



# Annual Report 2017

Fiscal year ended March 31, 2017



NAKANO  
CORPORATION

# CONTENTS

FINANCIAL HIGHLIGHTS	1
REPORT OF INDEPENDENT AUDITORS	2
CONSOLIDATED BALANCE SHEETS	3
CONSOLIDATED STATEMENTS OF INCOME	5
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	6
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS	7
CONSOLIDATED STATEMENTS OF CASH FLOWS	8
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	9
SUPPLEMENTAL INFORMATION	28
NONCONSOLIDATED BALANCE SHEETS	28
NONCONSOLIDATED STATEMENTS OF INCOME	30
CORPORATE PROFILE	31

## Cautionary remarks regarding forward looking statements

This Annual Report includes forward-looking statements that represent Nakano Corporation's assumptions and expectations in light of currently available information. These statements reflect industry trends, client's situations and other factors, and involve risks and uncertainties which may cause actual performance results to differ from those discussed in the forward looking statements in accordance with changes in the domestic and international business environment.

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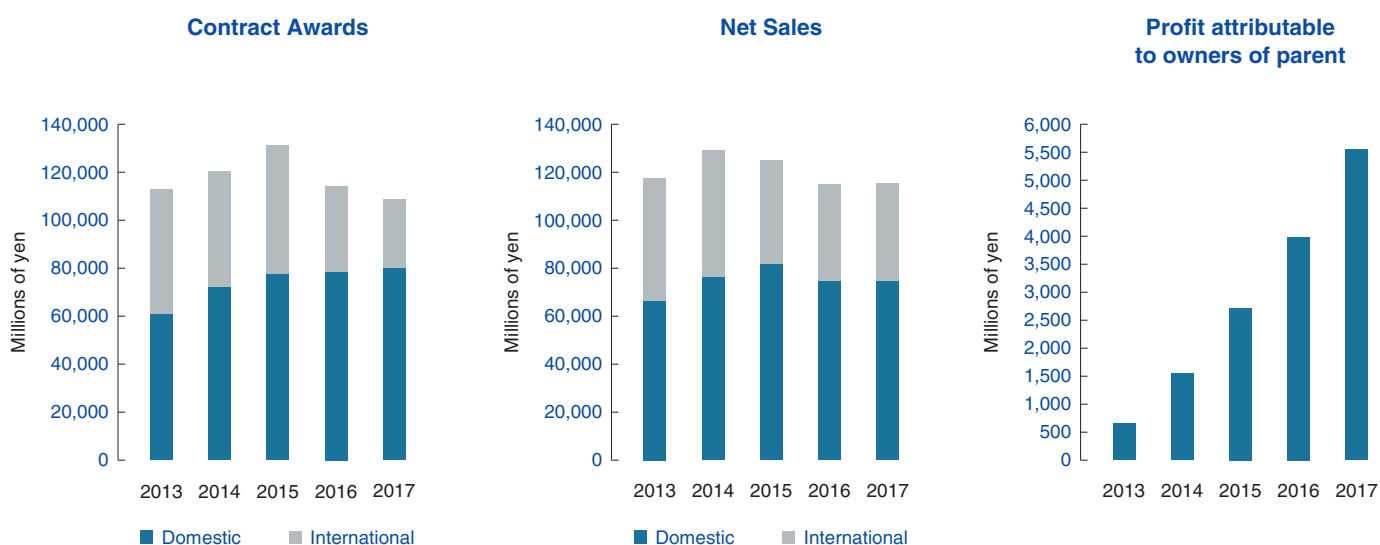
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## FINANCIAL HIGHLIGHTS

NAKANO CORPORATION and its subsidiaries  
Years ended March 31, 2013 through 2017

	2013	2014	2015	2016	2017	2017
	Millions of yen					Thousands of U.S. dollars
Contract awards	¥112,967	¥120,386	¥131,256	¥114,067	<b>¥108,637</b>	<b>\$ 968,330</b>
Net sales	117,254	129,177	125,260	114,989	<b>116,802</b>	<b>1,041,108</b>
Operating income	1,522	2,250	3,367	5,481	<b>5,958</b>	<b>53,106</b>
Ordinary income	1,755	2,522	3,801	5,795	<b>6,232</b>	<b>55,548</b>
Profit attributable to owners of parent	653	1,543	2,717	3,986	<b>5,544</b>	<b>49,416</b>
Comprehensive income	1,958	2,267	4,625	2,942	<b>5,816</b>	<b>51,840</b>
Total net assets	11,565	12,971	18,110	20,880	<b>26,455</b>	<b>235,805</b>
Total assets	71,927	76,478	78,419	73,976	<b>77,984</b>	<b>695,106</b>
Net cash provided by (used in) operating activities	2,167	2,339	(780)	9,607	<b>428</b>	<b>3,814</b>
Net cash provided by (used in) investing activities	2,502	128	(854)	844	<b>(3,698)</b>	<b>(32,961)</b>
Net cash provided by (used in) financing activities	274	(258)	(2,134)	(2,244)	<b>(969)</b>	<b>(8,637)</b>
Cash and cash equivalents at end of period	22,153	25,239	22,995	29,329	<b>24,364</b>	<b>217,167</b>
	Yen					U.S. dollars
<b>Per share of common stock</b> (in yen and U.S. dollars)						
Net assets	¥319.60	¥354.05	¥493.98	¥577.61	<b>¥738.16</b>	<b>\$6.58</b>
Net income	19.01	44.89	79.04	115.96	<b>161.28</b>	<b>1.44</b>
Cash dividends applicable to the year	3.00	3.00	5.00	7.00	<b>10.00</b>	<b>0.09</b>
Number of employees	1,293	1,333	1,334	1,314	<b>1,363</b>	

Notes: 1. The rate of ¥112.19=US\$1.00, the foreign exchange rate on March 31, 2017, has been used for translation.  
2. Cash dividends applicable to the year in 2017 includes a special dividend ¥3 (\$0.03).



# REPORT OF INDEPENDENT AUDITORS

The Board of Directors  
NAKANO CORPORATION

We have audited the accompanying consolidated financial statements of NAKANO CORPORATION and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2017, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

## *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of NAKANO CORPORATION and consolidated subsidiaries as at March 31, 2017, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

## *Convenience Translation*

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.



September 5, 2017

# CONSOLIDATED BALANCE SHEETS

NAKANO CORPORATION and its subsidiaries  
As of March 31, 2016 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2016	2017	2017
<b>Assets</b>			
<b>Current assets:</b>			
Cash and deposits (Notes 4, 7 and 8)	¥ 30,971	¥ 27,764	\$ 247,473
Notes receivable, accounts receivable from completed construction contracts and other (Notes 4 and 8)	21,622	26,531	236,482
Costs on uncompleted construction contracts (Note 4)	2,287	899	8,013
Costs on real estate business	48	48	427
Raw materials and supplies	5	5	44
Accounts receivable - other	1,045	1,740	15,509
Consumption taxes receivable	—	593	5,285
Deferred tax assets (Note 11)	4	238	2,121
Other	987	1,078	9,608
Allowance for doubtful accounts	(120)	—	—
Total current assets	56,853	58,900	525,002
<b>Non-current assets:</b>			
Property, plant and equipment (Note 4)			
Buildings and structures	7,041	7,217	64,328
Machinery, vehicles, tools, furniture and fixtures	1,728	1,699	15,143
Land	9,995	10,771	96,006
Construction in progress	—	28	249
Accumulated depreciation	(5,211)	(5,332)	(47,526)
Total property, plant and equipment	13,553	14,384	128,211
Intangible assets			
Leasehold right	109	944	8,414
Other	152	107	953
Total intangible assets	261	1,051	9,368
Investments and other assets			
Investment securities (Notes 4, 8 and 9)	2,896	3,209	28,603
Long-term loans receivable	199	199	1,773
Claims provable in bankruptcy, claims provable in rehabilitation and other	32	32	285
Other	258	381	3,396
Allowance for doubtful accounts	(78)	(175)	(1,559)
Total investments and other assets	3,308	3,647	32,507
Total non-current assets	17,123	19,083	170,095
Total assets	¥ 73,976	¥ 77,984	\$ 695,106

