

HAZAMA ANDO CORPORATION

ANNUAL REPORT 2016

Year ended March 31, 2016



HAZAMA ANDO CORPORATION

HAZAMA ANDO CORPORATION was launched on April 1, 2013, through the merger of HAZAMA CORPORATION and ANDO Corporation, with the aim of an expanded business scale, a streamlined and more effective management structure, and greater earning 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 Japan's development and the creation of today's modern lifestyle. The firm's business scope extends beyond Japan to 30 countries and territories around the world.

In addition to an expanded business scale and greater management efficiency, the merger has brought together HAZAMA CORPORATION's established reputation in civil engineering with ANDO Corporation's expertise in building construction, allowing the integrated company to utilize the complementarity effect of each firm's previous accomplishments, and generate synergies in terms of technology, marketing, and cost competitiveness. In the three years since the merger, HAZAMA ANDO CORPORATION has strengthened its management foundation, and achieved a high level of profitability.

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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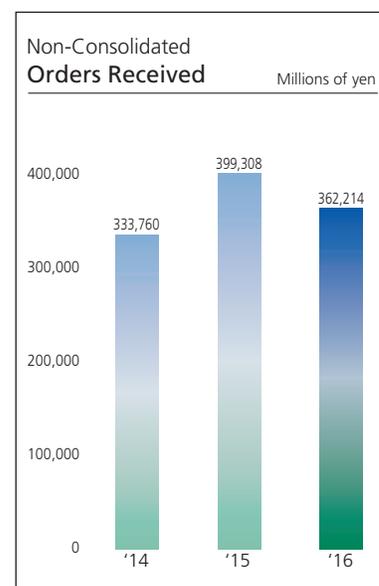
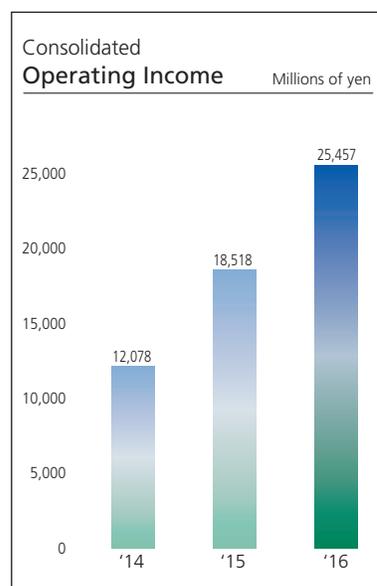
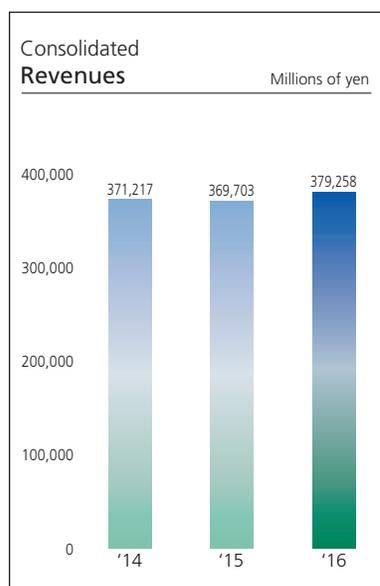
Financial Highlights

HAZAMA ANDO CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2016, 2015 and 2014

Consolidated	Millions of yen			Thousands of U.S. dollars
	2016	2015	2014	2016
Revenues	¥379,258	¥369,703	¥371,217	\$3,365,498
Operating income	25,457	18,518	12,078	225,903
Profit attributable to owners of parent	14,984	7,240	16,414	132,966
Total assets	300,368	269,720	260,646	2,665,436
Net assets	76,978	64,621	54,381	683,096

	Yen			U.S. dollars
Basic profit per share	¥ 81.03	¥ 39.17	¥ 96.47	\$ 0.72
Net assets per share	411.76	345.56	290.96	3.65

Notes: 1. U.S. dollar amounts in this annual report are translated from yen at the rate of ¥112.69 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.



Message from the Chairman & the President



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

*Toshiaki Nomura,
Representative Director and President*

The HAZAMA ANDO CORPORATION Group, with the aim of being a company able to achieve sustainable growth, formulated a medium-term management plan (FY3/16 – FY3/18) with the strategic theme of “Transformation to an Engaging Corporate Group,” and made a concerted effort to implement this plan.

In the fiscal year ended March 2016, the first year of this new management plan, we made proactive efforts for securing and developing human assets, and improving the work environment. These measures were implemented on schedule.

In terms of business results, supported by the moderate recovery in the Japanese economy, we exceeded our plan target figures for both revenue and earnings, with ordinary income reaching a new record high. This is the result of the understanding and support we have received from stakeholders, and we would like to express our sincere appreciation.

Looking ahead to the fiscal year ending March

2017, several aspects for concern remain in the business environment. The economic outlook is clouded by the slowdown in emerging economies, and moderation in consumer spending and private sector capital expenditures. We also need to remain cautious regarding supply-demand trends for skilled construction workers and building materials.

Under such circumstances, the HAZAMA ANDO CORPORATION Group will steadily implement the measures of the management plan, maintain stability in its management and financial base, and follow to a path for sustainable growth.

We will adhere to our basic management policy of “Safe, Reliable, High-Quality Manufacturing,” with the aim of establishing a relationship of mutual growth with all stakeholders, including society, customers, shareholders, business partners, and employees. We ask for your continued understanding and support.

1 Summary of Business Activities

The Japanese economy continued to recover at a moderate pace overall during the fiscal year ended March 2016, with improvement in corporate earnings along with employment conditions and wages, mainly as a result of the government's steady implementation of measures for overcoming deflation and long-term economic growth.

At the same time, the continuing slowdown in emerging economies and cautious attitudes toward consumer spending and private sector investment remain factors for concern that could depress the Japanese economy, making for a turbid economic outlook.

In the construction industry, the principal business of HAZAMA ANDO CORPORATION Group, construction demand remained firm on steady growth in disaster recovery-related projects and public sector construction investment, along with recovery in private-sector capital investment. However, the supply-demand trends for skilled construction workers and building materials continue to warrant caution, with the business environment continuing to present areas for concern.

Under such conditions, HAZAMA ANDO CORPORATION Group recorded consolidated revenues of ¥379.2 billion (+2.6% year on year) for the fiscal year ended March 2016, with operating income of ¥25.4 billion (+37.5%), ordinary income of ¥23.3 billion (+28.6%), and profit attributable to owners of parent of ¥14.9 billion (+106.9%).

Results by business segment are as follows.

- **Civil Engineering**
Revenues amounted to ¥122.5 billion (+0.8% year on year), with operating income of ¥15.0 billion (+57.7%).
- **Building Construction**
Revenues amounted to ¥233.4 billion (+3.3% year on year), with operating income of ¥12.6 billion (+21.7%).
- **Group Business**
Revenues amounted to ¥18.7 billion (+1.6% year on year), with operating income of ¥1.6 billion (+17.5%).
- **Other**
Revenues amounted to ¥4.5 billion (+22.5% year on year), with operating income of ¥0.3 billion (-59.5%).

2 Outlook for the Next Fiscal Year (ending March 2017)

The Japanese economy is expected to recover at a moderate pace, though we expect uncertainty in the economic outlook to remain as a result of such factors as the slowdown in emerging economies.

Also, with construction related to the 2020 Olympics and Paralympics and other large-scale projects scheduled to get fully underway, the supply-demand trends for skilled construction workers and building materials will continue to warrant caution. Private sector investment is also recovering at a moderate pace, but could also be postponed depending on the degree of business confidence.

Under such circumstances, in May 2015 HAZAMA ANDO CORPORATION formulated its medium-term management plan for the fiscal year ending March 2016 through the fiscal year ending March 2018.

2nd Medium-Term Management Plan

Summary of the Medium-Term Management Plan

1. Period

The fiscal year ending March 2016 through the fiscal year ending March 2018

2. Strategic Theme

"Transformation to an Engaging Corporate Group"

3. Priority Measures

1) Measures for sustainable growth

- a. Enhance construction capabilities
- b. Expand business scope
- c. Procurement measures
- d. Secure management resources

2) Measures for work satisfaction and personal growth

- a. Improve the work environment
- b. Promote career formation with a sense of satisfaction

3) Measures for coexistence with society

- a. Measures for safety and quality
- b. Measures to address issues in the construction industry
- c. Measures to respond to changes in the social environment

4) Measures to stabilize and strengthen management and financial foundations

- a. Stabilize and strengthen management and financial foundation
- b. Returns to shareholders

4. Target Figures

The fiscal year ending March 2018 (the fiscal year end of final plan year)

	Non-consolidated	Consolidated
Construction orders received	Around ¥400bn	—
Revenues	Around ¥380bn	Around ¥400bn
Operating income	Around ¥19bn	Around ¥20bn
Operating profit margin	Stably above 5%	
ROE	—	Over 10%
Payout ratio	—	Around 20%

Development and Application of the Geological Information CIM Management System Consolidated Management of Geological Information and Measured Data with 3D Modeling

During mountain engineering projects such as mountain tunnels and dams, various assessments on the soil characteristics are conducted during the survey and planning stage, with details on soil conditions confirmed and evaluated during the actual construction, in order to ensure the required construction quality. The Geological Information CIM Management System was developed to make these operations more sophisticated, automated, and labor-saving. HAZAMA ANDO CORPORATION has used this system for numerous projects (13 tunnels, 1 dam, and 3 site development projects). Improvements to the system were made based on the needs identified at each project site, and we completed registration with the New Technology Information System (NETIS) administered by the Ministry of Land, Infrastructure, Transport and Tourism. (Registration No. KK-110010-A)

Details of the system development:

For mountain tunnels

- Allows for consolidated management of construction information, including 3D positioning of face photos, and recording of lining concrete placement (Fig. 1)
- Provides 3D representation of measured data, including earth surface displacement and ground water levels

For dams

- Application of CIM for dam body base excavation slope, allowing for automatic calculation of excavation quantity for each soil type
- Provides 3D presentation of measured data, including earth surface displacement and ground water levels

Expanded Range of Application for the APRSS Construction Method, Lowering Construction Costs Construction Technique Performance Verification Reacquired

The APRSS construction method, a combined pillar/beam joining method, is a hybrid construction method that uses reinforced concrete (RC) for the pillar material, combined with beams made of steel (S) or steel framed reinforced concrete (SRC). HAZAMA ANDO CORPORATION revised the technique with an expanded application range in order to further rationalize the construction method, and reacquired the construction technique performance verification (GBRC Performance Verification No. 07-04, Rev. 2) from the General Building Research Corporation of Japan.

