

HAZAMA ANDO CORPORATION

ANNUAL REPORT 2017

Year ended March 31, 2017



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 four 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 establish a new history and tradition as HAZAMA ANDO CORPORATION.

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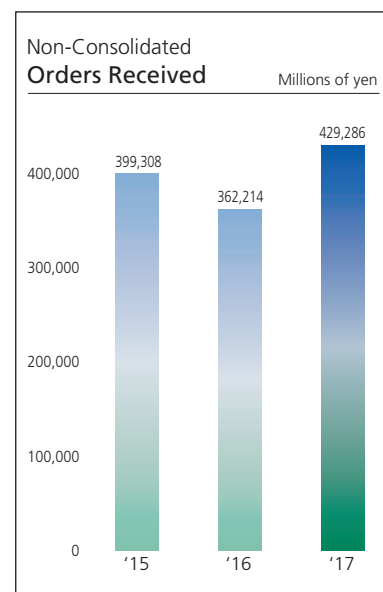
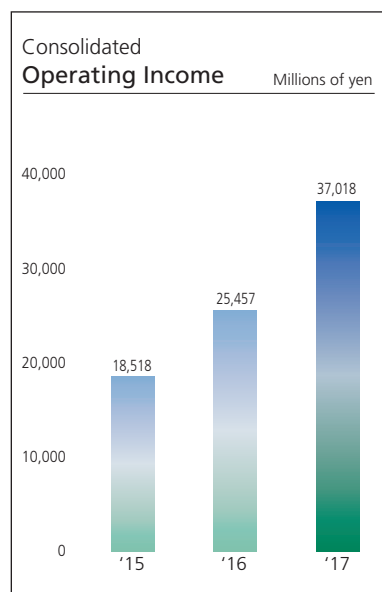
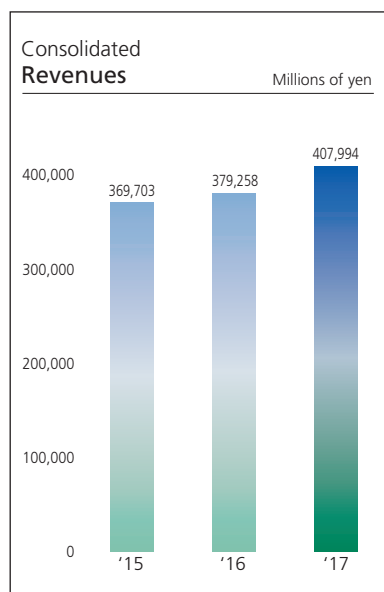
Financial Highlights

HAZAMA ANDO CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2017, 2016 and 2015

Consolidated	Millions of yen			Thousands of U.S. dollars
	2017	2016	2015	2017
Revenues	¥407,994	¥379,258	¥369,703	\$3,636,310
Operating income	37,018	25,457	18,518	329,929
Profit attributable to owners of parent	26,277	14,984	7,240	234,198
Total assets	318,387	300,368	269,720	2,837,674
Net assets	100,744	76,978	64,621	897,897

	Yen			U.S. dollars
Basic profit attributable to owners of parent per share	¥ 142.30	¥ 81.03	¥ 39.17	\$ 1.27
Net assets per share	541.43	411.76	345.56	4.83

Note: U.S. dollar amounts in this annual report are translated from yen at the rate of ¥112.20 to US\$1.00 for convenience.



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 group 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 is making a concerted effort to implement this plan.

In the fiscal year ended March 2017, the second year of the management plan, we continued measures from the previous fiscal year to secure and develop human assets. We also moved forward as planned with labor-saving measures, including technology development utilizing ITC and artificial intelligence (AI), and construction of a precast concrete factory.

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 earnings reaching a record high for second consecutive year. 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 2018, we expect the economy to continue recovering at a moderate pace, with improvement in corporate earnings, employment, and income. However, the potential for political developments overseas to result in restraints on capital investment remains a concern.

In the construction industry, with several major projects getting fully underway, caution continues to be necessary regarding supply-demand trends for skilled construction workers and building materials. We also need to address productivity improvements through working-style reforms.

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 during the fiscal year ended March 2017, with improvement in corporate earnings, along with signs of an upturn in consumer spending.

Looking ahead, while the impact from the increasing opaqueness in overseas economies remains a concern, we expect the economy to continue recovering at a moderate pace amid improvement in employment and income, and the effects of government policy measures.

In the construction industry, the principal business of the HAZAMA ANDO CORPORATION Group, business conditions remain favorable as a result of firm public and private sector construction investment, along with stabilization in labor supply-demand trends and construction material prices.

Under such conditions, HAZAMA ANDO CORPORATION Group recorded consolidated revenues of ¥407.9 billion (+7.6% year on year) for the fiscal year ended March 2017, with operating income of ¥37.0 billion (+45.4%), ordinary income of ¥36.2 billion (+55.5%), and profit attributable to owners of parent of ¥26.2 billion (+75.4%).

Results by business segment are as follows.

- **Civil Engineering**
Revenues amounted to ¥134.0 billion (+9.4% year on year), with operating income of ¥26.9 billion (+78.7%).
- **Building Construction**
Revenues amounted to ¥238.9 billion (+2.3% year on year), with operating income of ¥13.0 billion (+3.7%).
- **Group Business**
Revenues amounted to ¥25.5 billion (+36.4% year on year), with operating income of ¥1.6 billion (-0.1%).
- **Other**
Revenues amounted to ¥9.4 billion (+108.1% year on year), with operating income of ¥0.7 billion (+133.2%).

2 Future Outlook

The business environment is expected to continue recovering at a moderate pace, with improvement in corporate earnings, employment, and incomes. However, concerns remain that overseas political trends will result in greater wariness in the private sector toward capital expenditures, and delays in investment.

In the construction industry, with the full-fledged launch of several major projects, caution continues to be necessary regarding supply-demand trends for skilled construction workers and building materials. We also need to address productivity improvements through working-style reforms.

Under such circumstances, HAZAMA ANDO CORPORATION moved steadily forward with implementing its medium-term management plan (FY3/16-FY3/18) formulated in May 2015, adapting to changes in the business environment and achieving sustained growth.

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

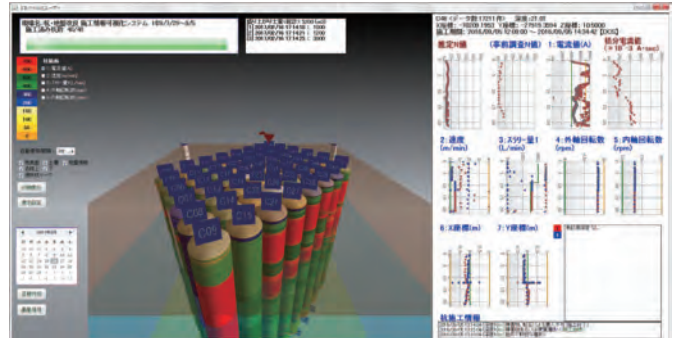
4. Target Figures

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%

Accurate and Real-time Management of Non-Visible Soil Project Data "3D Pile Viewer" system allows visualization of data from piling and soil stabilization projects

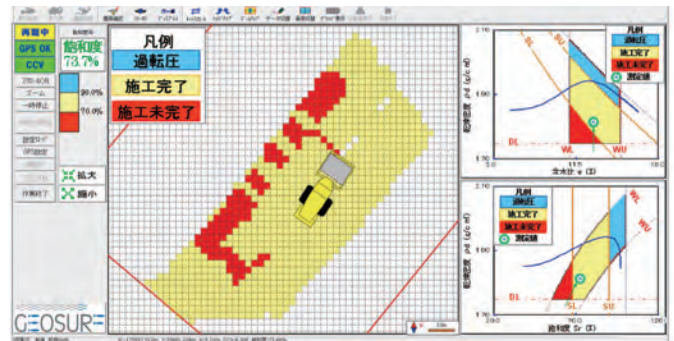
HAZAMA ANDO CORPORATION has developed and begun using "3D Pile Viewer," a system that enables the three-dimensional visualization, accumulation, and utilization of a wide range of data gained during soil stabilization or piling projects. This system allows project managers to easily confirm in real time the ground makeup during soil stabilization or changes in the bearing layer, and to conduct evaluation and make determinations during construction accurately and quickly. This improves the certainty and reliability of the makeup and quality control, and further enhances the efficiency of construction management.



Visualization of data

Utilizing ICT to Control Embankment Compaction Real-time monitoring system to assess the status of soil compaction

HAZAMA ANDO CORPORATION has developed a quality control system for embankment construction that uses a GPS and accelerometer attached to vibratory rollers to monitor the status of soil compaction (density and saturation) in real time. Because the evaluation of soil compaction can be done in real time, rather than after construction under the previous method, the system prevents insufficient compaction, and allows for higher quality embankments. Going forward, HAZAMA ANDO CORPORATION will utilize this technology for embankment work, helping to establish strong social infrastructure resistant to natural disasters.