The accompanying notes are an integral part of these financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2016	2017	2017
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Notes payable, accounts payable for construction contracts and other (Note 8)	¥ 35,009	¥ 38,671	\$ 344,692
Short-term loans payable (Notes 4, 8 and 16)	3,768	1,500	13,370
Current portion of bonds (Note 15)	80	80	713
Income taxes payable	176	742	6,613
Accrued consumption taxes	1,995	4	35
Advances received on uncompleted construction contracts	7,161	4,423	39,424
Provision for warranties for completed construction	110	134	1,194
Provision for loss on construction contracts (Note 4)	—	25	222
Provision for bonuses	459	452	4,028
Other (Note 16)	1,804	1,531	13,646
Total current liabilities	50,564	47,565	423,968
<b>Non-current liabilities:</b>			
Bonds payable (Notes 8 and 15)	120	1,040	9,269
Long-term loans payable (Notes 8 and 16)	—	750	6,685
Deferred tax liabilities (Note 11)	625	760	6,774
Net defined benefit liability (Note 10)	1,014	717	6,390
Other (Note 16)	772	694	6,185
Total non-current liabilities	2,532	3,962	35,315
Total liabilities	53,096	51,528	459,292
<b>Net assets</b>			
<b>Shareholders' equity:</b>			
Common stock			
Authorized: 154,792,300 shares			
Issued: 34,498,097 shares	¥ 5,061	¥ 5,061	\$ 45,110
Capital surplus	1,400	1,400	12,478
Retained earnings	13,997	19,300	172,029
Less: Treasury stock, at cost			
122,618 shares in 2016 and 124,006 shares in 2017	(31)	(31)	(276)
Total shareholders' equity	20,427	25,730	229,343
<b>Accumulated other comprehensive income:</b>			
Valuation difference on available-for-sale securities	567	786	7,005
Foreign currency translation adjustment	(592)	(892)	(7,950)
Remeasurements of defined benefit plans (Note 10)	(546)	(250)	(2,228)
Total accumulated other comprehensive income	(572)	(356)	(3,173)
<b>Non-controlling interests:</b>			
Total net assets	20,880	26,455	235,805
Total liabilities and net assets	¥ 73,976	¥ 77,984	\$ 695,106

The accompanying notes are an integral part of these financial statements.

# CONSOLIDATED STATEMENTS OF INCOME

NAKANO CORPORATION and its subsidiaries  
For the years ended March 31, 2016 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2016	2017	2017
<b>Net sales:</b>			
Net sales of completed construction contracts	¥ 113,901	¥ 115,677	\$ 1,031,081
Sales on real estate business (Note 12)	1,013	1,014	9,038
Sales on other business	73	110	980
Total net sales	114,989	116,802	1,041,108
<b>Cost of sales:</b>			
Cost of sales of completed construction contracts (Note 5)	103,669	105,242	938,069
Cost of sales on real estate business (Notes 5 and 12)	442	345	3,075
Cost of sales on other business	69	84	748
Total cost of sales	104,181	105,672	941,902
<b>Gross profit:</b>			
Gross profit on completed construction contracts	10,231	10,434	93,002
Gross profit - real estate business	571	669	5,963
Gross profit - other business	3	25	222
Total gross profit	10,807	11,129	99,197
<b>Selling, general and administrative expenses</b> (Note 5)	5,325	5,170	46,082
Operating income	5,481	5,958	53,106
<b>Non-operating income:</b>			
Interest income	267	271	2,415
Dividend income	45	43	383
Other	89	61	543
Total non-operating income	401	377	3,360
<b>Non-operating expenses:</b>			
Interest expenses	83	56	499
Bond issuance cost	—	34	303
Other	3	12	106
Total non-operating expenses	87	103	918
Ordinary income	5,795	6,232	55,548
<b>Extraordinary income:</b>			
Gain on sales of non-current assets (Note 5)	4	5	44
Gain on sales of investment securities (Note 9)	28	—	—
Gain on liquidation of subsidiaries and associates	—	11	98
Total extraordinary income	32	16	142
<b>Extraordinary losses:</b>			
Impairment loss (Notes 5 and 12)	181	—	—
Loss on sales of shares of subsidiaries and associates	—	11	98
Loss on reversal of foreign currency translation adjustments	389	—	—
Loss on litigation	8	85	757
Other	4	1	8
Total extraordinary losses	585	98	873
<b>Profit before income taxes</b>	5,243	6,151	54,826
<b>Income taxes:</b>			
Income taxes - current	506	810	7,219
Income taxes for prior periods	674	—	—
Refund of income taxes for prior periods	—	(46)	(410)
Income taxes - deferred (Note 11)	10	(193)	(1,720)
Total income taxes	1,191	571	5,089
<b>Profit</b>	4,052	5,580	49,737
<b>Profit attributable to non-controlling interests</b>	65	35	311
<b>Profit attributable to owners of parent</b>	¥ 3,986	¥ 5,544	\$ 49,416

The accompanying notes are an integral part of these financial statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

NAKANO CORPORATION and its subsidiaries  
For the years ended March 31, 2016 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2016	2017	2017
<b>Profit</b>	¥ 4,052	¥ 5,580	\$ 49,737
<b>Other comprehensive income:</b>			
Valuation difference on available-for-sale securities	(200)	218	1,943
Foreign currency translation adjustment	(549)	(278)	(2,477)
Remeasurements of defined benefit plans	(359)	296	2,638
Total other comprehensive income (Note 6)	(1,109)	236	2,103
<b>Comprehensive income</b>	¥ 2,942	¥ 5,816	\$ 51,840
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent	¥ 3,047	¥ 5,759	\$ 51,332
Comprehensive income attributable to non-controlling interests	(104)	57	508

The accompanying notes are an integral part of these financial statements.



# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

NAKANO CORPORATION and its subsidiaries  
For the years ended March 31, 2016 and 2017

Millions of yen

	Shareholders' Equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
<b>Balance as at March 31, 2015</b>	¥ 5,061	¥ 1,400	¥ 10,182	¥ (30)	¥ 16,614	¥ 767	¥ (214)	¥ (186)	¥ 366	¥ 1,128	¥ 18,110	
Changes of items during period												
Dividends from surplus			(171)		(171)						(171)	
Profit attributable to owners of parent			3,986		3,986						3,986	
Purchase of treasury stock				(1)	(1)						(1)	
Net changes of items other than shareholders' equity						(200)	(378)	(359)	(938)	(104)	(1,043)	
Total changes of items during period	—	—	3,814	(1)	3,813	(200)	(378)	(359)	(938)	(104)	2,769	
<b>Balance as at March 31, 2016</b>	¥ 5,061	¥ 1,400	¥ 13,997	¥ (31)	¥ 20,427	¥ 567	¥ (592)	¥ (546)	¥ (572)	¥ 1,024	¥ 20,880	
Changes of items during period												
Dividends from surplus			(240)		(240)						(240)	
Profit attributable to owners of parent			5,544		5,544						5,544	
Purchase of treasury stock				(0)	(0)						(0)	
Net changes of items other than shareholders' equity						218	(299)	296	215	57	272	
Total changes of items during period	—	—	5,303	(0)	5,302	218	(299)	296	215	57	5,575	
<b>Balance as at March 31, 2017</b>	¥ 5,061	¥ 1,400	¥ 19,300	¥ (31)	¥ 25,730	¥ 786	¥ (892)	¥ (250)	¥ (356)	¥ 1,081	¥ 26,455	

Thousands of U.S. dollars (Note 2)