Conventional reinforced concrete construction has high compression yield strength and rigidity, but since the materials are heavy, application is limited to buildings with comparatively short spans. Steel construction is lightweight with high yield strength, and so is suited to buildings with longer spans, but steel is expensive compared to RC, and the time required to procure steel pillars is a further complication. The APRSS method

Going forward, we plan a full-fledged application of this system by utilizing ICT to enhance communication between the project site and the engineering divisions at the head and branch offices. We will use CIM to share a range of information on the status of construction in real time, and build a system that allows us to deal promptly with problems that arise at the project site.

Fig.1 Overview of the Geological Information CIM Management System

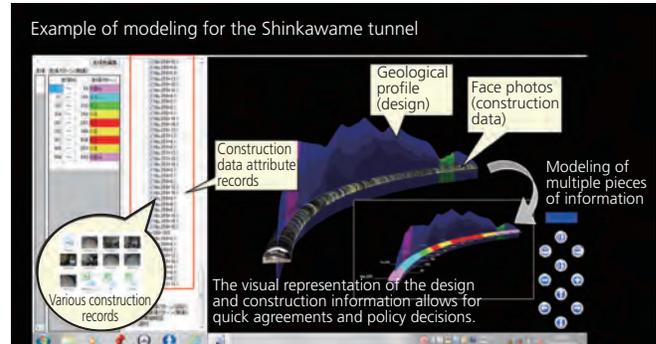
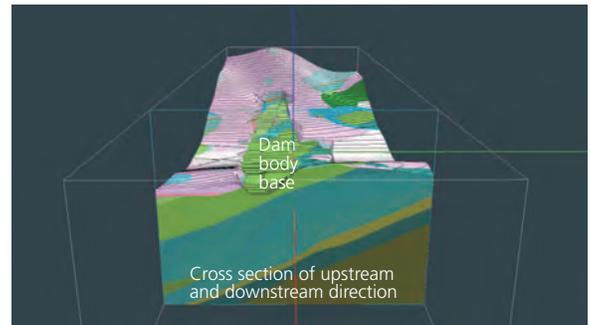


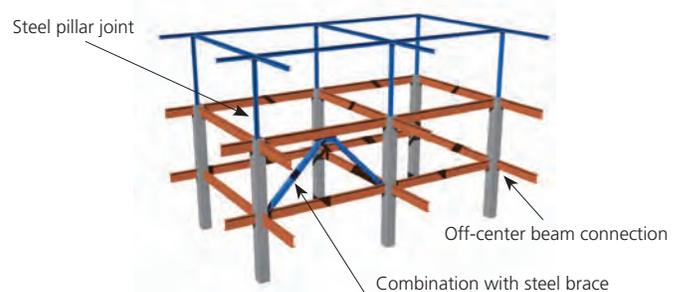
Fig.2 Example of 3D Modelling (Dam Body Base Excavation Slope)



is well suited for structures that require wide spaces, such as distribution warehouses, manufacturing or commercial facilities, and medical centers. It is also more economical than steel construction, while offering exceptional performance.

HAZAMA ANDO CORPORATION developed a technique that allows for combination with steel braces. The braces are placed according to such considerations as the building span and superimposed load, so by appropriately limiting the section size of the pillars and beam, and the amount of

Fig.1 Overview of the Revised APRSS Construction Method



reinforcing steel used, the cost can be reduced. On the uppermost floor, which only needs to support the lightweight roof, small section steel pillars are used, which is more economical compared to RC construction. Further, the beams can be fitted off-center to the pillars, allowing for a significant reduction in the number of fittings needed to attach the exterior wall, and the amount of reinforcing material necessary

to accommodate overhanging slabs.

HAZAMA ANDO CORPORATION began using the hybrid APRSS method in 1997, and has utilized it for 12 construction projects. Going forward, we will further encourage use of this method by proactively proposing hybrid construction for buildings with large spans, and will continue to refine the technology.

HAZAMA ANDO CORPORATION Receives "Chairman's Prize" at the 12th JLCA Awards

HAZAMA ANDO CORPORATION received the JLCA Chairman's Prize at the 12th JLCA Awards in February 2016, sponsored by the Life Cycle Assessment Society of Japan (JLCA).

The JLCA Awards were established in 2004 to recognize the efforts of companies, organizations, and researchers in reducing the environmental load in the lifecycle of products. HAZAMA ANDO CORPORATION received the prize for utilizing a carbon footprint (CFP)* to provide a visual representation of CO₂ emissions in a building.

The amount of CO₂ from a building is considerable, and is complicated by numerous factors, so a visual representation of CO₂ emissions is important in order to reduce the overall CO₂ volume. HAZAMA ANDO CORPORATION established a method to calculate the CFP in the framework and finished version of a reinforced concrete structure, achieving a visual representation. We became the first Japanese construction company to receive CFP certification for a building (framework and finished materials). The award praised HAZAMA ANDO CORPORATION'S

carbon reduction efforts.

HAZAMA ANDO CORPORATION is building on this recognition to conduct further research and development on environmentally friendly materials and construction methods. We are also pursuing general initiatives encompassing the entire lifecycle of a building, helping to achieve a low-carbon society.

* CFP: A system to calculate and provide an easy-to-understand representation of the total volume of the greenhouse gas CO₂ emitted throughout the lifecycle of a product or service, from material procurement to disposal or recycling.



Groundbreaking Ceremony Held for the Wattay International Airport Terminal Expansion Project

HAZAMA ANDO CORPORATION recently began work on a project to expand the terminal at Vientiane (Wattay) International Airport in Laos, holding the groundbreaking ceremony on December 28, 2015.

Officials attending the ceremony for Laos included Minister of Public Works and Transport Mr. Sommad Pholsena, and from Japan, Minister of Land, Infrastructure, Transport and Tourism Mr. Keiichi Ishii, Ambassador of Japan in the Lao PDR Mr. Takeshi Hikihara, and Chief Representative of the Japan International Cooperation Agency (JICA) Laos Office Mr. Yusuke Murakami. Representatives from HAZAMA ANDO CORPORATION included Representative Director and Chairman Toshio Ono, and Executive Officer and International Projects Department Manager Hideo Matsumoto.

The Wattay International Airport Terminal Expansion Project is being conducted as a loan assistance project by the Japanese government. In January 2014, JICA and the Lao government signed a yen loan agreement with a ¥9,017 billion limit.

Wattay International Airport is the gateway to Laos, playing a vital role as a center for tourism and economic activity in the country. This project includes the expansion of the

international passenger terminal and construction of a new domestic passenger terminal, with the aim of enhancing convenience and efficiency in order to handle future increases in air transport demand. The airport improvements are expected to increase connectivity within the ASEAN region, and contribute to Laos's economic development.

HAZAMA ANDO CORPORATION began doing business in Laos in 1968, and has been involved in the construction of hydroelectric power stations, bridges, roads, and waterworks. The airport project follows the expansion of Wattay's international terminal in 2011-2012 through a grant fund aid project. HAZAMA ANDO CORPORATION will make a concerted effort to provide Vientiane with a safe, reliable, high-quality structure.



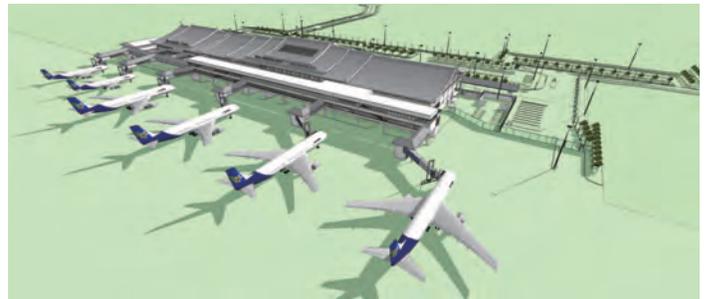
Review of Operations

Major Orders Received

- Tentative name: Nippon Seinenkan Building Construction Work/Nippon Seinenkan & JAPAN SPORT COUNCIL (Japan) ①
- Yokohama Ring Expressway North-West Line Shield Tunnel Construction Work/City of Yokohama, Kanagawa Prefecture (Japan)
- Yorozu Automotive Alabama New Factory Project/Yorozu Automotive Alabama, Inc. (America)
- Vientiane International Airport Terminal Expansion Project/ Ministry of Public Works and Transport, Lao P.D.R. (Laos) ②
- Research Laboratory Building Construction Work/RICOH Company, Ltd. (Japan)
- The Project for Improvement Water supply system of Coronel Oviedo City/Ministry of Public Works and Communications, Republic of Paraguay (Paraguay) ③



①



②



③

Major Projects in Progress

- Tokyo Contour Belt Highway Main Tunnel (North Bound) Oizumi Minami Construction Work/Central Nippon Expressway Company Limited (Japan)
- Sukagawa City Government Office Building Main Construction Work/City of Sukagawa, Fukushima Prefecture (Japan)
- Nagoya Castle Hommaru Palace Restoration Work/City of Nagoya, Aichi Prefecture (Japan)
- Tsugaru Dam Main Construction Work/Tohoku Regional Bureau, Ministry of Land, Infrastructure, Transport and Tourism (Japan)
- Apporo Dam Main Construction Work/Hokkaido Government Iburi General Subprefectural Bureau (Japan)
- The Project for Rehabilitation and Improvement of Buluto Irrigation Scheme/Ministry of Agriculture and Fisheries, The Democratic Republic of Timor-Leste (East Timor) ④



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Major Projects Completed

- XIV TOBA-BETTEI New Construction Work/Resorttrust, Inc. (Japan) 5
- Kitakokubun Area Box Culvert Work Phase 2/Kanto Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism (Japan)
- HAL ALUMINUM MEXICO No.2 Factory Construction Project/HAL ALUMINUM MEXICO, S.A.DE C. V. (Mexico)
- Kitakami-Canal River disaster restoration work (Phase1) (Phase3)/Miyagi Prefecture (Japan) 6
- Topre(Thailand)Co.,LTD. (Asia Industrial Estate Suvarnabhumi) New Factory project/Topre (Thailand) Co.,LTD. (Thailand) 7
- The Rehabilitation Project of The Outer Bangkok Ring Road/ Department of Highways Ministry of Transport, The Kingdom of Thailand (Thailand) 8



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Corporate Governance

• Basic Policy

HAZAMA ANDO CORPORATION seeks to contribute to the advancement of society and its customers' business development through business activities founded on "Safe, Reliable, High-Quality Manufacturing." We recognize that maintaining and improving a management system able to respond flexibly to changes in the business environment, along with transparency and fairness in management oversight, are essential to achieve this goal. Accordingly, we continually pursue measures to enhance corporate governance.

