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 our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control 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, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 present fairly, in all material respects, the financial position of HAZAMA ANDO CORPORATION and its consolidated subsidiaries as at March 31, 2014 and 2013, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2014 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

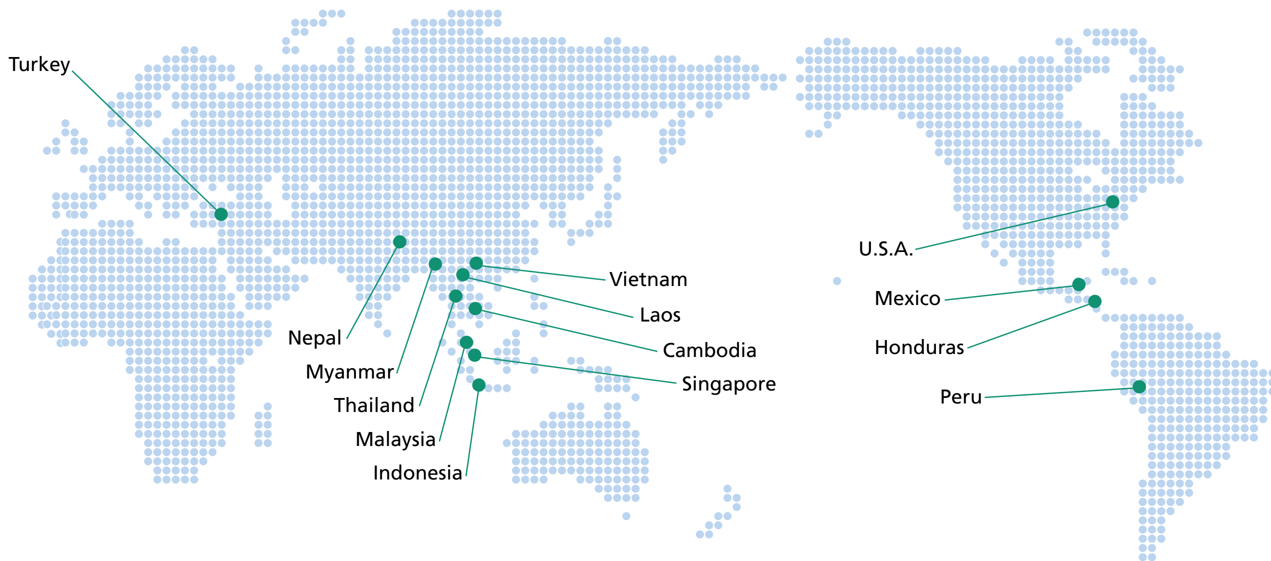
August 11, 2014
Tokyo, Japan

Global Network

Japan

Head Office	6-1-20, Akasaka, Minato-ku, Tokyo 107-8658, Japan	81-3-6234-3600
Branches	Sapporo, Tohoku, Tohoku Building, Hokuriku, Metropolitan Area Building, Kanto Civil, Shizuoka, Nagoya, Osaka, Shikoku, Hiroshima, Kyushu	
International Division	6-1-20, Akasaka, Minato-ku, Tokyo 107-8658, Japan	81-3-6234-3640
Branches	Asia, North America	
Technical Research Institute	515-1, Karima, Tsukuba-shi, Ibaraki 305-0822, Japan	81-29-858-8800

Overseas



Offices	Address	Phone
Thailand	159 Serm-Mit Tower Building, 15th Floor, Sukhumvit Road 21 (Soi Asoke), North Klongtoey, Wattana, Bangkok 10110, Thailand	66-2-665-7041
Vietnam	18th Floor, Harbour View Tower, 35 Nguyen Hue Street, District 1, Ho Chi Minh City, Vietnam	84-8-38299533
Malaysia	Suite 13.4, Level 13, Menara IMC, Letter Box No.9, No.8, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia	60-3-2031-4902
Indonesia	Menara Thamrin, 14th Floor, Suite 1405, JL. M.H. Thamrin Kav. 3, Jakarta, 10250, Indonesia	62-21-3140392
Laos	Ban Sibounheung Unit No.3 House No.030 Chanthabouly District Vientiane Capital, LAO.P.D.R	856-21-250-872
Myanmar	Room No.513, YANGON INTERNATIONAL HOTEL, No.330, Ahlone Road, Dagon Township, Yangon, Myanmar	95-1-216002 (Ext.513)
Cambodia	Office NO.19, HOTEL CAMBODIANA 313 Sisowath Quay, Phnom Penh, Cambodia	855-23-992-914
Nepal	P.O.Box No.4137 Ward No.4 Baluwatar, Kathmandu, Nepal	977-1-4438032
Turkey	ATATURK MAHALLESI GIRNE CADDESI, NO:27, D:2-3, Atasehir, Istanbul, Turkey	90-216-456-5047
Mexico	Hamburgo No. 206 Int. 203 Col. Juárez, C.P. 06600 Del. Cuauhtémoc, México, D.F.	52-55-5525-9311
U.S.A.	500 West Wilson Bridge Road, Suite 130 Worthington, Ohio 43085, U.S.A.	1-614-985-4906
Peru	AV. Javier Prado Este 1104, Edificio San Agustin Of.603, San Isidro, Lima, Peru	51-1-225-7553
Honduras	Colonia Lomas de Miraflores Sur 3ra. Calle, Casa No. 4310, Tegucigalpa M.D.C., Honduras, C.A	504-2271-1283