	Shareholders' Equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
<b>Balance as at March 31, 2016</b>	\$ 45,110	\$ 12,478	\$ 124,761	\$ (276)	\$ 182,075	\$ 5,053	\$ (5,276)	\$ (4,866)	\$ (5,098)	\$ 9,127	\$ 186,112	
Changes of items during period												
Dividends from surplus			(2,139)		(2,139)						(2,139)	
Profit attributable to owners of parent			49,416		49,416						49,416	
Purchase of treasury stock				(0)	(0)						(0)	
Net changes of items other than shareholders' equity						1,943	(2,665)	2,638	1,916	508	2,424	
Total changes of items during period	—	—	47,268	(0)	47,259	1,943	(2,665)	2,638	1,916	508	49,692	
<b>Balance as at March 31, 2017</b>	\$ 45,110	\$ 12,478	\$ 172,029	\$ (276)	\$ 229,343	\$ 7,005	\$ (7,950)	\$ (2,228)	\$ (3,173)	\$ 9,635	\$ 235,805	

The accompanying notes are an integral part of these financial statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

NAKANO CORPORATION and its subsidiaries  
For the years ended March 31, 2016 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2016	2017	2017
<b>Cash flows from operating activities:</b>			
Profit before income taxes	¥ 5,243	¥ 6,151	\$ 54,826
Adjustments for:			
Depreciation and amortization	385	378	3,369
Impairment loss	181	—	—
Loss on reversal of foreign currency translation adjustments	389	—	—
Increase (decrease) in allowance for doubtful accounts	6	(23)	(205)
Decrease in net defined benefit liability	(65)	(1)	(8)
Increase (decrease) in provision for loss on construction contracts	(98)	25	222
Interest and dividend income	(312)	(315)	(2,807)
Interest expenses	83	56	499
Decrease (increase) in notes and accounts receivable - trade	7,139	(5,604)	(49,950)
Decrease (increase) in costs on uncompleted construction contracts	(1,233)	1,381	12,309
Decrease in other inventories	56	0	0
Increase (decrease) in notes and accounts payable - trade	(8,872)	4,535	40,422
Increase (decrease) in advances received on uncompleted construction contracts	2,468	(2,664)	(23,745)
Decrease/increase in consumption taxes receivable/payable	4,238	(2,585)	(23,041)
Other, net	1,240	(913)	(8,137)
Subtotal	10,851	420	3,743
Interest and dividend income received	312	315	2,807
Interest expenses paid	(75)	(47)	(418)
Income taxes paid	(1,481)	(260)	(2,317)
Net cash provided by (used in) operating activities	9,607	428	3,814
<b>Cash flows from investing activities:</b>			
Payments into time deposits	(2,950)	(4,720)	(42,071)
Proceeds from withdrawal of time deposits	3,903	2,971	26,481
Purchase of property, plant and equipment	(285)	(1,156)	(10,303)
Proceeds from sales of property, plant and equipment	4	5	44
Purchase of intangible assets	(3)	(826)	(7,362)
Other, net	174	27	240
Net cash provided by (used in) investing activities	844	(3,698)	(32,961)
<b>Cash flows from financing activities:</b>			
Net decrease in short-term loans payable	(710)	(290)	(2,584)
Proceeds from long-term loans payable	—	800	7,130
Repayments of long-term loans payable	(1,186)	(2,028)	(18,076)
Proceeds from issuance of bonds	—	962	8,574
Redemption of bonds	(80)	(80)	(713)
Cash dividends paid	(171)	(240)	(2,139)
Other, net	(96)	(93)	(828)
Net cash provided by (used in) financing activities	(2,244)	(969)	(8,637)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(1,873)	(725)	(6,462)
<b>Net increase (decrease) in cash and cash equivalents</b>	6,333	(4,964)	(44,246)
<b>Cash and cash equivalents at beginning of period</b>	22,995	29,329	261,422
<b>Cash and cash equivalents at end of period (Note 7)</b>	¥ 29,329	¥ 24,364	\$ 217,167

The accompanying notes are an integral part of these financial statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NAKANO CORPORATION and its subsidiaries

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<b>1. Basis of Presenting Consolidated Financial Statements</b>	<p>The consolidated financial statements presented herein of NAKANO CORPORATION (the "Company") and its consolidated subsidiaries (together, the "Companies") are prepared in accordance with the provisions set forth in the Corporation Law of Japan and the Financial Instruments and Exchange Law of Japan, 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.</p> <p>In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made to the 2016 financial statements to conform to the classifications used in 2017.</p>
<b>2. U.S. Dollar Amounts</b>	<p>The accounts of consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million. The U.S. dollar amounts shown in the accompanying consolidated financial statements and notes thereto have been translated from Japanese yen into U.S. dollars on the basis of ¥112.19 to U.S.\$1, the rate of exchange prevailing at March 31, 2017, and have been then rounded down to the nearest thousand. These U.S. dollar amounts are not intended to imply that the Japanese yen amounts have been or could be converted, realized or settled in U.S. dollars at this or any other rate.</p>
<b>3. Summary of Significant Accounting Policies</b>	<p><b>a. Consolidation</b></p> <p>1) Scope of Consolidation</p> <p>The Company had 9 subsidiaries as of March 31, 2017. The consolidated financial statements for the year ended March 31, 2017 include the accounts of the Company and all subsidiaries. The Company had 1 affiliate as of March 31, 2017. As of March 31, 2017, the equity method was not applied to this affiliate, as it was not significant in terms of retained earnings and net income of the consolidated financial statements.</p> <p>Nakano Consulting (Shanghai) Co., Ltd. is excluded from the scope of consolidation for the year ended March 31, 2017 due to sales of shares held. The statements of income up to the completion of sales are consolidated.</p> <p>2) Financial Statements of Subsidiaries</p> <p>The subsidiaries' financial year-end is March 31.</p> <p><b>b. Securities</b></p> <p>Securities are classified and accounted for as follows:</p> <p>i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability are reported at amortized cost and ii) available-for-sale securities, which are not classified as the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of net assets, while the cost of securities sold is computed using the moving-average method.</p> <p>Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, securities are written down to net realizable value.</p> <p><b>c. Inventories</b></p> <p>Costs of uncompleted construction contracts are determined by the specific identification method.</p> <p>Costs on real estate business and raw materials and supplies are stated at cost determined by the specific identification method for costs on real estate business and by the last purchase price method for raw material and supplies, while the net book value of these inventories in the balance sheet is written down if the net realizable value declines.</p> <p><b>d. Property, Plant and Equipment (excluding lease assets)</b></p> <p>Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its domestic consolidated subsidiaries is computed by the declining-balance method. Buildings (excluding building fixtures) acquired on or after April 1, 1998 and building fixtures and structures acquired on or after April 1, 2016 are depreciated using the straight-line method. Useful lives and residual values of the assets are determined based on the regulations of the Corporation Tax Act.</p> <p>Foreign consolidated subsidiaries use primarily the straight-line method.</p>

**e. Intangible Assets (excluding lease assets)**

Intangible assets are amortized by the straight-line method. Useful lives of the assets are determined based on the regulations of the Corporation Tax Act.

Software for internal use is amortized over a period of the internal available years (5 years) using the straight-line method.

**f. Lease Assets**

Depreciation of lease assets under finance leases that do not transfer ownership of the lease assets to the lessee is calculated by the straight-line method over the lease term of the lease assets with no residual value.

**g. Allowance for Doubtful Accounts**

The allowance for doubtful accounts provided by the Company and its domestic consolidated subsidiaries is stated in amounts considered to be appropriate based on each company's past credit loss experience and an evaluation of potential losses in the receivables and others outstanding.

Foreign consolidated subsidiaries provide for such possible losses based on the estimated uncollectible amounts of the specific accounts.