• 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 provide an optimal management structure responsive to changes in the business environment. Further, directors are classified into those with business execution responsibility and those without. HAZAMA ANDO CORPORATION does not have the position of "executive director," and only makes a distinction between "representative director" and "director." Non-business execution directors conclude contracts with the Company that limit liability for damages to an amount prescribed by law.

2. Board of Directors

The Board of Directors had 12 members as of June 30, 2016 (including two external directors, of which one is female), comprising executive and non-executive directors. External directors, who are non-executive directors, serve in roles based on their experience and insights, including supervision and providing advice on management. The Board of Directors meets monthly to render decisions on important matters regarding management, and to supervise the status 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, 2016, totaled 33 (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.

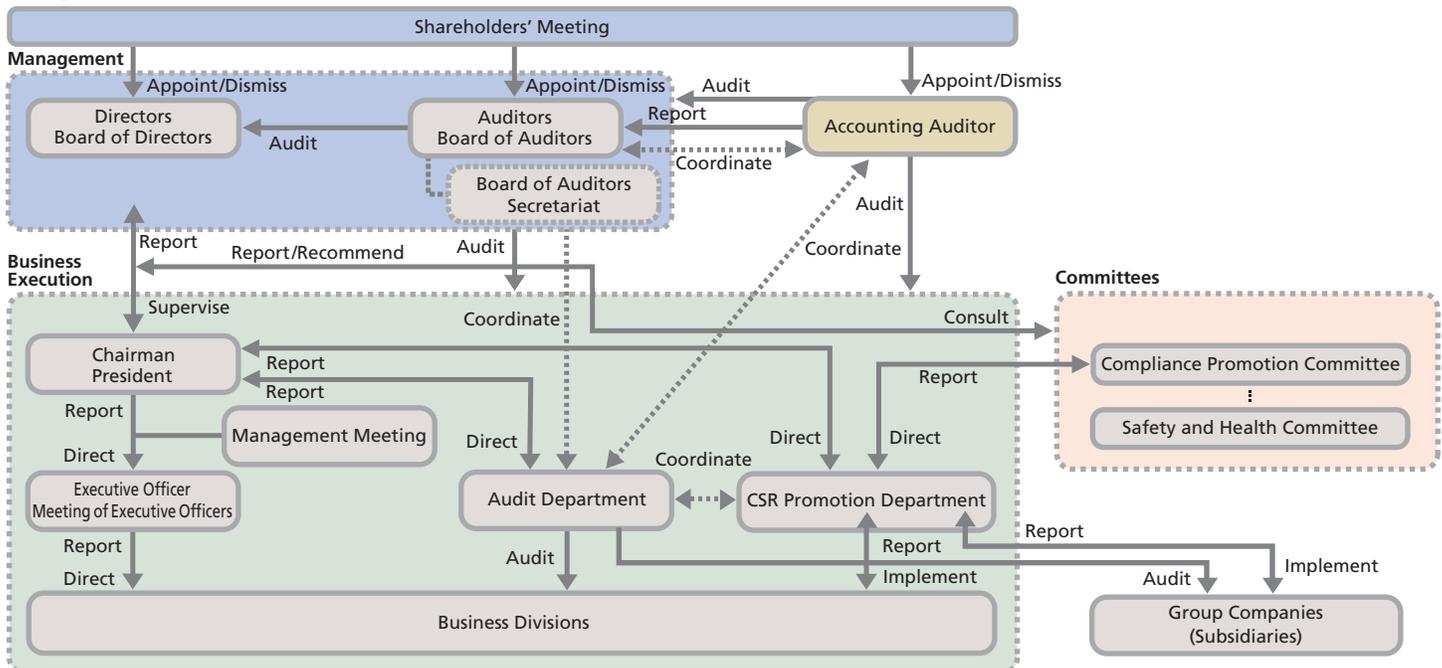
6. Board of Auditors System

The Board of Auditors comprised 4 members as of June 30, 2016 (including 2 non-regular external directors). 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. External auditors conclude contracts with the Company that limit liability for damages to an amount prescribed by law.

7. Various Committees

HAZAMA ANDO CORPORATION has established various committees that contribute to the streamlining of management operations. These include the Compliance Promotion Committee, which deliberates and provides advice regarding compliance matters, and the Central Safety and Health Committee, which deliberates and provides advice regarding health and safety matters.

• Corporate Governance and Internal Control Structure



Consolidated Financial Review

HAZAMA ANDO CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2016, 2015, 2014, 2013 and 2012

Summary

	Millions of yen					Thousands of U.S. dollars
	2016	2015	2014	2013	2012	2016
Operating results:						
Revenues						
Construction contracts	¥360,869	¥355,069	¥357,474	¥182,740	¥169,256	\$3,202,316
Other activities	18,389	14,634	13,743	15,159	12,794	163,182
Total	379,258	369,703	371,217	197,899	182,050	3,365,498
Cost of sales	334,524	333,691	342,810	182,271	166,630	2,968,533
Gross profit	44,734	36,012	28,407	15,628	15,420	396,965
Selling, general and administrative expenses	19,277	17,494	16,329	10,015	9,505	171,062
Operating income	25,457	18,518	12,078	5,613	5,915	225,903
Profit	14,984	7,240	16,414	2,293	1,767	132,966
Financial position:						
Total assets	¥300,368	¥269,720	¥260,646	¥141,880	¥133,177	\$2,665,436
Total liabilities	223,390	205,099	206,265	109,036	102,620	1,982,340
Total net assets	76,978	64,621	54,381	32,844	30,557	683,096
Cash flows:						
Cash flows from operating activities	¥34,722	¥15,716	¥7,464	¥7,934	¥(3,158)	\$308,120
Cash flows from investing activities	(12,016)	(134)	3,593	(723)	562	(106,629)
Cash flows from financing activities	5,941	(7,490)	(54)	(4,347)	(3,076)	52,720
			Yen			U.S. dollars
Per share amounts:						
Profit						
Basic	¥81.03	¥39.17	¥96.47	¥20.69	¥15.38	\$0.72
Diluted	80.96	39.12	88.59	14.74	11.51	0.72
Dividends						
Common stock	12.00	8.00	5.00	3.00	1.50	0.11
Class I preferred stock	—	—	—	78.40	78.80	—
Class II preferred stock	—	—	—	88.40	88.80	—
Class III preferred stock	—	—	—	98.40	98.80	—
Class IV preferred stock	—	—	—	—	93.80	—
Net assets	411.76	345.56	290.96	212.75	194.75	3.65

- Note: 1. U.S. dollar amounts in this annual report are translated from yen at the rate of ¥112.69 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 2016 totaled ¥379,258 million (US\$3,365,498 thousand), of which ¥360,869 million (US\$3,202,316 thousand) came from construction projects and ¥18,389 million (US\$163,182 thousand) from other activities. These two business segments accounted for 95.2% and 4.8%, respectively, of total revenues.

Costs and Expenses

Cost of sales amounted to ¥334,524 million (US\$2,968,533 thousand), which is equivalent to 88.2% of revenues. Selling, general and administrative expenses amounted to ¥19,277 million (US\$171,062 thousand), which is equivalent to 5.1% of revenues. Operating income reached ¥25,457 million (US\$225,903 thousand), and the operating margin was 6.7%. Profit amounted to ¥14,984 million (US\$132,966 thousand). Basic profit per share was ¥81.03 (US\$0.72). We paid dividend of ¥5 per share for the fiscal year ended March 31, 2015 on June 29, 2015, and paid interim dividend of ¥5 per share for the fiscal year ended March 31, 2016 on December 2, 2015.

Financial Position and Analysis

Total assets amounted to ¥300,368 million (US\$2,665,436 thousand), total liabilities amounted to ¥223,390 million (US\$1,982,340 thousand), and total net assets amounted to ¥76,978 million (US\$683,096 thousand) at the end of fiscal 2016.

Net worth to total assets ratio was 25.4%. Net assets per share amounted to ¥411.76 (US\$3.65).

Cash Flows

Cash and cash equivalents at the end of the year increased by ¥27,378 million (US\$242,950 thousand) to ¥106,936 million (US\$948,940 thousand).

Net cash provided by operating activities amounted to ¥34,722 million (US\$308,120 thousand) mainly as the result of income before income taxes amounting to ¥22,638 million (US\$200,887 thousand), decrease in notes and accounts receivable amounting to ¥6,335 million (US\$56,216 thousand) and income taxes paid amounting to ¥6,091 million (US\$54,051 thousand).

Net cash provided by investing activities amounted to ¥(12,016) million (US\$(106,629) thousand) mainly as a result of payments into time deposits amounting to ¥(9,681) million (US\$(85,908) thousand).

Net cash used in financing activities amounted to ¥5,941 million (US\$52,720 thousand) mainly as a result of proceeds from issuance of convertible bond-type bonds with subscription rights to shares amounting to ¥10,050 million (US\$89,183 thousand).

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.

Revenues	Millions of yen					Thousands of U.S. dollars
	2016	2015	2014	2013	2012	2016
Civil engineering						
Domestic						
Government sector	¥85,772	¥77,095	¥80,092	¥59,343	¥54,942	\$761,132
Private sector	32,721	36,757	23,323	25,442	19,038	290,363
Overseas	4,002	7,721	6,695	6,275	7,223	35,513
Subtotal	122,495	121,573	110,110	91,060	81,203	1,087,008
Building construction						
Domestic						
Government sector	29,404	25,713	21,590	3,613	4,487	260,928
Private sector	171,296	169,524	183,281	62,828	68,595	1,520,064
Overseas	32,762	30,746	31,149	21,881	11,688	290,727
Subtotal	233,462	225,983	236,020	88,322	84,770	2,071,719
Total construction projects	¥355,957	¥347,556	¥346,130	¥179,382	¥165,973	\$3,158,727

Revenue from the civil engineering category accounted for ¥122,495 million (US\$1,087,008 thousand), or 34.4% of total revenue from construction projects, with domestic projects contributing ¥118,493 million (US\$1,051,495 thousand), or 96.7%.