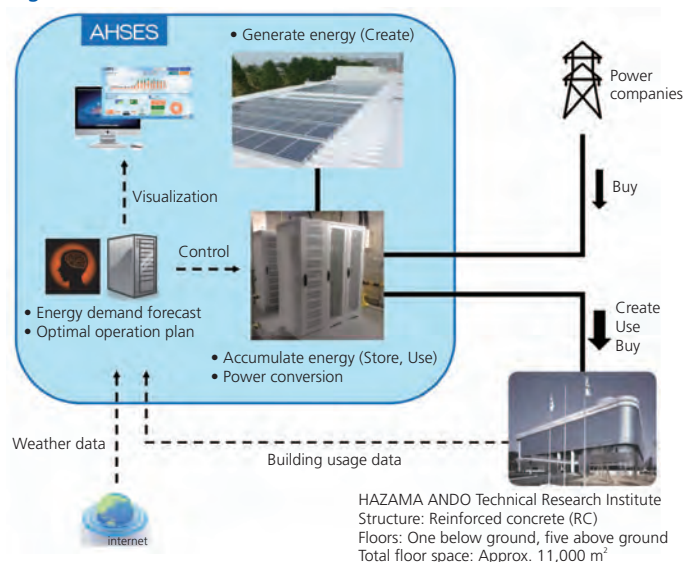


Monitoring system

AI-based Optimal Management of Renewable and Stored Energy Smart energy system utilizing artificial intelligence

HAZAMA ANDO CORPORATION has developed the Adjusting to Human Smart Energy System (AHSES), an energy management system for a single building or an entire region. This system uses artificial intelligence (AI) to forecast electric power demand, and optimally control the energy flow with a mix of renewable and stored energy. It can also function as an emergency power source during major natural disasters or other emergencies.

Fig.1 AHSES Structure



Guided Tours for Students and Children, and IR-Related On-Site Tours

As part of its social contribution program, HAZAMA ANDO CORPORATION provides guided tours for students and young children to introduce them to the construction industry at an early age. These tours are conducted at construction sites and R&D centers throughout Japan, and include carefully designed learning experiences and other activities to enhance understanding and awareness of construction.

HAZAMA ANDO CORPORATION also conducted an on-site tour for institutional investors and analysts of the Yokohama Ring Expressway North-West Line Shield Tunnel Construction Project. A total of 18 people joined the tour, experiencing a close-up look at HAZAMA ANDO CORPORATION's business and technologies.



Guided tour for children (Activity corner)

New Manufacturing Plant for Concrete Products Established in Chiba

Use of precast concrete products is expected to increase to meet needs for labor savings and greater efficiency in construction. To ensure a stable supply of these products, HAZAMA ANDO CORPORATION established a new manufacturing facility in Chiba, Chiba Prefecture, the second such plant for the HAZAMA ANDO CORPORATION Group. The new factory began operations in June 2017.

Structure and scale: Steel construction single-story building
Total floor space: 6,794.74 m²
Manufacturing capacity: Concrete placement Max 200 m³/day
(Three production lines)
Product output: Shield segments, construction PCa components, etc.



HAZAMA ANDO Chiba Plant

Efforts to Normalize Site Closures

HAZAMA ANDO CORPORATION has made efforts for working-style reform in construction from an early stage, including measures for construction site closures in order to improve the workplace environment. Closing construction sites allows partner companies and HAZAMA ANDO CORPORATION employees to take days off together. We set a target of six closures per four-week period for civil engineering projects, and five closures per four-week period for construction projects, with an achievement rate of more than 80% overall in FY3/17. Going forward, we will further accelerate efforts to implement a five-day week for construction, and provide a better working environment.



Managing the calendar for site closures and other short-term plans

Major Orders Received

- Tokyo Contour Belt Highway Tomei Junction Ramp Shield Tunnel and Underground Widening (South Bound) Construction Work/East Nippon Expressway Company Limited (Japan)
- Tama Technology Building Construction Work/Minami-Tama Specific Purpose Company (Japan) ①
- Bandaranaike International Airport Development Project Phase II Stage 2/Airport and Aviation Services (Sri Lanka) Limited (Sri Lanka)
- Nam Ngum 1 Hydropower Station Expansion Project Lot:1 Civil and Hydro Mechanical Works/Electricité du Laos (Laos)
- Marine Drive Hotel Project/Marine Drive Hotels (Private) Limited (Sri Lanka) ②
- Countermeasure for Sediment in Wonogiri Multipurpose Dam Reservoir (II)/The Directorate General of Water Resources, Ministry of Public Works and Housing (Indonesia)



①



②

Major Projects in Progress

- Nagoya Castle Hommaru Palace Restoration Work/City of Nagoya, Aichi Prefecture (Japan)
- Vientiane International Airport Terminal Expansion Project/ Ministry of Public Works and Transport, Lao P.D.R. (Laos) ③
- Yokohama Ring Expressway North-West Line Shield Tunnel Construction Work/City of Yokohama, Kanagawa Prefecture (Japan)
- Tokyo Contour Belt Highway Main Tunnel (North Bound) Oizumi Minami Construction Work/Central Nippon Expressway Company Limited (Japan)
- Apporo Dam Main Construction Work/ Hokkaido Government Iburi General Subprefectural Bureau (Japan)
- The Project for Improvement Water supply system of Coronel Oviedo City/Ministry of Public Works and Communications, Republic of Paraguay (Paraguay) ④



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Major Projects Completed

- Tsugaru Dam Main Construction Work/Tohoku Regional Bureau, Ministry of Land, Infrastructure, Transport and Tourism (Japan) 5
- Sukagawa City Government Office Building Main Construction Work/City of Sukagawa, Fukushima Prefecture (Japan) 6
- The Project for Rehabilitation and Improvement of Buluto Irrigation Scheme/Ministry of Agriculture and Fisheries, The Democratic Republic of Timor-Leste (East Timor) 7
- YKK Vietnam Co., Ltd. Nhon Trach Factory Phase 2 Project/YKK VIETNAM Co., LTD. (Vietnam) 8
- FETL AYUTTHAYA A, B FACTORY INTERIOR RENOVATION WORK/Fujikura Electronics (Thailand) Ltd. (Thailand)
- Hamaoka Nuclear Power Plant Superstructure Work of Water Prevention Wall Construction Work (East Section)/Chubu Electric Power Co.,Inc. (Japan)



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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, 2017 (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, 2017, 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.

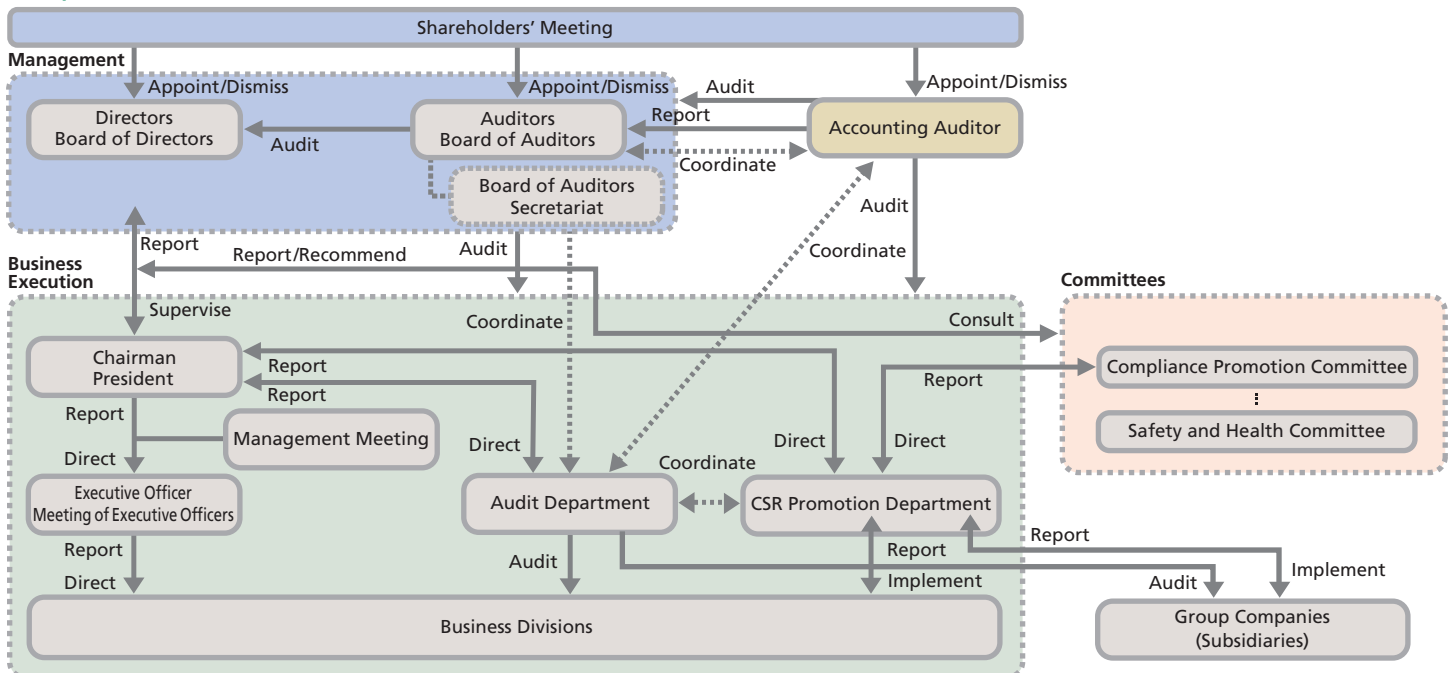
6. Board of Auditors System

The Board of Auditors comprised 4 members as of June 30, 2017 (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, 2017, 2016, 2015, 2014 and 2013