**h. Provision for Warranties for Completed Construction**

The provision for warranties for completed construction is provided by the Company to cover expenses for defects claimed concerning completed work based on the estimated amount of compensation to be paid in the future for the work completed during the fiscal year.

**i. Provision for Loss on Construction Contracts**

The provision for loss on construction contracts is provided by the Company and its consolidated subsidiaries with respect to construction projects for which eventual losses are reasonably estimated.

**j. Provision for Bonuses**

The provision for bonuses provided by the Company and its domestic consolidated subsidiaries is accrued at the year end to which such bonuses are attributable.

**k. Accounting for Retirement Benefits**

In computing projected benefit obligations, the estimated amounts of retirement benefit obligations are attributed to periods on a benefit formula basis.

Actuarial differences are amortized commencing in the following year after the differences are incurred by the straight-line method over a period (12 years) which is shorter than the average remaining years of service of the employees when incurred.

In determining net defined benefit liability and retirement benefit expenses, certain consolidated subsidiaries adopt a short-cut method where the amount required for voluntary termination of employees at the fiscal year end is regarded as projected benefit obligations.

**l. Revenue and Cost of Construction Contracts**

Revenue of construction contracts is recorded by the percentage-of-completion method for the completed portion of the contracts at the balance sheet date, if the outcome of the construction contract can be reliably estimated and the completed-contract method is applied to other contracts whose outcome cannot be reliably estimated. The percentage of completion is calculated based on the cost incurred to date as a percentage of the estimated total cost.

Construction revenue recognized based on the percentage-of-completion method for the year ended March 31, 2017 was ¥106,261 million (\$947,152 thousand).

**m. Cash and Cash Equivalents in the Consolidated Statements of Cash Flows**

In preparing the consolidated statements of cash flows, cash and cash equivalents include cash on hand, readily-available deposits and short-term highly liquid investments with maturities less than three months at the time of acquisition that are exposed to insignificant risk of changes in value.

**n. Changes in Accounting Policies**

(Changes in depreciation method)

In line with the revisions to the Corporation Tax Act, the Company and its domestic consolidated subsidiaries applied the Practical Solution on a change in depreciation method due to Tax Reform 2016 (Practical Issues Task Force (PITF) No.32, June 17, 2016) from the year ended March 31, 2017. Accordingly, the depreciation method for building fixtures and structures acquired on or after April 1, 2016 was changed from the declining-balance method to the straight-line method.

The impact of this change on operating income, ordinary income and profit before income taxes for the year ended March 31, 2017 is immaterial.

**o. Additional Information**

(Adoption of the Revised Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company and its domestic subsidiaries adopted "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016) from the year ended March 31, 2017.

**4. Notes to Consolidated Balance Sheets**

1. The assets pledged as collateral and collateralized liabilities were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Cash and deposits	¥ 202	¥ 431	\$ 3,841
Notes receivable	450	300	2,674
Buildings	1,490	1,460	13,013
Land	8,076	7,811	69,622
Investment securities	1,488	1,482	13,209
<b>Total</b>	<b>¥ 11,708</b>	<b>¥ 11,485</b>	<b>\$ 102,370</b>
Short-term loans payable	¥ 3,130	¥ 1,040	\$ 9,269

The following assets included in the above were deposited as security for dealing:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Investment Securities	¥ 9	¥ 9	\$ 80

2. The Companies were contingently liable for the following:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Guarantees to financial institutions, etc. to ensure the completion of construction contracts of Nakano Singapore (Pte.) Ltd. and its subsidiaries	¥ 3,246	¥ 2,580	\$ 22,996

3. "Costs on uncompleted construction contracts" which are estimated to recognize losses and "Provision for loss on construction contracts" are to be recorded on a gross basis without offsetting, if any.

5. Notes to  
Consolidated  
Statements of  
Income

1. Provision for loss on construction contracts included in "Cost of sales of completed construction contracts" was as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Provision for loss on construction contracts	¥ —	¥ 25	\$ 222

2. The ending balance of costs on real estate business reflected the write-down due to the decline of the net realizable value and the following loss on valuation of inventories was included in "Cost of sales on real estate business":

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Loss on valuation of inventories	¥ 55	¥ —	\$ —

3. The major components of "Selling, general and administrative expenses" were as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Depreciation	¥ 201	¥ 187	\$ 1,666
Provision for bonuses	195	183	1,631
Retirement benefit expenses	193	157	1,399
Employees' salaries and allowances	2,626	2,449	21,829

4. Research and development costs included in selling, general and administrative expenses were as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Research and development costs	¥ 13	¥ 13	\$ 115

5. "Gain on sales of non-current assets" consisted of the following:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Buildings	¥ 0	¥ —	\$ —
Vehicles	4	5	44
Other	0	0	0
Total	¥ 4	¥ 5	\$ 44

6. The Companies recognized impairment loss as follows:

Use	Location	Type	Millions of yen		Thousands of U.S. dollars
			2016	2017	2017
Rental properties	Miyagi Pref.	Buildings	¥ 50	¥ —	\$ —
		Fixtures	0	—	—
		Demolition costs	125	—	—
		Total	¥ 175	¥ —	\$ —
Rental properties	Hyogo Pref.	Land	3	—	—
		Buildings	2	—	—
		Total	¥ 5	¥ —	\$ —
Total			¥ 181	¥ —	\$ —

6. Notes to Consolidated Statements of Comprehensive Income

Reclassification adjustments and tax effects related to other comprehensive income were as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Valuation difference on available-for-sale securities			
Amount arising during the year	¥ (287)	¥ 316	\$ 2,816
Reclassification adjustments	(28)	—	—
Total before tax effect	(315)	316	2,816
Tax effect	115	(97)	(864)
Valuation difference on available-for-sale securities	(200)	218	1,943
Foreign currency translation adjustments			
Amount arising during the year	(938)	(274)	(2,442)
Reclassification adjustments	389	(3)	(26)
Total before tax effect	(549)	(278)	(2,477)
Tax effect	—	—	—
Foreign currency translation adjustments	(549)	(278)	(2,477)
Remeasurements of defined benefit plans			
Amount arising during the year	(406)	210	1,871
Reclassification adjustments	46	86	766
Total before tax effect	(359)	296	2,638
Tax effect	—	—	—
Remeasurements of defined benefit plans	(359)	296	2,638
Total other comprehensive income	¥ (1,109)	¥ 236	\$ 2,103

7. Notes to Consolidated Statements of Cash Flows

The reconciliation between “Cash and cash equivalents” reported in the consolidated statements of cash flows and “Cash and deposits” reported in the consolidated balance sheets was as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Cash and deposits per consolidated balance sheets	¥ 30,971	¥ 27,764	\$ 247,473
Less: Time deposits maturing over three months	(1,642)	(3,400)	(30,305)
Cash and cash equivalents per consolidated statements of cash flows	¥ 29,329	¥ 24,364	\$ 217,167

## 8. Financial Instruments

### 1. Overview

#### 1) Policy for financial instruments

The Companies raise operating funds primarily through bank loans and bond issues. Temporary fund surpluses are managed principally through short-term deposits with little risk. Under the policy of the Companies, the Companies use derivatives only for the purpose of reducing foreign exchange fluctuation risks associated with foreign currency denominated transactions and interest rate fluctuation risks associated with loans payable, and not for speculative purposes.

#### 2) Types of financial instruments, risk and risk management

The Companies control risks by type of financial instruments in accordance with the risk management policy.

Regarding credit risk associated with notes receivable and accounts receivable from completed construction contracts, the Companies identify major customers' credit status by monitoring the payment terms and credit balances by each customer.

Regarding investment securities, principally consisting of equity securities, the Companies regularly identify the quoted market price of the listed securities to manage the risks arising from market value fluctuations.

The Companies manage liquidity risk associated with loans payable by appropriately planning for fund raising based on monthly cash flow projections.

Regarding derivative transactions, the Companies execute and control the transactions based on the internal control rules which define the transaction authority and limits and enter into contracts with only the high credit rating financial institutions to reduce credit risk.