The government sector contributed ¥85,772 million (US\$761,132 thousand), or 72.4%, of total domestic civil engineering revenue, while private-sector civil engineering revenue amounted to ¥32,721 million (US\$290,363 thousand), or 27.6% of total domestic civil engineering revenue. Overseas civil engineering revenue reached ¥4,002 million (US\$35,513 thousand), equivalent to 3.3% of total revenue in the civil engineering category.

Revenue from the building construction category totaled ¥233,462 million (US\$2,071,719 thousand), or 65.6% of total construction revenue. Domestic projects accounted for ¥200,700 million (US\$1,780,992 thousand), or 86.0%.

The government sector contributed ¥29,404 million (US\$260,928 thousand), or 14.7%, of total domestic building construction revenue, while private-sector building construction revenue amounted to ¥171,296 million (US\$1,520,064 thousand), or 85.3%, of total domestic building construction revenue. Overseas building construction revenue reached ¥32,762 million (US\$290,727 thousand), equivalent to 14.0% of total revenue in the building construction category.

Total overseas construction revenue reached ¥36,764 million (US\$326,240 thousand) and accounted for 10.3% of total construction revenue. Civil engineering projects accounted for 10.9% of this total, and building construction for 89.1%.

Orders Received	Millions of yen					Thousands of U.S. dollars
	2016	2015	2014	2013	2012	2016
Civil engineering	¥123,292	¥167,060	¥107,666	¥92,395	¥87,212	\$1,094,081
Building construction	238,922	232,248	226,094	94,556	89,513	2,120,170
Total construction projects	¥362,214	¥399,308	¥333,760	¥186,951	¥176,725	\$3,214,251

Orders received for construction projects during fiscal 2016 amounted to ¥362,214 million (US\$3,214,251 thousand). Overseas work contributed 10.5% of orders in the construction category. Civil engineering orders amounted to ¥123,292 million (US\$1,094,081 thousand), or 34.0% of total construction orders. Building construction orders amounted to ¥238,922 million (US\$2,120,170 thousand), which is equivalent to 66.0% of total construction orders.

Year-end Backlog	Millions of yen					Thousands of U.S. dollars
	2016	2015	2014	2013	2012	2016
Civil engineering	¥167,343	¥166,623	¥121,099	¥114,655	¥113,278	\$1,484,985
Building construction	189,780	184,297	177,794	69,652	63,454	1,684,089
Total construction projects	¥357,123	¥350,920	¥298,893	¥184,307	¥176,732	\$3,169,074

Order backlog for construction projects at the end of fiscal 2016 amounted to ¥357,123 million (US\$3,169,074 thousand), with civil engineering work accounting for ¥167,343 million (US\$1,484,985 thousand), or 46.9%, and building construction for ¥189,780 million (US\$1,684,089 thousand), or 53.1%.

Consolidated Balance Sheets

HAZAMA ANDO CORPORATION and Consolidated Subsidiaries
March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Assets			
Current assets:			
Cash and time deposits (Notes 4 and 24)	¥100,618	¥79,661	\$892,874
Marketable securities (Notes 7 and 24)	16,000	0	141,982
Receivables (Note 24):			
Notes	10,105	7,920	89,671
Accounts	92,588	101,068	821,617
Inventories (Notes 5 and 8)	11,845	10,918	105,111
Deferred tax assets (Note 18)	2,105	1,695	18,679
Other (Note 7)	12,252	14,613	108,723
Less allowance for doubtful accounts	(10)	(11)	(89)
Total current assets	245,503	215,864	2,178,568
Property and equipment (Notes 7, 13 and 14):			
Land	17,933	18,898	159,136
Buildings and structures	17,815	17,487	158,089
Machinery and equipment	8,850	8,464	78,534
Other	830	274	7,365
	45,428	45,123	403,124
Less accumulated depreciation	(18,526)	(17,995)	(164,398)
Net property and equipment	26,902	27,128	238,726
Investments and other assets:			
Investment securities (Notes 3, 7 and 24)	20,517	20,247	182,066
Investments in unconsolidated subsidiaries and affiliates	217	217	1,926
Long-term loans receivable (Note 7)	558	638	4,952
Deferred tax assets (Note 18)	2,041	1,503	18,112
Other (Note 7)	6,876	6,134	61,017
Less allowance for doubtful accounts	(2,246)	(2,011)	(19,931)
Total investments and other assets	27,963	26,728	248,142
Total assets	¥300,368	¥269,720	\$2,665,436

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Liabilities and Net Assets			
Current liabilities:			
Short-term loans payable (Notes 6 and 24)	¥11,678	¥12,654	\$103,629
Current maturities of long-term loans payable (Notes 6 and 24)	5,645	7,097	50,093
Current portion of bonds (Notes 6 and 24)	451	351	4,002
Payables (Note 24):			
Notes	31,147	28,162	276,395
Accounts	71,387	70,326	633,481
Income taxes payable	5,996	3,856	53,208
Advances received (Note 16)	31,498	31,426	279,510
Accrued expenses	487	408	4,322
Provision for losses on construction contracts (Note 8)	3,622	4,408	32,141
Other	24,992	19,990	221,777
Total current liabilities	186,903	178,678	1,658,558
Long-term liabilities:			
Bonds (Notes 6 and 24)	832	833	7,383
Convertible bond-type bonds with subscription rights to shares	10,050	—	89,183
Long-term loans payable, less current maturities (Notes 6 and 24)	12,720	12,753	112,876
Net defined benefit liability (Note 17)	12,181	11,950	108,093
Provision for environmental spending	156	295	1,384
Deferred tax liabilities (Note 18)	56	72	497
Other	492	518	4,366
Total long-term liabilities	36,487	26,421	323,782
Total liabilities	223,390	205,099	1,982,340
Net assets (Notes 20 and 21):			
Shareholders' equity:			
Capital stock			
Common stock	Authorized - 400,000,000 shares		
	Issued - 185,209,189 shares	12,000	106,487
Capital surplus		15,001	133,055
Retained earnings		33,366	412,645
Less treasury stock, at cost		(68)	(497)
Total shareholders' equity		60,299	651,690
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	3,750	4,016	33,277
Deferred gains or losses on hedges	(18)	(7)	(159)
Foreign currency translation adjustment	170	270	1,509
Accumulated remeasurements of defined benefit plans	(1,187)	(691)	(10,533)
Total accumulated other comprehensive income	2,715	3,588	24,094
Share subscription rights	10	15	89
Non-controlling interests	814	719	7,223
Total net assets	76,978	64,621	683,096
Total liabilities and net assets	¥300,368	¥269,720	\$2,665,436

Consolidated Statements of Income

HAZAMA ANDO CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Revenues (Notes 10 and 22):			
Construction contracts	¥360,869	¥355,069	\$3,202,316
Other activities	18,389	14,634	163,182
	379,258	369,703	3,365,498
Cost of sales (Notes 11 and 22):			
Construction contracts	318,368	321,466	2,825,166
Other activities	16,156	12,225	143,367
	334,524	333,691	2,968,533
Gross profit	44,734	36,012	396,965
Selling, general and administrative expenses (Notes 12 and 22):	19,277	17,494	171,062
Operating income	25,457	18,518	225,903
Other income (expenses):			
Interest and dividends income	348	286	3,088
Foreign exchange gain	—	658	—
Interest expense	(755)	(884)	(6,700)
Provision of allowance for doubtful accounts	(279)	—	(2,476)
Foreign exchange loss	(1,241)	—	(11,013)
Gain on sales of noncurrent assets (Note 14)	287	18	2,547
Gain on sales of investment securities	117	1	1,038
Loss on valuation of investment securities	(335)	—	(2,973)
Impairment loss (Note 13)	(431)	—	(3,825)
Loss on liquidation of overseas subsidiaries (Note 15)	(226)	—	(2,005)
Provision for allowance for doubtful accounts	—	(1,750)	—
Other, net	(304)	(1,328)	(2,697)
	(2,819)	(2,999)	(25,016)
Income before income taxes	22,638	15,519	200,887
Income taxes (Note 18):			
Current	8,214	5,472	72,890
Deferred	(569)	2,784	(5,049)
	7,645	8,256	67,841
Profit	14,993	7,263	133,046
Profit attributable to non-controlling interests	9	23	80
Profit attributable to owners of parent	¥14,984	¥7,240	\$132,966

	Yen		U.S. dollars (Note 1)
	2016	2015	2016
Per share amounts (Note 23):			
Profit			
Basic	¥81.03	¥39.17	\$0.72
Diluted	80.96	39.12	0.72
Cash dividends applicable to the year			
Common stock	12.00	8.00	0.11

See accompanying notes.

Consolidated Statements of Comprehensive Income

HAZAMA ANDO CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Profit	¥14,993	¥7,263	\$133,046
Other comprehensive income			
Valuation difference on available-for-sale securities	(266)	3,062	(2,360)
Deferred gains or losses on hedges	(11)	(8)	(98)
Foreign currency translation adjustment	(161)	227	(1,429)
Remeasurements of defined benefit plans	(496)	1,164	(4,401)
Total other comprehensive income (Note 19)	(934)	4,445	(8,288)
Comprehensive income	14,059	11,708	124,758
Comprehensive income attribute to:			
Comprehensive income attribute to owners of the parent	14,110	11,598	125,211
Comprehensive income attribute to non-controlling interests	(51)	110	(453)

See accompanying notes.