Summary

	Millions of yen					Thousands of U.S. dollars
	2017	2016	2015	2014	2013	2017
Operating results:						
Revenues						
Construction contracts	¥378,983	¥360,869	¥355,069	¥357,474	¥182,740	\$3,377,745
Other activities	29,011	18,389	14,634	13,743	15,159	258,565
Total	407,994	379,258	369,703	371,217	197,899	3,636,310
Cost of sales	348,836	334,524	333,691	342,810	182,271	3,109,055
Gross profit	59,158	44,734	36,012	28,407	15,628	527,255
Selling, general and administrative expenses	22,140	19,277	17,494	16,329	10,015	197,326
Operating income	37,018	25,457	18,518	12,078	5,613	329,929
Profit attributable to owners of parent	26,277	14,984	7,240	16,414	2,293	234,198
Financial position:						
Total assets	¥318,387	¥300,368	¥269,720	¥260,646	¥141,880	\$2,837,674
Total liabilities	217,643	223,390	205,099	206,265	109,036	1,939,777
Total net assets	100,744	76,978	64,621	54,381	32,844	897,897
Cash flows:						
Cash flows from operating activities	¥(1,802)	¥34,722	¥15,716	¥7,464	¥7,934	\$(16,061)
Cash flows from investing activities	6,317	(12,016)	(134)	3,593	(723)	56,301
Cash flows from financing activities	(3,376)	5,941	(7,490)	(54)	(4,347)	(30,089)
			Yen			U.S. dollars
Per share amounts:						
Profit attributable to owners of parent						
Basic	¥142.30	¥81.03	¥39.17	¥96.47	¥20.69	\$1.27
Diluted	131.60	80.96	39.12	88.59	14.74	1.17
Dividends						
Common stock	20.00	12.00	8.00	5.00	3.00	0.18
Class I preferred stock	—	—	—	—	78.40	—
Class II preferred stock	—	—	—	—	88.40	—
Class III preferred stock	—	—	—	—	98.40	—
Class IV preferred stock	—	—	—	—	—	—
Net assets	541.43	411.76	345.56	290.96	212.75	4.83

Note: 1. U.S. dollar amounts in this annual report are translated from yen at the rate of ¥112.20 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 2017 totaled ¥407,994 million (US\$3,636,310 thousand), of which ¥378,983 million (US\$3,377,745 thousand) came from construction projects and ¥29,011 million (US\$258,565 thousand) from other activities. These two business segments accounted for 92.9% and 7.1%, respectively, of total revenues.

Costs and Expenses

Cost of sales amounted to ¥348,836 million (US\$3,109,055 thousand), which is equivalent to 85.5% of revenues. Selling, general and administrative expenses amounted to ¥22,140 million (US\$197,326 thousand), which is equivalent to 5.4% of revenues. Operating income reached ¥37,018 million (US\$329,929 thousand), and the operating margin was 9.1%. Profit attributable to owners of parent amounted to ¥26,277 million (US\$234,198 thousand). Basic profit attributable to owners of parent per share was ¥142.30 (US\$1.27). We paid dividend of ¥7 per share for the fiscal year ended March 31, 2016 on June 30, 2016, and paid interim dividend of ¥9 per share for the fiscal year ended March 31, 2017 on December 2, 2016.

Financial Position and Analysis

Total assets amounted to ¥318,387 million (US\$2,837,674 thousand), total liabilities amounted to ¥217,643 million (US\$1,939,777 thousand), and total net assets amounted to ¥100,744 million (US\$897,897 thousand) at the end of fiscal 2017.

Net worth to total assets ratio was 31.4%. Net assets per share amounted to ¥541.43 (US\$4.83).

Cash Flows

Cash and cash equivalents at the end of the year increased by ¥732 million (US\$6,524 thousand) to ¥107,668 million (US\$959,608 thousand).

Net cash provided by operating activities amounted to ¥(1,802) million (US\$(16,061) thousand) mainly as the result of income before income taxes amounting to ¥35,253 million (US\$314,198 thousand), increase in notes and accounts receivable amounting to ¥20,186 million (US\$179,911 thousand), income taxes paid amounting to ¥9,804 million (US\$87,380 thousand) and decrease in advances received amounting to ¥6,406 million (US\$57,095 thousand).

Net cash provided by investing activities amounted to ¥6,317 million (US\$56,301 thousand) mainly as a result of proceeds from withdrawal of time deposits amounting to ¥9,681 million (US\$86,283 thousand).

Net cash used in financing activities amounted to ¥(3,376) million (US\$(30,089) thousand) mainly as a result of repayment of long-term loans payable amounting to ¥5,670 million (US\$50,535 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
	2017	2016	2015	2014	2013	2017
Civil engineering						
Domestic						
Government sector	¥99,198	¥85,772	¥77,095	¥80,092	¥59,343	\$884,118
Private sector	31,434	32,721	36,757	23,323	25,442	280,160
Overseas	3,543	4,002	7,721	6,695	6,275	31,577
Subtotal	134,175	122,495	121,573	110,110	91,060	1,195,855
Building construction						
Domestic						
Government sector	45,292	29,404	25,713	21,590	3,613	403,672
Private sector	169,470	171,296	169,524	183,281	62,828	1,510,428
Overseas	24,161	32,762	30,746	31,149	21,881	215,339
Subtotal	238,923	233,462	225,983	236,020	88,322	2,129,439
Total construction projects	¥373,098	¥355,957	¥347,556	¥346,130	¥179,382	\$3,325,294

Revenue from the civil engineering category accounted for ¥134,175 million (US\$1,195,855 thousand), or 36.0% of total revenue from construction projects, with domestic projects contributing ¥130,632 million (US\$1,164,278 thousand), or 97.4%.

The government sector contributed ¥99,198 million (US\$884,118 thousand), or 75.9%, of total domestic civil engineering revenue, while private-sector civil engineering revenue amounted to ¥31,434 million (US\$280,160 thousand), or 24.1% of total domestic civil engineering revenue. Overseas civil engineering revenue reached ¥3,543 million (US\$31,577 thousand), equivalent to 2.6% of total revenue in the civil engineering category.

Revenue from the building construction category totaled ¥238,923 million (US\$2,129,439 thousand), or 64.0% of total construction revenue. Domestic projects accounted for ¥214,762 million (US\$1,914,100 thousand), or 89.9%.

The government sector contributed ¥45,292 million (US\$403,672 thousand), or 21.1%, of total domestic building construction revenue, while private-sector building construction revenue amounted to ¥169,470 million (US\$1,510,428 thousand), or 78.9%, of total domestic building construction revenue. Overseas building construction revenue reached ¥24,161 million (US\$215,339 thousand), equivalent to 10.1% of total revenue in the building construction category.

Total overseas construction revenue reached ¥27,704 million (US\$246,916 thousand) and accounted for 7.4% of total construction revenue. Civil engineering projects accounted for 12.8% of this total, and building construction for 87.2%.

Orders Received	Millions of yen					Thousands of U.S. dollars
	2017	2016	2015	2014	2013	2017
Civil engineering	¥193,008	¥123,292	¥167,060	¥107,666	¥92,395	\$1,720,214
Building construction	236,278	238,922	232,248	226,094	94,556	2,105,864
Total construction projects	¥429,286	¥362,214	¥399,308	¥333,760	¥186,951	\$3,826,078

Orders received for construction projects during fiscal 2017 amounted to ¥429,286 million (US\$3,826,078 thousand). Overseas work contributed 8.1% of orders in the construction category. Civil engineering orders amounted to ¥193,008 million (US\$1,720,214 thousand), or 45.0% of total construction orders. Building construction orders amounted to ¥236,278 million (US\$2,105,864 thousand), which is equivalent to 55.0% of total construction orders.

Year-end Backlog	Millions of yen					Thousands of U.S. dollars
	2017	2016	2015	2014	2013	2017
Civil engineering	¥226,120	¥167,343	¥166,623	¥121,099	¥114,655	\$2,015,330
Building construction	186,748	189,780	184,297	177,794	69,652	1,664,420
Total construction projects	¥412,868	¥357,123	¥350,920	¥298,893	¥184,307	\$3,679,750

Order backlog for construction projects at the end of fiscal 2017 amounted to ¥412,868 million (US\$3,679,750 thousand), with civil engineering work accounting for ¥226,120 million (US\$2,015,330 thousand), or 54.8%, and building construction for ¥186,748 million (US\$1,664,420 thousand), or 45.2%.