#### 3) Supplementary explanation on fair value of financial instruments

The fair value of financial instruments is determined based on the market price or reasonable estimated amount if there is no market price. Certain assumptions are used for calculation of such fair value, and accordingly, the result of such calculation may vary, if different assumptions are used.

### 2. Fair value of financial instruments

The carrying amount, fair value and difference of the financial instruments as of March 31, 2016 and 2017 were as follows:

Note that the financial instruments whose fair value is extremely difficult to determine were not included in the following table (See Note 2 of the below table):

As of March 31, 2016	Millions of yen		
	Carrying amount	Fair value	Difference
(1) Cash and deposits	¥ 30,971	¥ 30,971	¥ —
(2) Notes receivable, accounts receivable from completed construction contracts and other	21,622	21,622	—
(3) Investment securities			
Held-to-maturity securities	9	10	0
Available-for-sale securities	1,676	1,676	—
Assets total	54,280	54,280	0
(1) Notes payable, accounts payable for construction contracts and other	35,009	35,009	—
(2) Short-term loans payable	3,768	3,768	—
Liabilities total	38,777	38,777	—
Derivative transactions	—	—	—



As of March 31, 2017	Millions of yen		
	Carrying amount	Fair value	Difference
(1) Cash and deposits	¥ 27,764	¥ 27,764	¥ —
(2) Notes receivable, accounts receivable from completed construction contracts and other	26,531	26,531	—
(3) Investment securities			
Held-to-maturity securities	9	10	0
Available-for-sale securities	1,992	1,992	—
<b>Assets total</b>	<b>56,298</b>	<b>56,299</b>	<b>0</b>
(1) Notes payable, accounts payable for construction contracts and other	38,671	38,671	—
(2) Short-term loans payable	1,500	1,500	—
(3) Long-term loans payable	750	750	—
(4) Bonds payable	1,040	1,039	(0)
<b>Liabilities total</b>	<b>41,961</b>	<b>41,961</b>	<b>(0)</b>
Derivative transactions	—	—	—

As of March 31, 2017	Thousands of U.S. dollars		
	Carrying amount	Fair value	Difference
(1) Cash and deposits	\$ 247,473	\$ 247,473	\$ —
(2) Notes receivable, accounts receivable from completed construction contracts and other	236,482	236,482	—
(3) Investment securities			
Held-to-maturity securities	80	89	8
Available-for-sale securities	17,755	17,755	—
<b>Assets total</b>	<b>501,791</b>	<b>501,800</b>	<b>8</b>
(1) Notes payable, accounts payable for construction contracts and other	344,692	344,692	—
(2) Short-term loans payable	13,370	13,370	—
(3) Long-term loans payable	6,685	6,685	—
(4) Bonds payable	9,269	9,261	(8)
<b>Liabilities total</b>	<b>374,017</b>	<b>374,008</b>	<b>(8)</b>
Derivative transactions	—	—	—

(Notes): 1. Method used for determining the fair value of the financial instruments and matters regarding securities and derivative transactions:

Assets:

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

The carrying amount is presented as the fair value, since the fair value approximates the carrying amount because they will be settled within a short period of their maturity.

(3) Investment securities

The fair value of equity securities is determined based on the quoted price of the exchanges, the fair value of investment trust is determined based on the published standard quotation price and the fair value of debt securities is determined based on the published price by the Japan Securities Dealers Association. Notes regarding investment securities classified by the management's intent of holding are described in Note 9 "Securities".

Liabilities:

(1) Notes payable, accounts payable for construction contracts and other and (2) Short-term loans payable  
The carrying amount is presented as the fair value, since the fair value approximates the carrying amount because they will be settled within a short period of their maturity.

(3) Long-term loans payable

The carrying amount is presented as the fair value, since the fair value approximates the carrying amount because their interest rates will be reset mainly within a short period of their maturity.

(4) Bonds payable

The fair value of bonds issued by the Company is based on the current value of the bonds, which is calculated by discounting the total amount of principal and interest by an interest rate that reflects the remaining terms of the Company's bonds and credit risk.

2. Carrying amounts of financial instruments for which it is extremely difficult to identify the fair value were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Unlisted equity securities	¥ 1,210	¥ 1,207	\$ 10,758

Above financial instruments were not included in "(3) Investment securities" in the above table, since there is no market price and their fair value is extremely difficult to identify.

3. Redemption schedule for monetary assets and securities with contractual maturities after balance sheet date was as follows:

As of March 31, 2016	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 30,971	¥ —	¥ —	¥ —
Notes receivable, accounts receivable from completed construction contracts and other	21,622	—	—	—
Investment securities:				
Held-to-maturity securities (Japanese government bonds)	—	9	—	—
Available-for-sale securities with contractual maturities	3	—	—	—
<b>Total</b>	<b>¥ 52,597</b>	<b>¥ 9</b>	<b>¥ —</b>	<b>¥ —</b>

As of March 31, 2017	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 27,764	¥ —	¥ —	¥ —
Notes receivable, accounts receivable from completed construction contracts and other	26,531	—	—	—
Investment securities:				
Held-to-maturity securities (Japanese government bonds)	—	9	—	—
Available-for-sale securities with contractual maturities	—	—	4	—
<b>Total</b>	<b>¥ 54,296</b>	<b>¥ 9</b>	<b>¥ 4</b>	<b>¥ —</b>

As of March 31, 2017	Thousands of U.S. dollars			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	\$ 247,473	\$ —	\$ —	\$ —
Notes receivable, accounts receivable from completed construction contracts and other	236,482	—	—	—
Investment securities:				
Held-to-maturity securities (Japanese government bonds)	—	80	—	—
Available-for-sale securities with contractual maturities	—	—	35	—
<b>Total</b>	<b>\$ 483,964</b>	<b>\$ 80</b>	<b>\$ 35</b>	<b>\$ —</b>

4. Repayment schedule of short-term loans payable, long-term loans payable and bonds payable after balance sheet date was as follows:

As of March 31, 2016	Millions of yen					
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term loans payable	¥ 3,768	¥ —	¥ —	¥ —	¥ —	¥ —

As of March 31, 2017	Millions of yen					
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term loans payable	¥ 1,500	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term loans payable	—	50	350	50	50	250
Bonds payable	—	40	1,000	—	—	—
<b>Total</b>	<b>¥ 1,500</b>	<b>¥ 90</b>	<b>¥ 1,350</b>	<b>¥ 50</b>	<b>¥ 50</b>	<b>¥ 250</b>

As of March 31, 2017	Thousands of U.S. dollars					
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term loans payable	\$ 13,370	\$ —	\$ —	\$ —	\$ —	\$ —
Long-term loans payable	—	445	3,119	445	445	2,228
Bonds payable	—	356	8,913	—	—	—
<b>Total</b>	<b>\$ 13,370</b>	<b>\$ 802</b>	<b>\$ 12,033</b>	<b>\$ 445</b>	<b>\$ 445</b>	<b>\$ 2,228</b>

## 9. Securities

1. Investment securities as of March 31, 2016 and 2017 consisted of the following:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Held-to-maturity securities	¥ 9	¥ 9	\$ 80
Available-for-sale securities with market value	1,676	1,992	17,755
<b>Total</b>	<b>¥ 1,686</b>	<b>¥ 2,002</b>	<b>\$ 17,844</b>

2. The carrying amount and fair value of held-to-maturity debt securities as of March 31, 2016 and 2017 were as follows:

As of March 31, 2016	Millions of yen			
	Carrying amount	Unrealized gain	Unrealized loss	Fair value
Japanese government bonds	¥ 9	¥ 0	¥ —	¥ 10

As of March 31, 2017	Millions of yen			
	Carrying amount	Unrealized gain	Unrealized loss	Fair value
Japanese government bonds	¥ 9	¥ 0	¥ —	¥ 10