Consolidated Statements of Changes in Net Assets

HAZAMA ANDO CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2016 and 2015

	Millions of yen			
	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Treasury Stock
Balance at April 1, 2014	¥12,000	¥15,010	¥27,604	¥(95)
Cash dividends paid			(1,478)	
Profit			7,240	
Disposal of treasury stock		(9)		31
Acquisition of treasury stock				(4)
Net changes in items other than shareholders' equity				
Balance at April 1, 2015	¥12,000	¥15,001	¥33,366	¥(68)
Cash dividends paid			(1,849)	
Profit			14,984	
Disposal of treasury stock		(7)		15
Acquisition of treasury stock				(3)
Net changes in items other than shareholders' equity				
Balance at March 31, 2016	¥12,000	¥14,994	¥46,501	¥(56)

	Millions of yen						
	Accumulated other comprehensive income				Share subscription rights	Non-controlling interests	Total
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Accumulated remeasurements of defined benefit plans			
Balance at April 1, 2014	¥954	¥2	¥130	¥(1,855)	¥22	¥609	¥54,381
Cash dividends paid							(1,478)
Profit							7,240
Disposal of treasury stock							22
Acquisition of treasury stock							(4)
Net changes in items other than shareholders' equity	3,062	(9)	140	1,164	(7)	110	4,460
Balance at April 1, 2015	¥4,016	¥(7)	¥270	¥(691)	¥15	¥719	¥64,621
Cash dividends paid							(1,849)
Profit							14,984
Disposal of treasury stock							8
Acquisition of treasury stock							(3)
Net changes in items other than shareholders' equity	(266)	(11)	(100)	(496)	(5)	95	(783)
Balance at March 31, 2016	¥3,750	¥(18)	¥170	¥(1,187)	¥10	¥814	¥76,978

Thousands of U.S. dollars (Note 1)				
Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock
Balance at April 1, 2015	\$106,487	\$133,117	\$296,087	\$(603)
Cash dividends paid			(16,408)	
Profit			132,966	
Disposal of treasury stock		(62)		133
Acquisition of treasury stock				(27)
Net changes in items other than shareholders' equity				
Balance at March 31, 2016	\$106,487	\$133,055	\$412,645	\$(497)

Thousands of U.S. dollars (Note 1)							
Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Accumulated remeasurements of defined benefit plans	Share subscription rights	Non-controlling interests	Total
Balance at April 1, 2015	\$35,638	\$(62)	\$2,396	\$(6,132)	\$133	\$6,380	\$573,441
Cash dividends paid							(16,408)
Profit							132,966
Disposal of treasury stock							71
Acquisition of treasury stock							(27)
Net changes in items other than shareholders' equity	(2,361)	(97)	(887)	(4,401)	(44)	843	(6,947)
Balance at March 31, 2016	\$33,277	\$(159)	\$1,509	\$(10,533)	\$89	\$7,223	\$683,096

See accompanying notes.

Consolidated Statements of Cash Flows

HAZAMA ANDO CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Cash flows from operating activities:			
Income before income taxes	¥22,638	¥15,519	\$200,887
Adjustment to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	1,073	1,081	9,522
Impairment loss	431	—	3,825
Increase (decrease) in allowance for doubtful accounts	235	1,711	2,085
Increase (decrease) in net benefit defined liability	236	(2,000)	2,094
Interest and dividends income	(348)	(286)	(3,088)
Interest expense	755	883	6,700
Foreign exchange loss (gain)	1,149	(1,254)	10,196
Loss (gain) on valuation of investment securities	335	1	2,973
Loss (gain) on sale of property, plant and equipment	(268)	471	(2,378)
Changes in assets and liabilities:			
Decrease (increase) in notes and accounts receivable	6,335	2,386	56,216
Decrease (increase) in costs on uncompleted construction contracts	248	(1,337)	2,201
Decrease (increase) in other inventories	(1,175)	338	(10,427)
Decrease (increase) in advances paid	(2,216)	(161)	(19,665)
Increase (decrease) in notes and accounts payable	4,076	(3,575)	36,170
Increase (decrease) in advances received	(313)	4,907	(2,778)
Increase (decrease) in deposit received	1,249	2,245	11,084
Increase (decrease) in consumption tax payable	1,234	(2,845)	10,950
Other, net	5,481	2,690	48,638
Subtotal	41,155	20,774	365,205
Interest and dividends received	329	271	2,920
Interest paid	(671)	(797)	(5,954)
Income taxes paid	(6,091)	(4,532)	(54,051)
Net cash provided by operating activities	34,722	15,716	308,120
Cash flows from investing activities:			
Payments into time deposits	(9,681)	—	(85,908)
Purchase of marketable securities and investment securities	(1,296)	(1,034)	(11,501)
Proceeds from sales of marketable securities and investment securities	195	22	1,730
Purchase of property, plant and equipment	(1,965)	(514)	(17,437)
Proceeds from sales of property, plant and equipment	1,139	335	10,107
Payments of loans receivable	(7)	(6)	(62)
Collection of loans receivable	87	112	772
Proceeds from withdrawal of investments in silent partnership	125	401	1,109
Other, net	(613)	550	(5,439)
Net cash provided by (used in) investing activities	(12,016)	(134)	(106,629)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	(976)	(4,826)	(8,661)
Proceeds from long-term loans payable	6,191	8,831	54,938
Repayments of long-term loans payable	(7,676)	(9,749)	(68,116)
Proceeds from issuance of bonds	500	375	4,437
Redemption of convertible bonds	(401)	(364)	(3,558)
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	10,050	—	89,183
Cash dividends paid	(1,849)	(1,478)	(16,408)
Other, net	102	(279)	905
Net cash used in financing activities	5,941	(7,490)	52,720
Effect of exchange rate changes on cash and cash equivalents	(1,269)	1,441	(11,261)
Net increase in cash and cash equivalents	27,378	9,533	242,950
Cash and cash equivalents at beginning of year	79,558	70,025	705,990
Cash and cash equivalents at end of year (Note 4)	¥106,936	¥79,558	\$948,940

See accompanying notes.

Notes to Consolidated Financial Statements

HAZAMA ANDO CORPORATION- and Consolidated Subsidiaries
For the years ended March 31, 2016 and 2015

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, 2016, which was ¥112.69 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 cost. 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 contracts 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

The retirement benefit obligation is calculated by allocating the estimated retirement benefit amount to periods until the end of the current fiscal year on a benefit formula basis. 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.

The Company has calculated retirement and severance benefits 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 profit per share is based on the weighted average number of common stock outstanding during the period, and diluted profit 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 ¥411.76 (US\$3.65) and ¥345.56 at March 31, 2016 and 2015, respectively.

(17) Change in accounting policies with amendment of respective law or regulation that are not distinguishable from change in accounting estimates

The Company and its domestic subsidiaries adopted "Revised Accounting Standard for Business Combinations" (ASBJ Statement No.21, September 13, 2013 (hereinafter, "Statement No.21")), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, September 13, 2013 (hereinafter, "Statement No.22")) and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, September 13, 2013 (hereinafter, "Statement No.7")) (together, the "Business Combination Accounting Standards"), from the current fiscal year. As a result, the Company changed its accounting policies to recognize in capital surplus the differences arising from the changes in the Company's ownership interest of subsidiaries over which the Company continues to maintain control and to record acquisition related costs as expenses in the fiscal year in which the costs are incurred. In addition, the Company changed its accounting policy for the reallocation of acquisition costs due to the completion following provisional accounting to reflect such reallocation in the consolidated financial statements for the fiscal year in which the business combination took place. The Company also changed the presentation of profit and the term "non-controlling interests" is used instead of "minority interests". Certain amounts in the prior year comparative information were reclassified to conform to such changes in the current year presentation.

With regard to the application of the Business Combination Accounting Standards, the Company followed the provisional treatments in article 58-2 (4) of Statement No.21, article 44-5 (4) of Statement No.22 and article 57-4 (4) of Statement No.7 with application from the beginning of the current fiscal year prospectively.

In the consolidated statement of cash flows, cash flows from acquisition or disposal of shares of subsidiaries with no changes in the scope of consolidation are included in "Cash flows from financing activities" and cash flows from acquisition related costs for shares of subsidiaries with changes in the scope of consolidation or costs related to acquisition or disposal of shares of subsidiaries with no changes in the scope of consolidation are included in "Cash flows from operating activities".

There is no effect on the consolidated financial statements of the current fiscal year.

3. Securities

(1) The following tables summarize book values and fair values of held-to-maturity debt securities at March 31, 2016 and 2015.

Type	Millions of yen					
	2016			2015		
	Book values	Fair values	Difference	Book values	Fair values	Difference
Securities with fair values exceeding book values						
Government bonds	¥385	¥454	¥69	¥389	¥437	¥48
Sub total	385	454	69	389	437	48
Securities with fair values not exceeding book values						
Corporate bonds	¥1,000	¥1,000	¥ —	¥ —	¥ —	¥ —
Sub total	1,000	1,000	—	—	—	—
Total	¥1,385	¥1,454	¥69	¥389	¥437	¥48

Type	Thousands of U.S. dollars		
	2016		
	Book values	Fair values	Difference
Securities with fair values exceeding book values			
Government bonds	\$3,416	\$4,028	\$612
Sub total	3,416	4,028	612
Securities with fair values not exceeding book values			
Corporate bonds	\$8,874	\$8,874	\$ —
Sub total	8,874	8,874	—
Total	\$12,290	\$12,902	\$612

(2) The following tables summarize book values and acquisition costs of available-for-sale securities at March 31, 2016 and 2015:

Type	Millions of yen					
	2016			2015		
	Book values	Acquisition costs	Difference	Book values	Acquisition costs	Difference
Securities with book values exceeding acquisition costs						
Equity securities	¥12,816	¥7,184	¥5,632	¥15,502	¥9,388	¥6,114
Sub total	12,816	7,184	5,632	15,502	9,388	6,114
Securities with book values not exceeding acquisition costs						
Equity securities	¥4,108	¥4,458	¥(350)	¥955	¥1,301	¥(345)
Bonds	6	15	(9)	8	14	(7)
Negotiable certificates of deposit	15,000	15,000	—	—	—	—
Sub total	19,114	19,473	(359)	963	1,315	(352)
Total	¥31,930	¥26,657	¥5,273	¥16,465	¥10,703	¥5,762

Type	Thousands of U.S. dollars		
	2016		
	Book values	Acquisition costs	Difference
Securities with book values exceeding acquisition costs			
Equity securities	\$113,728	\$63,750	\$49,978
Sub total	113,728	63,750	49,978
Securities with book values not exceeding acquisition costs			
Equity securities	\$36,454	\$39,560	\$(3,106)
Bonds	53	133	(80)
Negotiable certificates of deposit	133,109	133,109	—
Sub total	169,616	172,802	(3,186)
Total	\$283,344	\$236,552	\$46,792

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

Type	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Equity securities			
Sales	¥195	¥22	\$1,730
Related gains	117	1	1,038
Related losses	0	0	0

(4) Impairment losses on securities recognized for the years ended March 31, 2016 and 2015 are as follows:

Type	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Available-for-sale securities	¥335	¥1	\$2,973
Total	¥335	¥1	\$2,973

4. Cash and Cash Equivalents

(1) Cash and cash equivalents reported in the consolidated statements of cash flows at March 31, 2016 and 2015 were reconciled with cash and time deposits reported in the consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Cash and time deposits	¥100,618	¥79,661	\$892,874
Time deposits with maturities of exceeding 3-month from the date of acquisition	(9,682)	(103)	(85,917)
Securities with remaining maturities of 3-month or less	16,000	—	141,983
Total: Cash and cash equivalents	¥106,936	¥79,558	\$948,940

5. Inventories

Inventories at March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Accumulated Costs on uncompleted construction contracts	¥6,280	¥6,528	\$55,728
Others	5,565	4,390	49,383
Total	¥11,845	¥10,918	\$105,111

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 1.5% and 1.8% at March 31, 2016 and 2015.