Consolidated Balance Sheets

HAZAMA ANDO CORPORATION and Consolidated Subsidiaries
March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Assets			
Current assets:			
Cash and time deposits (Notes 4 and 24)	¥88,700	¥100,618	\$790,553
Marketable securities (Notes 3 and 24)	20,000	16,000	178,253
Receivables (Note 24):			
Notes	2,630	10,105	23,440
Accounts	120,303	92,588	1,072,219
Inventories (Notes 5 and 8)	10,205	11,845	90,954
Deferred tax assets (Note 18)	3,592	2,105	32,014
Other (Note 7)	17,448	12,252	155,508
Less allowance for doubtful accounts	(13)	(10)	(116)
Total current assets	262,865	245,503	2,342,825
Property, plant and equipment (Notes 7, 13 and 14):			
Land	16,309	17,933	145,357
Buildings and structures	19,147	17,815	170,651
Machinery and equipment	9,123	8,850	81,310
Other	1,152	830	10,267
	45,731	45,428	407,585
Less accumulated depreciation	(19,223)	(18,526)	(171,328)
Net property, plant and equipment	26,508	26,902	236,257
Investments and other assets:			
Investment securities (Notes 3, 7 and 24)	20,238	20,394	180,375
Investments in unconsolidated subsidiaries and affiliates	300	340	2,674
Long-term loans receivable (Note 7)	500	558	4,456
Deferred tax assets (Note 18)	2,195	2,041	19,563
Other (Note 7)	5,804	6,876	51,729
Less allowance for doubtful accounts	(23)	(2,246)	(205)
Total investments and other assets	29,014	27,963	258,592
Total assets	¥318,387	¥300,368	\$2,837,674

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Liabilities and Net Assets			
Current liabilities:			
Short-term loans payable (Notes 6 and 24)	¥16,674	¥11,678	\$148,610
Current maturities of long-term loans payable (Notes 6 and 24)	5,152	5,645	45,918
Current portion of bonds (Notes 6 and 24)	391	451	3,485
Payables (Note 24):			
Notes	48,883	31,147	435,677
Accounts	55,404	71,387	493,797
Income taxes payable	7,465	5,996	66,533
Advances received (Note 16)	25,833	31,498	230,241
Accrued expenses	20	487	178
Provision for losses on construction contracts (Note 8)	606	3,622	5,401
Other	25,482	24,992	227,112
Total current liabilities	185,910	186,903	1,656,952
Long-term liabilities:			
Bonds (Notes 6 and 24)	441	832	3,930
Convertible bond-type bonds with subscription rights to shares (Notes 6 and 24)	10,033	10,050	89,421
Long-term loans payable, less current maturities (Notes 6 and 24)	8,544	12,720	76,150
Net defined benefit liability (Note 17)	11,918	12,181	106,221
Provision for environmental spending	153	156	1,364
Provision for management board incentive plan trust	78	—	695
Deferred tax liabilities (Note 18)	56	56	499
Other	510	492	4,545
Total long-term liabilities	31,733	36,487	282,825
Total liabilities	217,643	223,390	1,939,777
Net assets (Notes 20 and 21):			
Shareholders' equity:			
Capital stock			
Common stock	Authorized - 400,000,000 shares		
	Issued - 185,209,189 shares	12,000	106,952
Capital surplus		14,994	133,636
Retained earnings		69,838	622,442
Less treasury stock, at cost		(303)	(2,700)
Total shareholders' equity		96,529	860,330
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	3,852	3,750	34,332
Deferred gains or losses on hedges	(11)	(18)	(98)
Foreign currency translation adjustment	145	170	1,292
Accumulated remeasurements of defined benefit plans	(609)	(1,187)	(5,428)
Total accumulated other comprehensive income	3,377	2,715	30,098
Share subscription rights	10	10	89
Non-controlling interests	828	814	7,380
Total net assets	100,744	76,978	897,897
Total liabilities and net assets	¥318,387	¥300,368	\$2,837,674

Consolidated Statements of Income

HAZAMA ANDO CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Revenues (Notes 10 and 22):			
Construction contracts	¥378,983	¥360,869	\$3,377,745
Other activities	29,011	18,389	258,565
	407,994	379,258	3,636,310
Cost of sales (Notes 11 and 22):			
Construction contracts	322,618	318,368	2,875,383
Other activities	26,218	16,156	233,672
	348,836	334,524	3,109,055
Gross profit	59,158	44,734	527,255
Selling, general and administrative expenses (Notes 12 and 22):	22,140	19,277	197,326
Operating income	37,018	25,457	329,929
Other income (expenses):			
Interest and dividends income	444	348	3,957
Reversal of allowance for doubtful accounts	208	—	1,854
Interest expense	(344)	(755)	(3,066)
Provision of allowance for doubtful accounts	—	(279)	—
Foreign exchange loss	(796)	(1,241)	(7,094)
Gain on sales of noncurrent assets (Note 14)	144	287	1,283
Gain on sales of investment securities	81	117	722
Impairment loss (Note 13)	(1,098)	(431)	(9,786)
Loss on liquidation of overseas subsidiaries (Note 15)	—	(226)	—
Other, net	(404)	(639)	(3,601)
	(1,765)	(2,819)	(15,731)
Income before income taxes	35,253	22,638	314,198
Income taxes (Note 18):			
Current	10,916	8,214	97,290
Deferred	(1,974)	(569)	(17,593)
	8,942	7,645	79,697
Profit	26,311	14,993	234,501
Profit attributable to non-controlling interests	34	9	303
Profit attributable to owners of parent	¥26,277	¥14,984	\$234,198

	Yen		U.S. dollars (Note 1)
	2017	2016	2017
Per share amounts (Note 23):			
Profit attributable to owners of parent			
Basic	¥142.30	¥81.03	\$1.27
Diluted	131.60	80.96	1.17
Cash dividends applicable to the year			
Common stock	20.00	12.00	0.18

See accompanying notes.

Consolidated Statements of Comprehensive Income

HAZAMA ANDO CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Profit	¥26,311	¥14,993	\$234,501
Other comprehensive income			
Valuation difference on available-for-sale securities	103	(266)	918
Deferred gains or losses on hedges	6	(11)	53
Foreign currency translation adjustment	(45)	(161)	(401)
Remeasurements of defined benefit plans	579	(496)	5,160
Total other comprehensive income (Note 19)	643	(934)	5,730
Comprehensive income	26,954	14,059	240,231
Comprehensive income attribute to:			
Comprehensive income attribute to owners of the parent	26,940	14,110	240,107
Comprehensive income attribute to non-controlling interests	14	(51)	124

See accompanying notes.

Consolidated Statements of Changes in Net Assets

HAZAMA ANDO CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2017 and 2016

	Millions of yen			
	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Treasury Stock
Balance at April 1, 2015	¥12,000	¥15,001	¥33,366	¥(68)
Cash dividends paid			(1,849)	
Profit attributable to owners of parent			14,984	
Disposal of treasury stock		(7)		15
Acquisition of treasury stock				(3)
Net changes in items other than shareholders' equity				
Balance at April 1, 2016	¥12,000	¥14,994	¥46,501	¥(56)
Cash dividends paid			(2,959)	
Profit attributable to owners of parent			26,277	
Disposal of treasury stock		(0)		2
Acquisition of treasury stock				(249)
Change of scope of consolidation			19	
Net changes in items other than shareholders' equity				
Balance at March 31, 2017	¥12,000	¥14,994	¥69,838	¥(303)

	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, 2015	¥4,016	¥(7)	¥270	¥(691)	¥15	¥719	¥64,621
Cash dividends paid							(1,849)
Profit attributable to owners of parent							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 April 1, 2016	¥3,750	¥(18)	¥170	¥(1,187)	¥10	¥814	¥76,978
Cash dividends paid							(2,959)
Profit attributable to owners of parent							26,277
Disposal of treasury stock							2
Acquisition of treasury stock							(249)
Change of scope of consolidation							19
Net changes in items other than shareholders' equity	102	7	(25)	578	(0)	14	676
Balance at March 31, 2017	¥3,852	¥(11)	¥145	¥(609)	¥10	¥828	¥100,744

Thousands of U.S. dollars (Note 1)				
Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock
Balance at April 1, 2016	\$106,952	\$133,636	\$414,447	\$(499)
Cash dividends paid			(26,373)	
Profit attributable to owners of parent			234,198	
Disposal of treasury stock		(0)		18
Acquisition of treasury stock				(2,219)
Change of scope of consolidation			170	
Net changes in items other than shareholders' equity				
Balance at March 31, 2017	\$106,952	\$133,636	\$622,442	\$(2,700)

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, 2016	\$33,423	\$(160)	\$1,515	\$(10,579)	\$89	\$7,255	\$686,079
Cash dividends paid							(26,373)
Profit attributable to owners of parent							234,198
Disposal of treasury stock							18
Acquisition of treasury stock							(2,219)
Change of scope of consolidation							170
Net changes in items other than shareholders' equity	909	62	(223)	5,151	(0)	125	6,024
Balance at March 31, 2017	\$34,332	\$(98)	\$1,292	\$(5,428)	\$89	\$7,380	\$897,897

See accompanying notes.