As of March 31, 2017	Thousands of U.S. dollars			
	Carrying amount	Unrealized gain	Unrealized loss	Fair value
Japanese government bonds	\$ 80	\$ 8	\$ —	\$ 89

3. The carrying amount (fair value) and acquisition cost of available-for-sale securities as of March 31, 2016 and 2017 were as follows:

As of March 31, 2016	Millions of yen			
	Carrying amount	Unrealized gain	Unrealized loss	Acquisition cost
Equity securities	¥ 1,672	¥ 834	¥ (12)	¥ 851
Other	3	1	—	1
<b>Total</b>	<b>¥ 1,676</b>	<b>¥ 835</b>	<b>¥ (12)</b>	<b>¥ 853</b>

As of March 31, 2017	Millions of yen			
	Carrying amount	Unrealized gain	Unrealized loss	Acquisition cost
Equity securities	<b>¥ 1,988</b>	<b>¥ 1,137</b>	<b>¥ (0)</b>	<b>¥ 851</b>
Other	<b>4</b>	<b>2</b>	<b>—</b>	<b>1</b>
<b>Total</b>	<b>¥ 1,992</b>	<b>¥ 1,139</b>	<b>¥ (0)</b>	<b>¥ 853</b>

As of March 31, 2017	Thousands of U.S. dollars			
	Carrying amount	Unrealized gain	Unrealized loss	Acquisition cost
Equity securities	<b>\$ 17,719</b>	<b>\$ 10,134</b>	<b>\$ (0)</b>	<b>\$ 7,585</b>
Other	<b>35</b>	<b>26</b>	<b>—</b>	<b>8</b>
<b>Total</b>	<b>\$ 17,755</b>	<b>\$ 10,152</b>	<b>\$ (0)</b>	<b>\$ 7,603</b>

(Note) "Unlisted equity securities" in an amount of ¥1,210 million as of March 31, 2016 and ¥1,207 million (\$10,758 thousand) as of March 31, 2017 were not included in available-for-sale securities in the above table, since there is no market price and their fair value is extremely difficult to identify.

4. Available-for-sale securities which were sold during the years ended March 31, 2016 and 2017 were as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars	
	2016	2017	2016	2017
Sales proceeds	¥ 33	¥ —	\$ —	\$ —
Gain on sales	28	—	—	—
Loss on sales	—	—	—	—

5. Securities on which impairment loss was recognized during the years ended March 31, 2016 and 2017 were as follows:

For the year ended March 31, 2016:

There were no securities on which impairment loss was recognized.

For the year ended March 31, 2017:

There were no securities on which impairment loss was recognized.

If the fair value of available-for-sale securities with fair value declines by 30% to 50% of the acquisition cost, the Company judges the recoverability, considering the current status of the issuing companies and the fair value trends, and recognizes impairment loss, unless the recovery is reasonably expected.

## 10. Retirement Benefits

### 1. Outline of the Company's retirement benefit plans

The Company has defined benefit plans that consist of a defined benefit corporate pension plan and a lump-sum retirement benefit plan and also defined contribution pension plans. Certain consolidated subsidiaries have unfunded defined benefit plans and lump-sum benefit plans.

Furthermore, the Company may pay additional retirement benefits upon the retirement of certain employees.

With respect to lump-sum benefit plans adopted by certain consolidated subsidiaries, net defined benefit liability and retirement benefit expenses are calculated by the short-cut method.

The Company had participated in Tokyo Construction Welfare Pension Fund as a multi-employer plan. If the plan assets corresponding to the Company's contribution cannot be reasonably determined, such plan is accounted for in the same manner as the defined contribution plans.

Tokyo Construction Welfare Pension Fund in which the Company participated was dissolved on November 20, 2015 with the approval of the Minister of Health, Labour and Welfare. Any additional burden amount resulting from the dissolution of the Fund is not anticipated.

### 2. Defined Benefit Plans

1) The changes in projected benefit obligations for the years ended March 31, 2016 and 2017 were as follows (excluding the plans to which a short-cut method was applied):

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Beginning balance of projected benefit obligations	¥ 4,003	¥ 4,169	\$ 37,160
Service cost	260	275	2,451
Interest cost	39	16	142
Actuarial differences	249	(74)	(659)
Retirement benefits paid	(486)	(295)	(2,629)
Transfer from short-cut method to standard method	110	—	—
Other	(8)	(0)	(0)
Ending balance of projected benefit obligations	¥ 4,169	¥ 4,091	\$ 36,464

2) The changes in plan assets for the years ended March 31, 2016 and 2017 were as follows (excluding the plans to which a short-cut method was applied):

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Beginning balance of plan assets	¥ 3,468	¥ 3,230	\$ 28,790
Expected return of plan assets	69	64	570
Actuarial differences	(157)	126	1,123
Contribution from the employer	335	328	2,923
Retirement benefits paid	(485)	(286)	(2,549)
Ending balance of plan assets	¥ 3,230	¥ 3,463	\$ 30,867

3) The changes in net defined benefit liability of the plans to which the short-cut method was applied for the years ended March 31, 2016 and 2017 were as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Beginning balance of net defined benefit liability	¥ 201	¥ 75	\$ 668
Retirement benefit expenses	5	13	115
Retirement benefits paid	(21)	(0)	(0)
Transfer from short-cut method to standard method	(110)	—	—
Ending balance of net defined benefit liability	¥ 75	¥ 88	\$ 784

4) Reconciliation between the ending balances of projected benefit obligations and plan assets and net defined benefit liability recorded in the consolidated balance sheet as of March 31, 2016 and 2017 were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Funded projected benefit obligations	¥ 4,020	¥ 3,915	\$ 34,896
Plan assets	(3,230)	(3,463)	(30,867)
	¥ 789	¥ 452	\$ 4,028
Unfunded projected benefit obligations	224	264	2,353
Net liability recorded in the consolidated balance sheet	¥ 1,014	¥ 717	\$ 6,390
Net defined benefit liability	¥ 1,014	¥ 717	\$ 6,390
Net liability recorded in the consolidated balance sheet	¥ 1,014	¥ 717	\$ 6,390

(Note) Above amounts include plans to which the short-cut method is applied.

5) The components of retirement benefit expenses for the years ended March 31, 2016 and 2017 were as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Service cost	¥ 260	¥ 275	\$ 2,451
Interest cost	39	16	142
Expected return of plan assets	(69)	(64)	(570)
Amortization of actuarial differences	46	95	846
Retirement benefit expenses computed by short-cut method	5	13	115
Other	(8)	(0)	(0)
Retirement benefit expenses on defined benefit plans	¥ 275	¥ 336	\$ 2,994

6) The component of "Remeasurements of defined benefit plans" under "Other comprehensive income" (before adjusting for tax effects) for the years ended March 31, 2016 and 2017 was as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Actuarial differences	¥ (359)	¥ 296	\$ 2,638

7) The component of "Remeasurements of defined benefit plans" under "Accumulated other comprehensive income" (before adjusting for tax effects) as of March 31, 2016 and 2017 was as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Unrecognized actuarial differences	¥ (546)	¥ (250)	\$ (2,228)

8) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2016 and 2017 consisted of the following:

As of March 31	2016	2017
Bonds	42%	<b>28%</b>
Equity securities	44	<b>59</b>
Insurance assets (general account)	10	<b>10</b>
Other	4	<b>3</b>
<b>Total</b>	<b>100</b>	<b>100</b>

b. Method of determining the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined considering allocation of plan assets which are expected currently and in the future and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

9) Actuarial assumptions used for the years ended March 31, 2016 and 2017 were set forth as follows:

For the year ended March 31	2016	2017
Discount rate	0.1%	<b>0.3%</b>
Long-term expected rate of return on plan assets	2.0	<b>2.0</b>

3. Defined Contribution Plans

The amount of the required contribution to the defined contribution plans of the Company for the years ended March 31, 2016 and 2017 was as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Required contribution to the defined contribution plans	¥ 62	¥ 73	\$ 650

4. Multi-employer Plans

The amount of the required contribution to the Welfare Pension Fund Plans of multi-employer plans which were accounted for in the same manner as defined contribution plans for the years ended March 31, 2016 was as follows:

For the year ended March 31	Millions of yen
	2016
Required contribution to the Welfare Pension Fund Plans	¥ 105

(Note): The amount of the required contribution for the year ended March 31, 2016 is presented using the amount of contribution up to October 2015 because the said fund was dissolved.