Bonds at March 31, 2016 and 2015 are summarized below:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Long-term debt from bonds, insurance companies and others due serially through 2021:			
Unsecured 0.4%	¥1,283	¥1,184	\$11,385
Less current maturities	(451)	(351)	(4,002)
Sub total	832	833	7,383
Convertible bond-type bonds with subscription rights to shares	¥10,050	—	\$89,183
Total	¥10,882	¥ 833	\$96,566

Long-term loans payable at March 31, 2016 and 2015 are summarized below:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Long-term debt from banks, insurance companies and others due serially through 2022:			
Secured 0.9% to 1.6%	¥985	¥15,810	\$8,741
Unsecured 1.0% to 2.8%	17,380	4,040	154,228
Less current maturities	(5,645)	(7,097)	(50,093)
Total	¥12,720	¥12,753	\$112,876

Repayment schedules for bonds are summarized below:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2017	¥451	\$4,002
2018	391	3,470
2019	10,303	91,428
2020	138	1,224
2021	50	444
2022~	—	—
Total	¥11,333	\$100,568

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

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2017	¥5,645	\$50,093
2018	4,337	38,486
2019	3,503	31,085
2020	3,473	30,819
2021	760	6,744
2022~	647	5,742
Total	¥18,365	\$162,969

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, 2016 and 2015:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Marketable securities	¥ —	¥0	\$ —
Property and equipment	1,765	15,993	15,662
Investment securities	4,719	750	41,876
Other assets	144	151	1,278
Total	¥6,628	¥16,894	\$58,816

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
	2016	2015	2016
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	¥1,239	¥887	\$10,995

9. Contingent Liabilities

At March 31, 2016 and 2015, the Companies had the following contingent liabilities for loan guaranteed:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Guarantees for loan			
Loans of employees	¥2	¥3	\$18
Total	¥2	¥3	\$18

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, 2016 and 2015 were ¥342,624 million (US\$3,040,412 thousand) and ¥327,354 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, 2016 and 2015 were ¥115 million (US\$1,021 thousand) and ¥2,543 million, respectively.

12. Research and Development Expenses

Research and development expenses included in manufacturing costs, and selling, general and administrative expenses amounted to ¥2,178 million (US\$19,327 thousand) and ¥1,829 million for the years ended March 31, 2016 and 2015, respectively.

13. Impairment Loss

No impairment loss is recognized for the year ended March 31, 2015.

Impairment loss for the year ended March, 31, 2016 is as follows:

Location	Use	Type of assets	Millions of yen	Thousands of U.S. dollars
Saitama prefecture	Idle asset	Land	¥431	\$3,825
Total			¥431	\$3,825

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 current fiscal year, the book value was reduced to recoverable amount, and such reduction was recorded as an impairment loss. The recoverable amounts of these assets were measured based on net selling price, and were evaluated based on appraisal for assets of significant book value, and based on market standard for other assets.

14. Gain on Sales of Noncurrent Assets

Gain on sales of noncurrent assets for the year ended March 31, 2016 and 2015 is as follows:

Type of assets	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Land and Buildings	¥259	¥9	\$2,298
Other	28	9	249
Total	¥287	¥18	\$2,547

15. Loss on Liquidation of Overseas Subsidiaries

No loss on liquidation of overseas subsidiaries is recognized for the year ended March 31, 2015.

Loss on liquidation of overseas subsidiaries is recorded for the amount of estimated losses related to HAZAMA ANDO SINGAPORE PTE. LTD., HAZAMA ANDO MALAYSIA SDN. BHD. and ANDO (MALAYSIA) SDN. HD. of liquidation, the consolidated subsidiaries for the year ended March 31, 2016.

16. 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.

17. 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.

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.

Although the Company had adopted a multiple of retirement benefit plans due to its merger with ANDO Corporation as at April 1, 2013, the Company integrated these retirement benefit plans and migrated into defined benefit plans as at April 1, 2014.

(a) Defined benefit plans

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
(1) Movement in retirement benefit obligations			
Balance at April 1, 2015 and 2014	¥30,312	¥30,596	\$268,986
Service cost	1,335	1,362	11,846
Interest cost	303	306	2,689
Actuarial loss (gain)	176	49	1,562
Benefits paid	(2,275)	(2,001)	(20,188)
Balance at March 31, 2016 and 2015	¥29,851	¥30,312	\$264,895
(2) Movement in plan assets			
Balance at April 1, 2015 and 2014	¥19,783	¥17,992	\$175,552
Expected return on plan assets	220	205	1,952
Actuarial loss (gain)	(680)	1,532	(6,034)
Contributions paid by the employer	1,244	1,256	11,039
Benefits paid	(1,471)	(1,202)	(13,053)
Balance at March 31, 2016 and 2015	¥19,096	¥19,783	\$169,456
(3) Movement in simplified method			
Balance at April 1, 2015 and 2014	¥1,421	¥1,339	\$12,610
Retirement benefit costs	294	267	2,609
Benefits paid	(272)	(196)	(2,414)
Other	(17)	11	(151)
Balance at March 31, 2016 and 2015	¥1,426	¥1,421	\$12,654
(4) Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits			
Funded retirement benefit obligation	¥29,851	¥30,312	\$264,895
Plan assets	(19,096)	(19,783)	(169,456)
	10,755	10,529	95,439
Unfunded retirement benefit obligation	1,426	1,421	12,654
Total net liability (asset) for retirement benefits at March 31, 2016 and 2015	12,181	11,950	108,093
Net defined benefit liability	12,181	11,950	108,093
Total net liability (asset) for retirement benefits at March 31, 2016 and 2015	¥12,181	¥11,950	\$108,093

(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.

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
(5) Retirement benefit costs			
Service cost	¥1,335	¥1,362	\$11,846
Interest cost	303	306	2,689
Expected return on plan assets	(220)	(205)	(1,952)
Transition obligations amortization	—	335	—
Net actuarial loss amortization	568	468	5,040
Past service costs amortization	(402)	(426)	(3,567)
Retirement benefit expenses by simplified method	294	267	2,609
Total retirement benefit costs for the fiscal year ended March 31, 2016 and 2015	¥1,878	¥2,107	\$16,665
(6) Remeasurements of defined benefit plans			
Transition obligations	¥ —	¥336	\$ —
Past service costs	(402)	(426)	(3,567)
Net actuarial loss	(288)	1,951	(2,556)
Total adjustments for retirement benefit	¥(690)	¥1,861	\$(6,123)
(7) Accumulated remeasurements of defined benefit plans			
Past service costs that are yet to be recognized	¥78	¥(323)	\$692
Actuarial gains and losses that are yet to be recognized	1,634	1,345	14,500
Total accumulated adjustments for retirement benefit	¥1,712	¥1,022	\$15,192
(8) Plan assets			
1. Plan assets comprise:			
Bonds	41%		
Equity securities	22		
General account assets	16		
Cash and deposits	2		
Other	19		
Total	100%		

(Note) The retirement benefit trust that has been established for the corporate pension plan accounts for 13% and 13% of the total plan assets for the year ended March 31, 2016 and 2015.

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.

(9) Actuarial assumptions

The principal actuarial assumptions at March 31, 2016 (expressed as weighted averages) follow:

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

18. 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 33.1% and 35.6% for the years ended March 31, 2016 and 2015.

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, 2016 and 2015.

	2016	2015
Statutory tax rate	33.1%	35.6%
Permanent non-deductible expenses	0.7	0.8
Permanent non-taxable income	(0.6)	(0.7)
Per capita inhabitant taxes	0.7	1.1
Change in valuation allowance	0.8	12.9
Decrease in deferred income tax assets due to tax rate changes	1.6	2.5
Others	(2.5)	1.0
Effective tax rate	33.8%	53.2%

Significant components of the Companies' deferred income taxes at March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Deferred tax assets:			
Net defined benefit liability	¥4,853	¥5,023	\$43,065
Others	7,344	6,875	65,170
Gross deferred tax assets	12,197	11,898	108,235
Less: Valuation allowance	(4,469)	(4,461)	(39,657)
Total deferred tax assets	7,728	7,437	68,578
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	1,527	1,743	13,551
Others	2,111	2,568	18,733
Total deferred tax liabilities	3,638	4,311	32,284
Net deferred taxes	¥4,090	¥3,126	\$36,294

On March 31, 2016, amendments to the Japanese tax regulations were enacted into law. Based on the amendments, the statutory income tax rates utilized for the measurement of deferred tax assets and liabilities expected to be settled or realized from April 1, 2017 to March 31, 2019 and on or after April 1, 2019 were changed from 32.3% to 30.9% and 30.6%, respectively, as of March 31, 2016.

Due to these changes in statutory income tax rates, net deferred tax assets (after deducting the deferred tax liabilities) decreased by ¥ 274 million (US\$2,431 thousand) as of March 31, 2016, deferred gains or losses on hedges decreased by ¥0 million (US\$1 thousand), accumulated remeasurements of defined benefit plans decreased by ¥42 million (US\$373 thousand), deferred income tax expense recognized increased by ¥355 million (US\$3,150 thousand), valuation difference on available-for-sale securities increased by ¥122 million (US\$1,083 thousand) and foreign currency translation adjustment increased by ¥2 million (US\$18 thousand).