Consolidated Statements of Cash Flows

HAZAMA ANDO CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Cash flows from operating activities:			
Income before income taxes	¥35,253	¥22,638	\$314,198
Adjustment to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	1,199	1,073	10,686
Impairment loss	1,098	431	9,786
Increase (decrease) in allowance for doubtful accounts	(2,220)	235	(19,786)
Increase (decrease) in provision for loss on construction contracts	(3,016)	(786)	(26,881)
Increase (decrease) in net benefit defined liability	(178)	236	(1,586)
Interest and dividends income	(444)	(348)	(3,957)
Interest expense	344	755	3,066
Foreign exchange loss (gain)	354	1,149	3,155
Loss (gain) on valuation of investment securities	1	335	9
Loss (gain) on sale of property, plant and equipment	(127)	(268)	(1,132)
Changes in assets and liabilities:			
Decrease (increase) in notes and accounts receivable	(20,186)	6,335	(179,911)
Decrease (increase) in costs on uncompleted construction contracts	1,480	248	13,191
Decrease (increase) in other inventories	168	(1,175)	1,497
Decrease (increase) in advances paid	(2,892)	(2,216)	(25,775)
Increase (decrease) in notes and accounts payable	1,753	4,076	15,624
Increase (decrease) in advances received	(6,406)	(313)	(57,095)
Increase (decrease) in deposit received	808	1,249	7,201
Increase (decrease) in consumption tax payable	(1,417)	1,234	(12,629)
Other, net	2,815	6,267	25,089
Subtotal	8,387	41,155	74,750
Interest and dividends received	412	329	3,672
Interest paid	(797)	(671)	(7,103)
Income taxes paid	(9,804)	(6,091)	(87,380)
Net cash provided by operating activities	(1,802)	34,722	(16,061)
Cash flows from investing activities:			
Payments into time deposits	(982)	(9,681)	(8,752)
Proceeds from withdrawal of time deposits	9,681	102	86,283
Purchase of marketable securities and investment securities	(5,142)	(1,296)	(45,829)
Proceeds from sales and redemption of short-term and long-term investment securities	5,560	195	49,554
Purchase of property, plant and equipment	(2,392)	(1,965)	(21,319)
Proceeds from sales of property, plant and equipment	816	1,139	7,273
Payments of loans receivable	(2)	(7)	(18)
Collection of loans receivable	59	87	526
Proceeds from withdrawal of investments in silent partnership	—	125	—
Other, net	(1,281)	(715)	(11,417)
Net cash provided by (used in) investing activities	6,317	(12,016)	56,301
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	4,996	(976)	44,528
Proceeds from long-term loans payable	1,001	6,191	8,922
Repayments of long-term loans payable	(5,670)	(7,676)	(50,535)
Proceeds from issuance of bonds	—	500	—
Redemption of bonds	(451)	(401)	(4,020)
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	—	10,050	—
Cash dividends paid	(2,959)	(1,849)	(26,373)
Other, net	(293)	102	(2,611)
Net cash used in financing activities	(3,376)	5,941	(30,089)
Effect of exchange rate changes on cash and cash equivalents	(456)	(1,269)	(4,064)
Net increase in cash and cash equivalents	683	27,378	6,087
Cash and cash equivalents at beginning of year	106,936	79,558	953,084
Increase in cash and cash equivalents from newly consolidated subsidiary	49	—	437
Cash and cash equivalents at end of year (Note 4)	¥107,668	¥106,936	\$959,608

See accompanying notes.

Notes to Consolidated Financial Statements

HAZAMA ANDO CORPORATION- and Consolidated Subsidiaries
For the years ended March 31, 2017 and 2016

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, 2017, which was ¥112.20 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 denominated in foreign currencies 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 which are not accounted for under the equity method (“available-for-sale securities”) are stated at fair market values, if their fair market values are readily determinable. 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 without readily determinable 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 income 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 during the period from the inception date of hedging to the evaluation of hedge effectiveness. However, the evaluation of hedge effectiveness is omitted for interest rate swap contracts as they meet certain hedging criteria.

(9) Property, plant and equipment, depreciation

Property, plant and equipment are carried at cost. Depreciation of buildings (excluding facilities attached to buildings) and facilities attached to buildings and structures, which were acquired since April 1, 2016 is mainly recorded on the straight-line method, and depreciation of other property, plant and equipment is recorded 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) Provision for management board incentive plan trust

To prepare for future awards of the Company’s stock to the Directors, the estimated cost for stock award debt based on predetermined regulations for awarding stock is recorded.

(13) 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.

(14) 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.

(15) 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 income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(16) 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.

(17) Amounts per share

Basic profit attributable to owners of parent 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 ¥541.43 (US\$4.83) and ¥411.76 at March 31, 2017 and 2016, respectively.

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

(a) Due to amendments to the Japanese Corporation Tax Act, the Company and its domestic subsidiaries adopted "Practical Solution on a change in depreciation method due to Tax Reform 2016" (ASBJ Practice Issue Task Force No.32, June 17, 2016) from the current fiscal year and changed the depreciation method for facilities attached to buildings and structures, which were acquired since April 1, 2016, from the declining-balance method to the straight-line method.

As a result, operating income and income before income taxes for the current fiscal year increased by ¥20 million(US\$178 thousand), respectively.

(b) 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 prior 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 prior 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 prior 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 fiscal year comparative information were reclassified to conform to such changes in the prior fiscal 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 prior fiscal year prospectively.

In the consolidated statements 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 prior fiscal year.

(19) Additional information

(a) “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016)

The Company adopted “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016) from the current fiscal year.

(b) Performance-linked stock compensation plan for directors and executive officers

(i) Transaction summary

At the ordinary general shareholders’ meeting held on June 29, 2016, the Company was resolved to introduce a performance-linked stock compensation plan as an incentive plan for its directors and executive officers (the “Directors”). The plan is highly transparent and objective and closely linked with the Company’s performance for the Directors, with the goal of increasing awareness of the importance of contributing to further enhancing the corporate value and performance over the medium-to-long-term.

The Company’s stock is acquired through the Board Incentive Plan Trust (“BIP Trust”) and awarded to the Directors in accordance with performance targets achieved.

(ii) Accounting treatment

To prepare for future awards of the Company’s stock to the Directors, the estimated cost for stock award debt based on predetermined regulations for awarding stock is recorded to provision for management board incentive plan trust. And the Company’s own stock in the Trust is recorded in treasury stock under net assets based on the book value in the Trust (excluding ancillary expenses). The book value and the number of these treasury stock in the Trust as of the current fiscal year were ¥247 million (US\$2,201 thousand) and 432,600 shares, respectively.

3. Securities

(1) No held-to-maturity debt securities recognized for the year ended March 31, 2017.

The following tables summarize book values and fair values of held-to-maturity debt securities at March 31, 2016:

Type	Millions of yen		
	2016		
	Book values	Fair values	Difference
Securities with fair values exceeding book values			
Government bonds	¥385	¥454	¥69
Sub total	385	454	69
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

(2) The following tables summarize book values and acquisition costs of available-for-sale securities at March 31, 2017 and 2016:

Type	Millions of yen					
	2017			2016		
	Book values	Acquisition costs	Difference	Book values	Acquisition costs	Difference
Securities with book values exceeding acquisition costs						
Equity securities	¥14,198	¥8,365	¥5,833	¥12,816	¥7,184	¥5,632
Sub total	14,198	8,365	5,833	12,816	7,184	5,632
Securities with book values not exceeding acquisition costs						
Equity securities	¥2,967	¥3,340	¥(373)	¥4,108	¥4,458	¥(350)
Bonds	—	—	—	6	15	(9)
Corporate bonds	2,000	2,000	—	—	—	—
Negotiable certificates of deposit	16,000	16,000	—	15,000	15,000	—
Other	2,000	2,000	—	—	—	—
Sub total	22,967	23,340	(373)	19,114	19,473	(359)
Total	¥37,165	¥31,705	¥5,460	¥31,930	¥26,657	¥5,273

Type	Thousands of U.S. dollars		
	2017		
	Book values	Acquisition costs	Difference
Securities with book values exceeding acquisition costs			
Equity securities	\$126,541	\$74,554	\$51,987
Sub total	126,541	74,554	51,987
Securities with book values not exceeding acquisition costs			
Equity securities	\$26,444	\$29,768	\$(3,324)
Bonds	—	—	—
Corporate bonds	17,825	17,825	—
Negotiable certificates of deposit	142,603	142,603	—
Other	17,825	17,825	—
Sub total	204,697	208,021	(3,324)
Total	\$331,238	\$282,575	\$48,663

(3) Total sales, related gains and losses of held-to-maturity debt securities for the year ended March 31, 2017 is as follows:

Type	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Government bonds			
Cost of sales	¥386	¥ —	\$3,440
Sales	441	—	3,930
Related gains	55	—	490

The reason for sale

In order to effectively utilize assets, we sold the government bonds for held-to-maturity debt securities in the current fiscal year.