## 11. Deferred Tax Accounting

1. The significant components of deferred tax assets and liabilities as of March 31, 2016 and 2017 were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Deferred tax assets:			
Provision for bonuses	¥ 142	¥ 139	\$ 1,238
Net defined benefit liability	259	159	1,417
Allowance for doubtful accounts	61	53	472
Loss on valuation of real estate for sale	289	289	2,575
Provision for loss on construction contracts	—	7	62
Accounts payable for construction contracts	274	133	1,185
Impairment loss	1,464	1,449	12,915
Tax loss carryforwards	1,270	523	4,661
Other	357	484	4,314
Subtotal	4,119	3,241	28,888
Less: valuation allowance	(4,096)	(2,983)	(26,588)
Deferred tax assets	¥ 22	¥ 258	\$ 2,299
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	¥ (253)	¥ (351)	\$ (3,128)
Undistributed earnings of foreign consolidated subsidiaries	(362)	(402)	(3,583)
Other	(16)	(18)	(160)
Deferred tax liabilities	¥ (632)	¥ (772)	\$ (6,881)
Net deferred tax liabilities	¥ (609)	¥ (514)	\$ (4,581)

2. A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the consolidated statements of income as of March 31, 2016 and 2017 were as follows:

As of March 31	2016	2017
Normal effective statutory tax rate	33.0%	30.9%
Expenses not deductible income tax purposes	1.8	1.2
Tax rate differences in foreign consolidated subsidiaries	(9.6)	(4.6)
Undistributed earnings of foreign consolidated subsidiaries	(0.1)	0.7
Effects of liquidation of an overseas subsidiary	(14.3)	—
Inhabitant per capita taxes	0.7	0.6
Income taxes for prior periods	12.9	—
Refund of income taxes for prior periods	—	(0.8)
Valuation allowance	(2.1)	(16.7)
Other	0.4	(2.0)
Actual effective tax rate	22.7	9.3



## 12. Investment and Rental Properties

1. The Company and certain consolidated subsidiaries own office buildings, commercial facilities and residual units for lease in Tokyo and other areas. Rental income from these real estate properties for lease for the years ended March 31, 2016 and 2017 were ¥554 million and ¥593 million (\$5,285 thousand), respectively. Rental income and related costs were included in “Sales on real estate business” and “Cost of sales on real estate business”, respectively, in the accompanying consolidated statements of income for the years ended March 31, 2016 and 2017. In addition, impairment losses for the years ended March 31, 2016 was ¥181 million. Impairment losses were included in “Extraordinary losses.”

2. The carrying amounts, changes in such balances during the year and fair values of such properties were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Carrying amounts			
(Note 1):			
Beginning balance	¥ 10,509	¥ 10,398	\$ 92,682
Increase (decrease) (Note 2)	(111)	1,025	9,136
Ending balance	¥ 10,398	¥ 11,423	\$ 101,818
Fair value (Note 3)	¥ 13,330	¥ 14,772	\$ 131,669

(Notes): 1. The carrying amount is presented after deducting accumulated depreciation from the acquisition cost.

2. Increase during the year ended March 31, 2016 primarily represents the acquisition of real estate of ¥83 million and decrease is primarily due to impairment loss of ¥45 million, the change in holding purpose from investment to internal use of ¥34 million and depreciation of ¥113 million.

Increase during the year ended March 31, 2017 primarily represents the acquisition of real estate of ¥1,077 million (\$9,599 thousand) and decrease is primarily due to depreciation of ¥110 million (\$980 thousand).

3. The fair values of major properties are determined based on the real estate appraisal value by independent real estate appraisers and the fair values of other properties are determined based on the value in accordance with “Japanese Real Estate Appraisal Standard” or based on reasonable internal appraisal.

## 13. Segment Information

### 1. Description of reportable segments

The Companies' reportable segments are those for which separate financial information is available and regular evaluation by the Board of Directors is being performed in order to decide how resources are allocated among the Companies.

The Companies are active in the construction business and the real estate business in Japan and foreign countries.

Therefore, the Companies consist of regional segments which are based on each business. Reportable segments of the construction business are “Japan” and “Southeast Asia (Singapore, Malaysia, Indonesia, Thailand and Vietnam etc.)”, and those of the real estate business are “Japan” and “Southeast Asia (Singapore)”.

In addition, following the exclusion of Nakano International Corp., which was under “Real estate (North America)” in the year ended March 31, 2016, from the scope of consolidation due to liquidation, starting from the year ended March 31, 2017, “Real estate (North America)” is excluded from the reportable segments.

Furthermore, following the acquisition of leased real estates by Nakano Singapore (Pte.) Ltd. in Singapore, “Real estate (Southeast Asia)” is added to the reportable segments from the year ended March 31, 2017.

## 2. Methods of measurement for the amounts of sales, income (loss), assets and other items for each reportable segment

The accounting policies of each reportable segment are consistent to those disclosed in Note 3, "Summary of Significant Accounting Policies".

Furthermore, as described in changes in accounting policies, the depreciation method for building fixtures and structures acquired on or after April 1, 2016 was changed from the declining-balance method to the straight-line method in line with the revisions to the Corporation Tax Act. Accordingly, the depreciation method for business segments was changed to the same method.

The impact of this change on segment income for the year ended March 31, 2017 is immaterial.

## 3. Information on sales, income (loss), assets and other items for each reportable segment was as follows:

For the year ended March 31, 2016	Millions of yen									
	Reportable segments						Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Construction			Real estate						
	Japan	Southeast Asia	Total	Japan	North America	Total				
Net sales:										
Customers	¥ 73,368	¥ 40,532	¥ 113,901	¥ 1,013	¥ —	¥ 1,013	¥ 73	¥ 114,989	¥ —	¥ 114,989
Inter-segment	18	20	38	—	—	—	—	38	(38)	—
<b>Total</b>	<b>73,386</b>	<b>40,553</b>	<b>113,939</b>	<b>1,013</b>	<b>—</b>	<b>1,013</b>	<b>73</b>	<b>115,027</b>	<b>(38)</b>	<b>114,989</b>
Segment income										
(loss)	3,076	1,963	5,040	455	(6)	448	(7)	5,481	—	5,481
<b>Segment assets</b>	<b>18,402</b>	<b>27,391</b>	<b>45,794</b>	<b>10,974</b>	<b>—</b>	<b>10,974</b>	<b>541</b>	<b>57,310</b>	<b>16,666</b>	<b>73,976</b>
Other items:										
Depreciation	¥ 142	¥ 85	¥ 227	¥ 118	¥ —	¥ 118	¥ 40	¥ 385	¥ —	¥ 385
Impairment loss	38	—	38	142	—	142	—	181	—	181
Increase in property, plant, and equipment and intangible assets	17	68	86	52	—	52	159	297	—	297

(Notes): 1. "Other" is a business segment not included in the reportable segments, which consists of solar power generation business and insurance agent business.

2. An adjustment of "Segment assets" in an amount of ¥16,666 million was corporate assets which were not allocated to each reportable segment and consisted of surplus fund (cash and deposits) and long-term investment fund (investment securities and insurance funds) of the Company.