19. Comprehensive Income

Amounts reclassified to profit for the fiscal year ended March 31, 2016 and 2015 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
	2016	2015	2016
Valuation difference on available-for-sale securities:			
Increase (decrease) during the year	¥(817)	¥4,321	\$(7,250)
Reclassification adjustment	329	(1)	2,920
Sub-total, before tax	(488)	4,320	(4,330)
Tax (expense) or benefit	222	(1,258)	1,970
Sub-total, net of tax	(266)	3,062	(2,360)
Deferred gains or losses on hedges:			
Increase (decrease) during the year	¥(21)	¥(16)	\$(186)
Reclassification adjustment	7	3	62
Sub-total, before tax	(14)	(13)	(124)
Tax (expense) or benefit	3	5	27
Sub-total, net of tax	(11)	(8)	(98)
Foreign currency translation adjustment:			
Increase (decrease) during the year	¥(139)	¥227	\$(1,234)
Reclassification adjustment	—	—	—
Sub-total, before tax	(139)	227	(1,234)
Tax (expense) or benefit	(22)	—	(195)
Sub-total, net of tax	(161)	227	\$(1,429)
Remeasurements of defined benefit plans			
Increase (decrease) during the year	¥(856)	¥1,483	\$(7,596)
Reclassification adjustment	166	378	1,473
Sub-total, before tax	(690)	1,861	(6,123)
Tax (expense) or benefit	194	(697)	1,722
Sub-total, net of tax	(496)	1,164	(4,401)
Total other comprehensive income	¥(934)	¥4,445	\$(8,288)

20. 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.

21. Consolidated Statements of Changes in Net Assets

(1) Common stock and preferred stock issued

	Number of shares
	Common stock
Balance at April 1, 2014	185,209,189
Increase during the year	0
Decrease during the year	0
Balance at April 1, 2015	185,209,189
Increase during the year	0
Decrease during the year	0
Balance at March 31, 2016	185,209,189

(2) Treasury stock outstanding (Common stock)

	Number of shares
	Common stock
Balance at April 1, 2014	469,881
Increase during the year	5,631
Decrease during the year	149,836
Balance at April 1, 2015	325,676
Increase during the year	4,363
Decrease during the year	69,239
Balance at March 31, 2016	260,800

22. Segment Information

(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, 2016 is as follows:

Millions of yen								
	Reportable segments			Sub total	Other	Total	Reconciliations	Consolidated
	Civil engineering	Building construction	Consolidated subsidiaries					
Year ended March 31, 2016:								
Revenues:								
Outside customers	¥122,502	¥233,462	¥18,758	¥374,722	¥4,536	¥379,258	¥ —	¥379,258
Intersegment	—	0	42,461	42,461	18	42,479	(42,479)	—
Total	122,502	233,462	61,219	417,183	4,554	421,737	(42,479)	379,258
Segment profit	15,097	12,619	1,637	29,353	313	29,666	(4,209)	25,457
Assets	Note 4	Note 4	31,372	168,382	10,558	178,940	121,428	300,368
Other material items:								
Depreciation and amortization	199	379	216	794	102	896	153	1,049
Capital expenditures	Note 4	Note 4	524	1,786	96	1,882	819	2,701
Thousands of U.S. dollars								
	Reportable segments			Sub total	Other	Total	Reconciliations	Consolidated
	Civil engineering	Building construction	Consolidated subsidiaries					
Year ended March 31, 2016:								
Revenues:								
Outside customers	\$1,087,071	\$2,071,719	\$166,456	\$3,325,246	\$40,252	\$3,365,498	\$ —	\$3,365,498
Intersegment	—	0	376,795	376,795	160	376,955	(376,955)	—
Total	1,087,071	2,071,719	543,251	3,702,041	40,412	3,742,453	(376,955)	3,365,498
Segment profit	133,969	111,980	14,527	260,476	2,777	263,253	(37,350)	225,903
Assets	Note 4	Note 4	278,392	1,494,205	93,691	1,587,896	1,077,540	2,665,436
Other material items:								
Depreciation and amortization	1,766	3,363	1,917	7,046	905	7,951	1,358	9,309
Capital expenditures	Note 4	Note 4	4,650	15,849	852	16,701	7,267	23,968

Notes:

- “Other” consisted of mainly research and other activities, which are not included in reportable segment.
- Reconciliations amounts were as follows:
 - Reconciliations amount of segment profit was to ¥(4,209) million (US\$(37,350) thousand), which included ¥6 million (US\$53 thousand) of intersegment eliminations and others, and ¥(4,215) million (US\$(37,403) thousand) of corporate expenses. Corporate expenses were mainly general and administrative expenses, which are not attributed to reportable segments.
 - Reconciliations amount of segment assets was to ¥121,428 million (US\$1,077,540 thousand), which included ¥(18,148) million (US\$(161,044) thousand) of intersegment eliminations and others, and ¥139,576 million (US\$1,238,584 thousand) of corporate assets. Corporate assets were mainly cash and time deposits, investment securities and others, which are not attributed to reportable segments.
- Segment profit was adjusted to operating income of consolidated statement of operations.
- As discussed in Note 22. (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 ¥137,010 million (US\$1,215,813 thousand), and capital expenditures of these segments are amounted to ¥1,262 million (US\$11,199 thousand).

(b) Segment information as of and for the fiscal year ended March 31, 2015 is as follows:

	Millions of yen							
	Reportable segments			Sub total	Other	Total	Reconciliations	Consolidated
	Civil engineering	Building construction	Consolidated subsidiaries					
Year ended March 31, 2015:								
Revenues:								
Outside customers	¥121,555	¥225,975	¥18,471	¥366,001	¥3,702	¥369,703	¥ —	¥369,703
Intersegment	—	0	37,085	37,085	105	37,190	(37,190)	—
Total	121,555	225,975	55,556	403,086	3,807	406,893	(37,190)	369,703
Segment profit	9,575	10,365	1,393	21,333	774	22,107	(3,589)	18,518
Assets	Note 4	Note 4	29,076	173,430	10,084	183,514	86,206	269,720
Other material items:								
Depreciation and amortization	197	365	201	763	71	834	225	1,059
Capital expenditures	Note 4	Note 4	204	737	77	814	20	834

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 ¥(3,589) million, which included ¥(6) million of intersegment eliminations and others, and ¥(3,583) 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 ¥86,206 million, which included ¥(15,834) million of intersegment eliminations and others, and ¥102,040 million of corporate assets. Corporate assets were mainly cash and time deposits, investment 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 22. (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 ¥144,354 million, and capital expenditures of these segments are amounted to ¥533 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, 2016 and 2015 are as follows:

Geographic Areas	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Japan	¥341,665	¥328,439	\$3,031,902
Other	37,593	41,264	333,596
Total	¥379,258	¥369,703	\$3,365,498

(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, 2016 and 2015.

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

No impairment loss is recognized for the year ended March 31, 2015.

Impairment loss of fixed assets by reported segment of the year ended March 31, 2016 is as follow.

Millions of yen						
2016						
	Reportable segments			Other	Eliminations and others	Total
	Civil engineering	Building construction	Consolidated subsidiaries			
Impairment loss	¥ —	¥ —	¥ —	¥ —	¥431	¥431

Thousands of U.S. dollars						
2016						
	Reportable segments			Other	Eliminations and others	Total
	Civil engineering	Building construction	Consolidated subsidiaries			
Impairment loss	\$ —	\$ —	\$ —	\$ —	\$3,825	\$3,825

23. Amounts per Share of Common Stock

Basis of calculation of basic and diluted profit per share (the "EPS") for the year ended March 31, 2016 is as follows:

	Profit		EPS	
	Millions of yen	Weighted-average shares Thousands of shares	Yen	U.S. dollars
Year ended March 31, 2016:				
Profit	¥14,984			
Basic EPS-Profit available to common shareholders	¥14,984	184,911	¥81.03	\$0.72
Effect of dilution				
Shares adjusted by share subscription rights	—	155		
Diluted EPS-Profit for computation	¥14,984	185,066	¥80.96	\$0.72

Basis of calculation of basic and diluted profit per share (the "EPS") for the year ended March 31, 2015 is as follows:

	Profit		EPS	
	Millions of yen	Weighted-average shares Thousands of shares	Yen	
Year ended March 31, 2015:				
Profit	¥7,240			
Basic EPS-Profit available to common shareholders	¥7,240	184,835	¥39.17	
Effect of dilution				
Shares adjusted by share subscription rights	—	224		
Diluted EPS-Profit for computation	¥7,240	185,059	¥39.12	

24. Financial Instruments

(1) Status of financial instruments

(a) Policies for using financial instruments

The Companies raise funds mainly by borrowings from bank and bond issues, 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 25 "Derivative Financial Instruments" are not indicative of actual market risk involved in derivative transactions.

(e) Concentration of credit risk

The trade receivables for specific and large-scale customers accounted for 12.9% of the total trade receivables in the consolidated financial statements of the current fiscal year.

(2) Fair value of financial instruments

The following tables summarize book values and fair values of financial instruments at March 31, 2016:

Type	Millions of yen			Thousands of U.S. dollars		
	Book values	Fair values	Difference	Book values	Fair values	Difference
Assets						
(a) Cash and time deposits	¥100,618	¥100,618	¥ —	\$892,874	\$892,874	\$ —
(b) Receivables:						
Notes	10,105	10,105	—	89,671	89,671	—
Accounts	92,588	92,575	(13)	821,617	821,501	(116)
(c) Marketable securities and Investment securities:						
Held-to-maturity debt securities	1,385	1,454	69	12,290	12,903	613
Available-for-sale securities	31,930	31,930	—	283,344	283,344	—
Total assets	¥236,626	¥236,682	¥56	\$2,099,796	\$2,100,293	\$497
Liabilities						
(a) Payables:						
Notes	¥31,147	¥31,147	¥ —	\$276,395	\$276,395	\$ —
Accounts	71,387	71,387	—	633,481	633,481	—
(b) Short-term bank loans	11,678	11,678	—	103,629	103,629	—
Current maturities of long-term debt	5,645	5,645	—	50,093	50,093	—
Current portion of bonds	451	451	—	4,002	4,002	—
(c) Bonds	832	838	6	7,383	7,436	53
(d) Long-term debt, less current maturities	12,720	12,819	99	112,876	113,755	879
Total liabilities	¥133,860	¥133,965	¥105	\$1,187,859	\$1,188,791	\$932
Derivative transactions	¥(27)	¥(27)	¥ —	\$(240)	\$(240)	\$ —

The following tables summarize book values and fair values of financial instruments at March 31, 2015:

Type	Millions of yen		
	Book values	Fair values	Difference
Assets			
(a) Cash and time deposits	¥79,661	¥79,661	¥ —
(b) Receivables:			
Notes	7,920	7,920	—
Accounts	101,068	101,038	(30)
(c) Marketable securities and Investment securities:			
Held-to-maturity debt securities	389	437	48
Available-for-sale securities	16,465	16,465	—
Total assets	¥205,503	¥205,521	¥18
Liabilities			
(a) Payables:			
Notes	¥28,162	¥28,162	¥ —
Accounts	70,326	70,326	—
(b) Short-term bank loans	12,654	12,654	—
Current maturities of long-term debt	7,097	7,097	—
Current portion of bonds	351	351	—
(c) Bonds	833	833	0
(d) Long-term debt, less current maturities	12,753	12,688	(65)
Total liabilities	¥132,176	¥132,111	¥(65)
Derivative transactions	¥(16)	¥(16)	¥ —

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 and accounts 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 Investment securities

The fair values of this account are based on the quoted market value. However, the fair value of negotiable certificates of deposit is equivalent to the book value, since this account is settled in a short period of time.