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

Type	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Equity securities			
Sales	¥117	¥195	\$1,043
Related gains	26	117	232
Related losses	—	0	—

(5) Impairment losses on securities recognized for the years ended March 31, 2017 and 2016 are as follows:

Type	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Available-for-sale securities	¥1	¥335	\$9
Total	¥1	¥335	\$9

4. Cash and Cash Equivalents

(1) Cash and cash equivalents reported in the consolidated statements of cash flows at March 31, 2017 and 2016 were reconciled with cash and time deposits reported in the consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Cash and time deposits	¥88,700	¥100,618	\$790,553
Time deposits with maturities of exceeding 3-month from the date of acquisition	(1,032)	(9,682)	(9,198)
Securities with remaining maturities of 3-month or less	20,000	16,000	178,253
Total: Cash and cash equivalents	¥107,668	¥106,936	\$959,608

5. Inventories

Inventories at March 31, 2017 and 2016 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Accumulated Costs on uncompleted construction contracts	¥4,801	¥6,280	\$42,790
Others	5,404	5,565	48,164
Total	¥10,205	¥11,845	\$90,954

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 1.2% and 1.5% at March 31, 2017 and 2016.

Bonds at March 31, 2017 and 2016 are summarized below:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Long-term debt from bonds, insurance companies and others due serially through 2021:			
Unsecured 0.4%	¥832	¥1,283	\$7,415
Less current maturities	(391)	(451)	(3,485)
Sub total	441	832	3,930
Convertible bond-type bonds with subscription rights to shares	¥10,033	¥10,050	\$89,421
Total	¥10,474	¥10,882	\$93,351

Long-term loans payable at March 31, 2017 and 2016 are summarized below:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Long-term debt from banks, insurance companies and others due serially through 2023:			
Secured 0.9% to 1.6%	¥900	¥985	\$8,022
Unsecured 1.0% to 2.8%	12,796	17,380	114,046
Less current maturities	(5,152)	(5,645)	(45,918)
Total	¥8,544	¥12,720	\$76,150

Repayment schedules for bonds are summarized below:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2018	¥391	\$3,485
2019	10,286	91,675
2020	138	1,230
2021	50	446
Total	¥10,865	\$96,836

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

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2018	¥5,152	\$45,918
2019	3,549	31,631
2020	3,521	31,381
2021	807	7,193
2022	159	1,417
2023~	508	4,528
Total	¥13,696	\$122,068

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, 2017 and 2016:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Property, plant and equipment	¥1,710	¥1,765	\$15,241
Investment securities	4,886	4,719	43,547
Other assets	137	144	1,221
Total	¥6,733	¥6,628	\$60,009

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
	2017	2016	2017
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	¥156	¥1,239	\$1,390

9. Contingent Liabilities

At March 31, 2017 and 2016, the Companies had the following contingent liabilities for loan guaranteed:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Guarantees for loan			
Loans of employees	¥2	¥2	\$18
Total	¥2	¥2	\$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, 2017 and 2016 were ¥354,901 million (US\$3,163,111 thousand) and ¥342,624 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, 2017 and 2016 were ¥590 million (US\$5,258 thousand) and ¥115 million, respectively.

12. Research and Development Expenses

Research and development expenses included in manufacturing costs, and selling, general and administrative expenses amounted to ¥2,733 million (US\$24,358 thousand) and ¥2,178 million for the years ended March 31, 2017 and 2016, respectively.

13. Impairment Loss

Impairment loss for the year ended March, 31, 2017 is as follows:

Location	Use	Type of assets	Millions of yen	Thousands of U.S. dollars
Shiga prefecture	Idle asset	Land, buildings and structures	¥701	\$6,248
Kagoshima prefecture	Idle asset	Land and buildings	397	3,538
Total			¥1,098	\$9,786

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

Location	Use	Type of assets	Millions of yen
Saitama prefecture	Idle asset	Land	¥431
Total			¥431

The Companies generally determine 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, 2017 and 2016 are as follows:

Type of assets	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Land and Buildings	¥137	¥259	\$1,221
Other	7	28	62
Total	¥144	¥287	\$1,283

15. Loss on Liquidation of Overseas Subsidiaries

No loss on liquidation of overseas subsidiaries is recognized for the year ended March 31, 2017.

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. BHD. 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.

Defined benefit plans

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
(1) Movement in retirement benefit obligations			
Balance at April 1, 2016 and 2015	¥29,851	¥30,312	\$266,052
Service cost	1,329	1,335	11,845
Interest cost	299	303	2,665
Actuarial loss (gain)	645	176	5,748
Benefits paid	(1,490)	(2,275)	(13,280)
Balance at March 31, 2017 and 2016	¥30,634	¥29,851	\$273,030
(2) Movement in plan assets			
Balance at April 1, 2016 and 2015	¥19,096	¥19,783	\$170,196
Expected return on plan assets	215	220	1,916
Actuarial loss (gain)	729	(680)	6,497
Contributions paid by the employer	1,212	1,244	10,802
Benefits paid	(996)	(1,471)	(8,877)
Balance at March 31, 2017 and 2016	¥20,256	¥19,096	\$180,534
(3) Movement in simplified method			
Balance at April 1, 2016 and 2015	¥1,426	¥1,421	\$12,709
Retirement benefit costs	288	294	2,567
Benefits paid	(168)	(272)	(1,497)
Other	(6)	(17)	(54)
Balance at March 31, 2017 and 2016	¥1,540	¥1,426	\$13,725
(4) Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits			
Funded retirement benefit obligation	¥30,634	¥29,851	\$273,030
Plan assets	(20,256)	(19,096)	(180,535)
	10,378	10,755	92,495
Unfunded retirement benefit obligation	1,540	1,426	13,726
Total net liability (asset) for retirement benefits at March 31, 2017 and 2016	11,918	12,181	106,221
Net defined benefit liability	11,918	12,181	106,221
Total net liability (asset) for retirement benefits at March 31, 2017 and 2016	¥11,918	¥12,181	\$106,221

(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
	2017	2016	2017
(5) Retirement benefit costs			
Service cost	¥1,329	¥1,335	\$11,845
Interest cost	298	303	2,656
Expected return on plan assets	(215)	(220)	(1,916)
Net actuarial loss amortization	672	568	5,989
Past service costs amortization	78	(402)	695
Retirement benefit expenses by simplified method	289	294	2,576
Total retirement benefit costs for the fiscal year ended March 31, 2017 and 2016	¥2,451	¥1,878	\$21,845
(6) Remeasurements of defined benefit plans			
Past service costs	¥78	¥(402)	\$695
Net actuarial loss	756	(288)	6,738
Total adjustments for retirement benefit	¥834	¥(690)	\$7,433
(7) Accumulated remeasurements of defined benefit plans			
Past service costs that are yet to be recognized	¥ —	¥78	\$ —
Actuarial gains and losses that are yet to be recognized	878	1,634	7,825
Total accumulated adjustments for retirement benefit	¥878	¥1,712	\$7,825
(8) Plan assets			
1. Plan assets comprise:			
	2017	2016	
Bonds	41%	41%	
Equity securities	22	22	
General account assets	16	16	
Cash and deposits	3	2	
Other	18	19	
Total	100%	100%	

(Note) The retirement benefit trust that has been established for the corporate pension plan accounts for 14% and 13% of the total plan assets for the year ended March 31, 2017 and 2016.

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, 2017 and 2016 (expressed as weighted averages) follow:

	2017	2016
Discount rate	1.0%	1.0%
Long-term expected rate of return	1.1%	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 30.9% and 33.1% for the years ended March 31, 2017 and 2016.

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, 2017 and 2016.

	2017	2016
Statutory tax rate	30.9%	33.1%
Permanent non-deductible expenses	0.4	0.7
Permanent non-taxable income	(0.4)	(0.6)
Per capita inhabitant taxes	0.5	0.7
Change in valuation allowance	(3.9)	0.8
Decrease in deferred tax assets due to tax rate changes	—	1.6
Others	(2.1)	(2.5)
Effective tax rate	25.4%	33.8%

Significant components of deferred tax assets and liabilities at March 31, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Deferred tax assets:			
Net defined benefit liability	¥5,008	¥4,853	\$44,635
Others	7,254	7,344	64,652
Gross deferred tax assets	12,262	12,197	109,287
Less: Valuation allowance	(3,067)	(4,469)	(27,335)
Total deferred tax assets	9,195	7,728	81,952
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	1,603	1,527	14,287
Others	1,861	2,111	16,587
Total deferred tax liabilities	3,464	3,638	30,874
Net deferred tax assets	¥5,731	¥4,090	\$51,078

19. Comprehensive Income

Amounts reclassified to profit for the fiscal year ended March 31, 2017 and 2016 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
	2017	2016	2017
Valuation difference on available-for-sale securities:			
Increase (decrease) during the year	¥205	¥(817)	\$1,827
Reclassification adjustment	(26)	329	(232)
Sub-total, before tax	179	(488)	1,595
Tax (expense) or benefit	(76)	222	(677)
Sub-total, net of tax	103	(266)	918
Deferred gains or losses on hedges:			
Increase (decrease) during the year	¥2	¥(21)	\$18
Reclassification adjustment	7	7	62
Sub-total, before tax	9	(14)	80
Tax (expense) or benefit	(3)	3	(27)
Sub-total, net of tax	6	(11)	53
Foreign currency translation adjustment:			
Increase (decrease) during the year	¥(46)	¥(139)	\$(410)
Reclassification adjustment	—	—	—
Sub-total, before tax	(46)	(139)	(410)
Tax (expense) or benefit	1	(22)	9
Sub-total, net of tax	(45)	(161)	\$(401)
Remeasurements of defined benefit plans			
Increase (decrease) during the year	¥84	¥(856)	\$749
Reclassification adjustment	750	166	6,684
Sub-total, before tax	834	(690)	7,433
Tax (expense) or benefit	(255)	194	(2,273)
Sub-total, net of tax	579	(496)	5,160
Total other comprehensive income	¥643	¥(934)	\$5,730

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 issued

	Number of shares <hr/> Common stock
Balance at April 1, 2015	185,209,189
Increase during the year	0
Decrease during the year	0
Balance at April 1, 2016	185,209,189
Increase during the year	0
Decrease during the year	0
Balance at March 31, 2017	185,209,189

(2) Treasury stock outstanding

	Number of shares <hr/> Common stock
Balance at April 1, 2015	325,676
Increase during the year	4,363
Decrease during the year	69,239
Balance at April 1, 2016	260,800
Increase during the year	435,869
Decrease during the year	9,914
Balance at March 31, 2017	686,755

(Note) Stock owned by BIP Trust is included in Treasury stock at March 31, 2017 (Included amount: 432,600 shares).