Corporate Data

(As of March 31, 2014)

Name
HAZAMA ANDO CORPORATION

Established
October 1, 2003

Capital
¥12,000 million

Authorized Shares
Common stock
397,250,000
Preferred stock
2,750,000

Issued Shares
Common stock
185,209,189

Number of Shareholders
40,780

Number of Employees
3,385

Directors, Officers

(As of July 1, 2014)

Board Directors

Representative Director and Chairman of the Board of Directors
Toshio Ono

Representative Director and President
Toshiaki Nomura

Representative Directors and Vice Presidents
Mitsuaki Higo
Haruyuki Kaneko

Board Directors / Senior Managing Executive Officers
Hisanori Ueno
Hikari Yamazaki
Hidekazu Kojima

Board Directors / Managing Executive Officers
Hisayoshi Kinoshita
Fumio Sugimoto
Kiyoka Fukunishi

Auditors

Auditors
Motonori Kinoshita
Yoshihiko Baba

Auditor (External Auditor)
Junichi Kurosaki

Corporate Auditor (External Auditor)
Takashi Ejiri

Executive Officers

Senior Managing Executive Officers
Toshioki Nishida
Mamoru Iwao

Managing Executive Officers
Toru Kumaki
Hidetoshi Yoichi
Toshihiko Kitano
Masato Fukutomi
Kazuya Ozawa

Executive Officers
Toshimitsu Ueno
Daizo Yoshikawa
Takamitsu Takeuchi
Shinkichi Komatsubara
Katsuhiko Tabuchi
Katsuhiko Kosaka
Akira Yoshimoto
Yoshihiro Nasu
Yasushi Kikuchi
Shozo Tsuji
Tatsumi Asao
Hideo Hosobuchi
Yoichi Matsuura
Saburo Miyazaki
Toshiaki Iimura
Masaaki Tomita
Toru Ikegami
Muneo Gomi

Major Subsidiaries and Affiliates

(As of April 1, 2014)

Name	Stated Capital	Principal Business	Address / Phone
Hazama Ando Kogyo Co., Ltd.	152.5 million JPY	Sales of Construction Materials	1-38-4, Kameido, Koto-ku, Tokyo 136-0071, Japan 81-3-5626-7130
Aoyama Kiko Co., Ltd.	80 million JPY	Construction, Procurement	2-45, Yamanaka, Kitamoto-shi, Saitama 364-0004, Japan 81-48-591-9770
Ryoko Kaihatsu Co., Ltd.	80 million JPY	Real-estate	1-8-20, Marunouchi, Naka-ku, Nagoya-shi, Aichi 460-0002, Japan 81-52-232-2171
HAZAMA ANDO (THAILAND) CO., LTD.	16 million THB	Construction	159 Serm-Mit Tower Building, 15th Floor, Sukhumvit Road 21 (Soi Asoke), North Klongtoey, Wattana, Bangkok 10110, Thailand 66-2-665-2980
HAZAMA ANDO SINGAPORE PTE. LTD.	6.5 million SGD	Construction	168 Jalan Bukit Merah #03-07 D&E, Tower C, Singapore 150168 65-6270-9498
HAZAMA ANDO MALAYSIA SDN. BHD.	800,000 MYR	Construction	No. 84B, Jalan Sutera Tanjung 8/4, Taman Sutera Utama, 81300 Skudai, Johor, Malaysia 60-7-557-3833

HAZAMA ANDO
CORPORATION

Printed in Japan