(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 25 “Derivative Financial Instruments”.

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

Non-marketable securities (book values of ¥3,419 million (US\$30,340 thousand) and ¥3,610 million at March 31, 2016 and 2015, respectively) are not included in the above “Assets (c) Marketable securities and investment 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.

The fair value of Convertible bond-type bonds with subscription rights to shares (book value of ¥10,050 million (US\$89,183 thousand) at March 31, 2016) is not disclosed, 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, held-to-maturity debt securities and other at March 31, 2016 and 2015 are as follows:

	Millions of yen							
	2016				2015			
	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	¥100,618	¥ —	¥ —	¥ —	¥79,661	¥ —	¥ —	¥ —
Receivables:								
Notes	10,105	—	—	—	7,920	—	—	—
Accounts	83,077	9,510	—	—	91,421	9,646	—	—
Held-to-maturity debt securities	1,000	76	64	246	5	42	96	246
Negotiable certificates of deposit	15,000	—	—	—	—	—	—	—
Total	¥209,800	¥9,586	¥64	¥246	¥179,007	¥9,688	¥96	¥246

Thousands of U.S. dollars				
2016				
	Within 1 year	Over 1 year less than 5 years	Over 5 years less than 10 years	Over 10 years
Cash and time deposits	\$892,874	\$ —	\$ —	\$ —
Receivables:				
Notes	89,671	—	—	—
Accounts	737,217	84,391	—	—
Held-to-maturity debt securities	8,874	674	568	2,183
Negotiable certificates of deposit	133,109	—	—	—
Total	\$1,861,745	\$85,065	\$568	\$2,183

25. Derivative Financial Instruments

Derivative transactions accounted for by the hedge accounting at March 31, 2016 and 2015 are as follows:

(Currency-related transactions)

		Millions of yen					
		2016			2015		
Type of derivative transactions	Main items hedged	Contract amount		Fair value	Contract amount		Fair value
		Total	Settled over 1 year		Total	Settled over 1 year	
Translated at the contracted rate:							
Foreign exchange forward contract (Sell US\$)	Cash and time deposits	¥9,580	¥ —	Note 1	¥ —	¥ —	—

		Thousands of U.S. dollars		
		2016		
Type of derivative transactions	Main items hedged	Contract amount		Fair value
		Total	Settled over 1 year	
Translated at the contracted rate:				
Foreign exchange forward contract (Sell US\$)	Cash and time deposits	\$85,012	\$ —	Note 1

Note:

- The fair values of translated at the contracted rate treatment are included in the fair value of cash and time deposits since such foreign exchange forward contract is treated together with cash and time deposits being hedged.

(Interest-related transactions)

		Millions of yen					
		2016			2015		
Type of derivative transactions	Main items hedged	Contract amount		Fair value	Contract amount		Fair value
		Total	Settled over 1 year		Total	Settled over 1 year	
Benchmark method:							
Interest swap contract: To pay fixed, to receive variable	Long-term debt	¥865	¥793	Note 2	¥937	¥865	Note 2
Short-cut method:							
Interest swap contract: To pay fixed, to receive variable	Long-term debt	¥8,943	¥6,015	Note 2	¥10,398	¥6,792	Note 2

		Thousands of U.S. dollars		
		2016		
Type of derivative transactions	Main items hedged	Contract amount		Fair value
		Total	Settled over 1 year	
Benchmark method:				
Interest swap contract:				
To pay fixed, to receive variable	Long-term debt	\$7,676	\$7,037	Note 2
Short-cut method:				
Interest swap contract:				
To pay fixed, to receive variable	Long-term debt	\$79,359	\$53,377	Note 2

Note:

1. Fair value is based on the prices obtained from counterparty financial institutions.
2. 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.

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, 2016 and 2015.

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, 2016 and 2015.

28. Stock Option Plans

(1) No cost for stock options is recognized for the years ended March 31, 2016 and 2015.

(2) The stock options outstanding at March 31, 2016 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	13,200	19,000	36,800	14,200	54,000	48,800
Vested during the year	—	—	—	—	—	—
Exercised during the year	4,400	19,000	13,800	4,600	18,000	9,200
Forfeited or expired during the year	—	—	—	—	—	—
Unexercised at the end of the year	8,800	0	23,000	9,600	36,000	39,600
Exercise price	¥1	¥125	¥1	¥120	¥1	¥1
Average stock price at exercise	¥668	¥681	¥551	¥519	¥603	¥604
Fair value price at the grant date	¥107	¥30	¥101	¥28	¥72	¥111

(3) Method to estimate fair value of stock options

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

(4) 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. Subsequent Event

On June 29, 2016, the shareholders of the Company approved the appropriations of retained earnings to pay cash dividends in the amount of ¥1,294 million (US\$11,483 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, 2016 and 2015, 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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, 2016 and 2015, 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, 2016 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 4, 2016
Tokyo, Japan

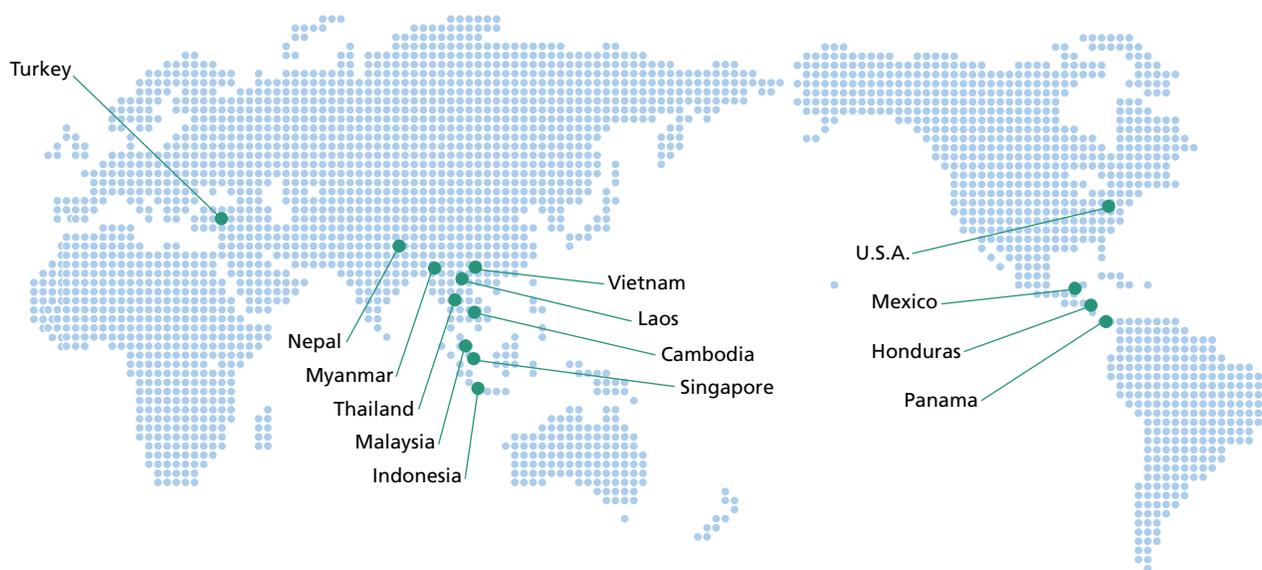
KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Global Network

Japan

Head Office	6-1-20, Akasaka, Minato-ku, Tokyo 107-8658, Japan	81-3-6234-3600
Branches	Sapporo, Tohoku, 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 MAHALLESİ GIRNE CADDESİ, NO:27, D:2-3, Atasehir, Istanbul, Turkey	90-216-456-5047
Mexico	Paseo de la Reforma N° 373 1-B Col. Cuauhtémoc C.P. 06500 Del. Cuauhtémoc Mexico 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
Panama	Edificio Office One. Oficina No. 1104 Avenida Nicanor de Obarrio o Calle 50 con 58 Este Obarrio, Ciudad de Panama	507-830-6671
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, 2016)

Name HAZAMA ANDO CORPORATION	Authorized Shares Common stock 397,250,000 Preferred stock 2,750,000	Issued Shares Common stock 185,209,189	Number of Shareholders 40,221
Established October 1, 2003			Number of Employees 3,387
Capital ¥12,000 million			

Directors, Officers

(As of July 1, 2016)

Board Directors Representative Director and Chairman of the Board of Directors Toshio Ono Representative Director and President Toshiaki Nomura Representative Directors and Vice Presidents Haruyuki Kaneko Board Director and Vice President Mitsuaki Higo Hidekazu Kojima Fumio Sugimoto	Board Directors / Senior Managing Executive Officers Hikari Yamazaki Board Directors / Managing Executive Officers Yasushi Kikuchi Hideo Hosobuchi Toru Ikegami Board Directors (External Board Directors) Yuzuru Fujita Shoko Ikeda Auditors Auditors Yoshihiko Baba Kimihiro Hirata	Corporate Auditors (External Auditors) Shigeo Kamimura Masamitsu Takahara Executive Officers Senior Managing Executive Officers Toshioki Nishida Managing Executive Officers Toshihiko Kitano Masato Fukutomi Kazuya Ozawa Katsuhiko Tabuchi Hajime Tsukizu Muneo Gomi Masanobu Shiga	Executive Officers Toshimitsu Ueno Shinkichi Komatsubara Katsuhiko Kosaka Shozo Tsuji Tatsumi Asao Toshiaki Iimura Yoichi Matsuura Masaaki Tomita Ken Moriyasu Kazutaka Miyazaki Hiroshi Ono Hideo Matsumoto Takeshi Komatsu Shinya Miyamori Fuminori Hirose
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Major Subsidiaries and Affiliates

(As of April 1, 2016)

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, 15 th 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
PT.Hazama Ando Murinda	50,000 Million IDR	Construction	Menara Thamrin, 14th Floor, Suite 1405, JL. M.H. Thamrin Kav. 3, Jakarta, 10250, Indonesia



HAZAMA ANDO
CORPORATION