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 has 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, 2017 is as follows:

	Millions of yen							
	Reportable segments				Other	Total	Reconciliations	Consolidated
	Civil engineering	Building construction	Consolidated subsidiaries	Sub total				
Year ended March 31, 2017:								
Revenues:								
Outside customers	¥134,038	¥238,922	¥25,595	¥398,555	¥9,439	¥407,994	¥ —	¥407,994
Intersegment	—	2	35,908	35,910	15	35,925	(35,925)	—
Total	134,038	238,924	61,503	434,465	9,454	443,919	(35,925)	407,994
Segment profit	26,979	13,083	1,635	41,697	731	42,428	(5,410)	37,018
Assets	Note 4	Note 4	36,632	199,019	10,208	209,227	109,160	318,387
Other material items:								
Depreciation and amortization	230	410	247	887	91	978	210	1,188
Capital expenditures	Note 4	Note 4	217	2,706	44	2,750	417	3,167
Thousands of U.S. dollars								
	Reportable segments				Other	Total	Reconciliations	Consolidated
	Civil engineering	Building construction	Consolidated subsidiaries	Sub total				
Year ended March 31, 2017:								
Revenues:								
Outside customers	\$1,194,635	\$2,129,429	\$228,120	\$3,552,184	\$84,126	\$3,636,310	\$ —	\$3,636,310
Intersegment	—	18	320,035	320,053	134	320,187	(320,187)	—
Total	1,194,635	2,129,447	548,155	3,872,237	84,260	3,956,497	(320,187)	3,636,310
Segment profit	240,455	116,604	14,572	371,631	6,515	378,146	(48,217)	329,929
Assets	Note 4	Note 4	326,488	1,773,788	90,980	1,864,768	972,906	2,837,674
Other material items:								
Depreciation and amortization	2,050	3,654	2,201	7,905	811	8,716	1,872	10,588
Capital expenditures	Note 4	Note 4	1,934	24,118	392	24,510	3,716	28,226

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 ¥(5,410) million (US\$(48,217) thousand), which included ¥(22) million (US\$(196) thousand) of intersegment eliminations and others, and ¥(5,388) million (US\$(48,021) 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 ¥109,160 million (US\$972,906 thousand), which included ¥(22,560) million (US\$(201,069) thousand) of intersegment eliminations and others, and ¥131,720 million (US\$1,173,975 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 statements of income.
- As discussed in Note 22. (2), assets are not allocated to Civil engineering segment and Building construction segment, since the chief operating decision maker has 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 ¥162,387 million (US\$1,447,300 thousand), and capital expenditures of these segments are amounted to ¥2,489 million (US\$22,184 thousand).

(b) Segment information as of and for the fiscal year ended March 31, 2016 is as follows:

	Millions of yen							
	Reportable segments				Other	Total	Reconciliations	Consolidated
	Civil engineering	Building construction	Consolidated subsidiaries	Sub total				
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

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 ¥(4,209) million, which included ¥6 million of intersegment eliminations and others, and ¥(4,215) 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 ¥121,428 million, which included ¥(18,148) million of intersegment eliminations and others, and ¥139,576 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 statements of income.
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 has 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, and capital expenditures of these segments are amounted to ¥1,262 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, 2017 and 2016 are as follows:

Geographic Areas	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Japan	¥379,403	¥341,665	\$3,381,488
Other	28,592	37,593	254,831
Total	¥407,995	¥379,258	\$3,636,319

(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 for the year ended March 31, 2017 is as follows:

Customers	Sales		Segments
	Millions of yen	Thousands of U.S. dollars	
Ministry of the Environment	¥47,898	\$426,895	Civil engineering

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 statements of income for the year ended March 31, 2016.

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

Impairment loss of fixed assets by reported segment of the year ended March 31, 2017 and 2016 are as follows:

	Millions of yen					
	2017					
	Reportable segments			Other	Eliminations and others	Total
Civil engineering	Building construction	Consolidated subsidiaries				
Impairment loss	¥ —	¥ —	¥ —	¥ —	¥1,098	¥1,098

	Thousands of U.S. dollars					
	2017					
	Reportable segments			Other	Eliminations and others	Total
Civil engineering	Building construction	Consolidated subsidiaries				
Impairment loss	\$ —	\$ —	\$ —	\$ —	\$9,786	\$9,786

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

23. Amounts per Share of Common Stock

Basis of calculation of basic and diluted profit attributable to owners of parent per share (the "EPS") for the year ended March 31, 2017 is as follows:

	Profit attributable to owners of parent	Weighted-average shares	EPS	
			Yen	U.S. dollars
Year ended March 31, 2017:	Millions of yen	Thousands of shares		
Profit attributable to owners of parent	¥26,277			
Basic EPS-Profit available to common shareholders	¥26,277	184,666	¥142.30	\$1.27
Effect of dilution				
Shares adjusted by share subscription rights	(11)	14,920		
Diluted EPS-Profit for computation	¥26,266	199,586	¥131.60	\$1.17

(Note) Shares in BIP Trust are included in treasury stock from which are deducted in calculating profit attributable to owners of parent per share. The weighted-average number of shares issued and outstanding during the year ended March 31, 2017 were 542 thousand including 288 thousand of shares in BIP Trust at the year ended March 31, 2017.

Basis of calculation of basic and diluted profit attributable to owners of parent per share (the “EPS”) for the year ended March 31, 2016 is as follows:

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

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.

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

Borrowings, 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 23.1% of the total trade receivables in the consolidated financial statements of the current fiscal year. Since these large-scale customers are government agencies, the credit risk is extremely low.

(2) Fair value of financial instruments

The following tables summarize book values and fair values of financial instruments at March 31, 2017:

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	¥88,700	¥88,700	¥ —	\$790,553	\$790,553	\$ —
(b) Receivables:						
Notes	2,630	2,630	—	23,440	23,440	—
Accounts	120,303	120,296	(7)	1,072,219	1,072,157	(62)
(c) Marketable securities and Investment securities:						
Available-for-sale securities	37,165	37,165	—	331,239	331,239	—
Total assets	¥248,798	¥248,791	¥(7)	\$2,217,451	\$2,217,389	\$(62)
Liabilities						
(a) Payables:						
Notes	¥48,883	¥48,883	¥ —	\$435,677	\$435,677	\$ —
Accounts	53,621	53,621	—	477,906	477,906	—
(b) Short-term loans payable	16,674	16,674	—	148,610	148,610	—
Current maturities of long-term loans payable	5,152	5,152	—	45,918	45,918	—
Current portion of bonds	391	391	—	3,485	3,485	—
(c) Bonds	440	442	2	3,921	3,939	18
(d) Long-term loans payable, less current maturities	8,544	8,613	69	76,150	76,765	615
Total liabilities	¥133,705	¥133,776	¥71	\$1,191,667	\$1,192,300	\$633
Derivative transactions	¥(17)	¥(17)	¥ —	\$(152)	\$(152)	\$ —

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

Type	Millions of yen		
	Book values	Fair values	Difference
Assets			
(a) Cash and time deposits	¥100,618	¥100,618	¥ —
(b) Receivables:			
Notes	10,105	10,105	—
Accounts	92,588	92,575	(13)
(c) Marketable securities and Investment securities:			
Held-to-maturity debt securities	1,385	1,454	69
Available-for-sale securities	31,930	31,930	—
Total assets	¥236,626	¥236,682	¥56
Liabilities			
(a) Payables:			
Notes	¥31,147	¥31,147	¥ —
Accounts	71,387	71,387	—
(b) Short-term loans payable	11,678	11,678	—
Current maturities of long-term loans payable	5,645	5,645	—
Current portion of bonds	451	451	—
(c) Bonds	832	838	6
(d) Long-term loans payable, less current maturities	12,720	12,819	99
Total liabilities	¥133,860	¥133,965	¥105
Derivative transactions	¥(27)	¥(27)	¥ —

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 loans payable, Current maturities of long-term loans payable 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 loans payable, 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 ¥3,373 million (US\$30,062 thousand) and ¥3,419 million at March 31, 2017 and 2016, 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 ¥10,033 million (US\$89,421 thousand) and ¥10,050 million at March 31, 2017 and 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, 2017 and 2016 are as follows:

	Millions of yen							
	2017				2016			
	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	¥88,700	¥ —	¥ —	¥ —	¥100,618	¥ —	¥ —	¥ —
Receivables:								
Notes	2,630	—	—	—	10,105	—	—	—
Accounts	114,759	5,544	—	—	83,077	9,510	—	—
Held-to-maturity debt securities	—	—	—	—	1,000	76	64	246
Corporate bonds	2,000	—	—	—	—	—	—	—
Negotiable certificates of deposit	16,000	—	—	—	15,000	—	—	—
Other	2,000	—	—	—	—	—	—	—
Total	¥226,089	¥5,544	¥ —	¥ —	¥209,800	¥9,586	¥64	¥246

Thousands of U.S. dollars				
2017				
	Within 1 year	Over 1 year less than 5 years	Over 5 years less than 10 years	Over 10 years
Cash and time deposits	\$790,553	\$ —	\$ —	\$ —
Receivables:				
Notes	23,440	—	—	—
Accounts	1,022,807	49,412	—	—
Held-to-maturity debt securities	—	—	—	—
Corporate bonds	17,825	—	—	—
Negotiable certificates of deposit	142,603	—	—	—
Other	17,825	—	—	—
Total	\$2,015,053	\$49,412	\$ —	\$ —

25. Derivative Financial Instruments

Derivative transactions accounted for by the hedge accounting at March 31, 2017 and 2016 are as follows:

(Currency-related transactions)

		Millions of yen					
		2017			2016		
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		
		2017		
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	\$ —	\$ —	—

Note:

- The fair values of derivative financial instruments 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					
		2017			2016		
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 loans payable	¥793	¥720	Note 2	¥865	¥793	Note 2
Short-cut method:							
Interest swap contract: To pay fixed, to receive variable	Long-term loans payable	¥6,015	¥4,034	Note 2	¥8,943	¥6,015	Note 2

		Thousands of U.S. dollars		
		2017		
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 loans payable	\$7,068	\$6,417	Note 2
Short-cut method:				
Interest swap contract: To pay fixed, to receive variable	Long-term loans payable	\$53,610	\$35,954	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 loans payable since such interest swap is treated together with long-term loans payable being hedged.

26. Stock Option Plans

(1) No cost for stock options is recognized for the years ended March 31, 2017 and 2016.

(2) The stock options outstanding at March 31, 2017 are mainly as follows:

(a) Content

	The first series of share subscription rights (A)	The second series of share subscription rights (A)	The second series of share subscription rights (B)
	June 27, 2008	June 26, 2009	June 26, 2009
Persons granted	Directors of the Company: 8 Executive officers: 13	Directors of the Company: 9 Executive officers: 12	Executive employees: 9
Class and number of shares	110,400 shares of common stock	115,000 shares of common stock	86,400 shares of common stock
Date of grant	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 the 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 the 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 the Company circumstances.
Length of service	From July 15, 2008 to July 14, 2009	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 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 the 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 the 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 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	8,800	23,000	9,600	36,000	39,600
Vested during the year	—	—	—	—	—
Exercised during the year	—	—	9,600	—	—
Forfeited or expired during the year	—	—	—	—	—
Unexercised at the end of the year	8,800	23,000	0	36,000	39,600
Exercise price	¥1	¥1	¥120	¥1	¥1
Average stock price at exercise	—	—	¥580	—	—
Fair value price at the grant date	¥107	¥101	¥28	¥72	¥111

(3) Method to estimate fair value of stock options

The Company does not grant any stock options to its employees 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 actual forfeited numbers are reflected.

27. Subsequent Event

On June 29, 2017, the shareholders of the Company approved the appropriations of retained earnings to pay cash dividends in the amount of ¥2,035 million (US\$18,137 thousand) that included dividends for shares in BIP Trust (included amount: ¥5 million (US\$44 thousand)).

Independent Auditor's Report



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, 2017 and 2016, and the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in net assets and the consolidated 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, 2017 and 2016, 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, 2017 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 29, 2017
Tokyo, Japan

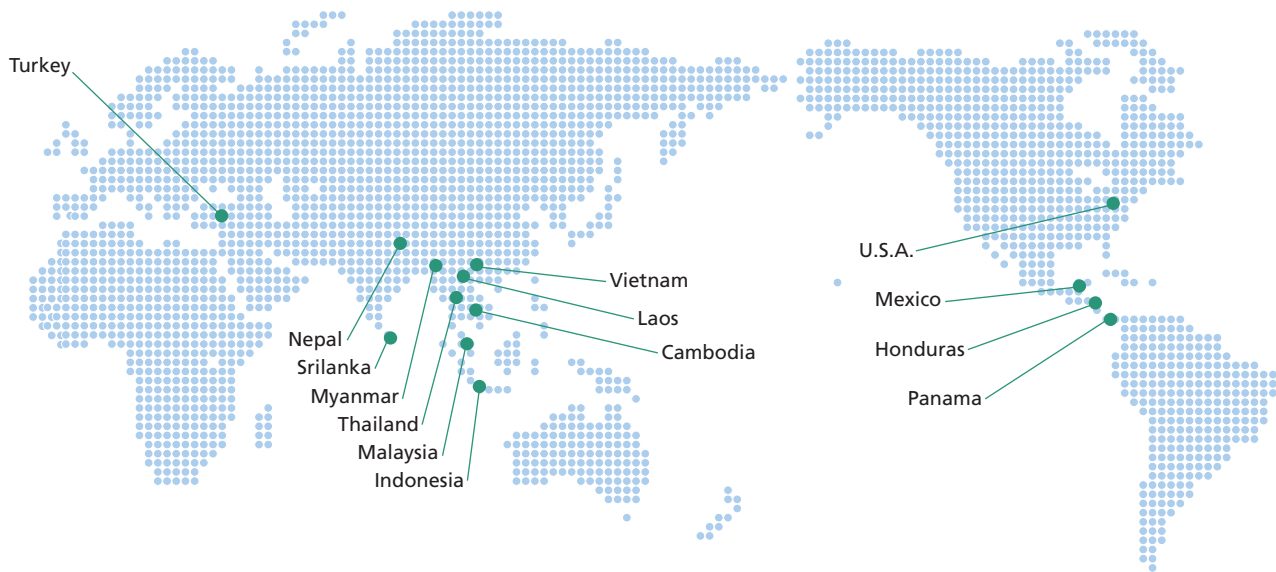
KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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
Srilanka	4th Floor, No. 65C, Dharmapala Mawatha, Colombo 07, Colombo 00700, Srilanka	94-11-233-4784
Nepal	Jagannath Bhawan, Arniko Rajmarga, New Baneshwor, Ward No.10, Kathmandu, Nepal	977-1-4787289
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, 2017)

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 33,974
Established October 1, 2003			Number of Employees 3,414
Capital ¥12,000 million			

Directors, Officers (As of July 1, 2017)

Board Directors <i>Representative Director and Chairman of the Board of Directors</i> Toshio Ono <i>Representative Director and President</i> Toshiaki Nomura <i>Representative Director and Vice President</i> Haruyuki Kaneko <i>Board Directors and Vice Presidents</i> Hidekazu Kojima Masato Fukutomi	Board Directors / Managing Executive Officers Toru Ikegami Hideo Hosobuchi Board Director / Executive Officer Shinya Miyamori Board Directors (External Board Directors) Yuzuru Fujita Masami Fujita Mariko Kitagawa Auditors Auditors Yoshihiko Baba Kimihiko Hirata	Corporate Auditors (External Auditors) Shigeo Kamimura Masamitsu Takahara Executive Officers Vice President Fumio Sugimoto Senior Managing Executive Officers Toshioki Nishida Hikari Yamazaki Managing Executive Officers Hideo Matsumoto Yasushi Kikuchi Toshihiko Kitano Kazuya Ozawa	Muneo Gomi Katsuhiko Tabuchi Hajime Tsukizu Masanobu Shiga Executive Officers Toshimitsu Ueno Shinkichi Komatsubara Katsuhiko Kosaka Tatsumi Asao Toshiaki Iimura Masaaki Tomita Ken Moriyasu Kazutaka Miyazaki Hiroshi Ono Takeshi Komatsu Fuminori Hirose Shin Terauchi Tomoki Kitagawa
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Major Subsidiaries and Affiliates (As of April 1, 2017)

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	2-18-4, Kitaueno, Taito-ku, Tokyo 110-0014, Japan 81-3-5830-9500
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
URBAN PLANNING INC.	90 million JPY	Architectural Design	1-4-8, Shiba Daimon, Minato-ku, Tokyo 105-0012, Japan 81-3-3578-0655
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
PT. Hazama Ando Murinda	50,000 Million IDR	Construction	Menara Thamrin, 14th Floor, Suite 1405, JL. M.H. Thamrin Kav. 3, Jakarta, 10250, Indonesia 62-21-314-1780



HAZAMA ANDO
CORPORATION