3. Segment income (loss) is reconciled with operating income in the accompanying consolidated statements of income.

For the year ended March 31, 2017	Millions of yen									
	Reportable segments						Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Construction			Real estate						
	Japan	Southeast Asia	Total	Japan	Southeast Asia	Total				
Net sales:										
Customers	¥ 74,512	¥ 41,165	¥ 115,677	¥ 1,014	¥ 0	¥ 1,014	¥ 110	¥ 116,802	¥ —	¥ 116,802
Inter-segment	13	12	25	0	—	0	—	25	(25)	—
<b>Total</b>	<b>74,525</b>	<b>41,177</b>	<b>115,702</b>	<b>1,015</b>	<b>0</b>	<b>1,015</b>	<b>110</b>	<b>116,828</b>	<b>(25)</b>	<b>116,802</b>
<b>Segment income</b>	<b>3,208</b>	<b>2,178</b>	<b>5,387</b>	<b>555</b>	<b>0</b>	<b>555</b>	<b>15</b>	<b>5,959</b>	<b>(0)</b>	<b>5,958</b>
<b>Segment assets</b>	<b>22,462</b>	<b>27,505</b>	<b>49,968</b>	<b>11,046</b>	<b>1,035</b>	<b>12,082</b>	<b>513</b>	<b>62,564</b>	<b>15,419</b>	<b>77,984</b>
Other items:										
Depreciation	¥ 136	¥ 74	¥ 211	¥ 114	¥ —	¥ 114	¥ 53	¥ 378	¥ —	¥ 378
Increase in property, plant, and equipment and intangible assets	856	42	899	66	1,017	1,084	0	1,983	—	1,983

Thousands of U.S. dollars

For the year ended March 31, 2017	Reportable segments						Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Construction			Real estate						
	Japan	Southeast Asia	Total	Japan	Southeast Asia	Total				
Net sales:										
Customers	\$ 664,159	\$ 366,922	\$ 1,031,081	\$ 9,038	\$ 0	\$ 9,038	\$ 980	\$ 1,041,108	\$ —	\$ 1,041,108
Inter-segment	115	106	222	0	—	0	—	222	(222)	—
Total	664,274	367,029	1,031,304	9,047	0	9,047	980	1,041,340	(222)	1,041,108
Segment income	28,594	19,413	48,016	4,946	0	4,946	133	53,115	(0)	53,106
Segment assets	200,213	245,164	445,387	98,457	9,225	107,692	4,572	557,661	137,436	695,106
Other items:										
Depreciation	\$ 1,212	\$ 659	\$ 1,880	\$ 1,016	\$ —	\$ 1,016	\$ 472	\$ 3,369	\$ —	\$ 3,369
Increase in property, plant, and equipment and intangible assets	7,629	374	8,013	588	9,064	9,662	0	17,675	—	17,675

(Notes): 1. "Other" is a business segment not included in the reportable segments, which consists of solar power generation business and insurance agent business.

2. An adjustment of "Segment assets" in an amount of ¥15,419 million (\$137,436 thousand) was corporate assets which were not allocated to each reportable segment and consisted of surplus fund (cash and deposits) and long-term investment fund (investment securities and insurance funds) of the Company.

3. Segment income is reconciled with operating income in the accompanying consolidated statements of income.

#### 14. Per Share Information

Basic net income per share is computed based on the weighted average number of shares of common stock outstanding during the year. Diluted net income per share was not presented for the years ended March 31, 2016 and 2017 since the Company had no potentially dilutive shares outstanding as of the balance sheet dates.

Net assets per share is computed based on the number of shares of common stock outstanding as of the balance sheet dates.

Net assets and net income per share for the years ended March 31, 2016 and 2017 were as follows:

For the year ended March 31	Yen		U.S. dollars
	2016	2017	2017
Net assets per share	¥ 577.61	¥ 738.16	\$ 6.58
Basic net income per share	115.96	161.28	1.44

(Notes): 1. Net assets per share was calculated based on the following information:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Total net assets	¥ 20,880	¥ 26,455	\$ 235,805
Deductions from total net assets:			
Non-controlling interests	(1,024)	(1,081)	(9,635)
Net assets attributable to common stock	¥ 19,855	¥ 25,373	\$ 226,160
Number of shares of common stock used in computing net assets per share (in thousand shares)	34,375	34,374	34,374

2. Net income per share was calculated based on the following information:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Profit attributable to owners of parent	¥ 3,986	¥ 5,544	\$ 49,416
Amount not attributable to common stock shareholders	—	—	—
Profit attributable to common stock of owners of parent	¥ 3,986	¥ 5,544	\$ 49,416
Average number of shares of common stock during the year (in thousand shares)	34,376	34,374	34,374

## 15. Bonds Payable

Short-term and long-term bonds payable as of March 31, 2016 and 2017 consisted of the following:

Issuer and Issue type	Issue date	Millions of yen		Thousands of U.S. dollars	Interest rate (%)	Collateral	Maturity
		2016	2017	2017			
(Nakano Corporation)							
7 <sup>th</sup> unsecured bond	Sep.30, 2013	200	120 (80)	1,069 (713)	0.64	None	Sep. 28, 2018
(Nakano Corporation)							
8 <sup>th</sup> unsecured bond	Mar.10, 2017	—	1,000	8,913	0.69	None	Mar. 10, 2020
Total		¥ 200	¥ 1,120 (80)	\$ 9,983 (713)			

(Notes): 1. ( ) denotes the amount expected to be redeemed within one year.

2. The following was a summary of maturities of bonds subsequent to March 31, 2017:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2018	¥ 80	\$ 713
2019	40	356
2020	1,000	8,913
2021	—	—
2022	—	—
2023 and thereafter	—	—
Total	¥ 1,120	\$ 9,983

**16. Loans Payable and Other Debts** Short-term loans payable, long-term loans payable and other debts as of March 31, 2016 and 2017 were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars	Average interest rate (%)	Maturity
	2016	2017	2017		
Short-term loans payable	¥ 1,740	¥ 1,450	\$12,924	1.54	—
Current portion of long-term loans payable	2,208	50	445	0.98	—
Current portion of lease obligations	92	74	659	—	—
Long-term loans payable excluding current portion	—	750	6,685	0.89	Aug. 25, 2018 – Feb. 25, 2027
Lease obligations excluding current portion	111	36	320	—	Apr. 30, 2018 – Feb. 28, 2021
<b>Total</b>	<b>¥ 3,972</b>	<b>¥ 2,361</b>	<b>\$21,044</b>	—	—

(Notes):1. "Average interest rate" represents the weighted average interest rate on loans payable outstanding as of the balance sheet date. "Average interest rate" of lease obligations is not shown since interest equivalent amounts included in the aggregated lease premiums are allocated to each fiscal year using the straight-line method.

2. The following was a summary of annual maturities of loans payable and lease obligations subsequent to March 31, 2017:

Years ending March 31	Millions of yen		Thousands of U.S. dollars	
	Long-term loans payable	Lease obligations	Long-term loans payable	Lease obligations
2018	¥ 50	¥ 74	\$ 445	\$ 659
2019	50	28	445	249
2020	350	7	3,119	62
2021	50	0	445	0
2022	50	—	445	—
2023 and thereafter	250	—	2,228	—
<b>Total</b>	<b>¥ 800</b>	<b>¥ 111</b>	<b>\$ 7,130</b>	<b>\$ 989</b>

**17. Subsequent Events**

At the Annual General Meeting of Shareholders held on June 29, 2017, it was resolved to distribute the year-end cash dividends of ¥10 (\$0.09) per share of common stock of the Company. Dividend per share includes a special dividend ¥3 (\$0.03).

The aggregate amount of such cash dividends was ¥343 million (\$3,057 thousand).

**18. Other Information**

A Japanese company brought an action against the Company to claim payment of approx. ¥1.7 billion (\$15,152 thousand) as compensation for damage in place of rectification of defects on the grounds that there existed defects on the buildings for which the Company has defect liability. However, the amount claimed was reduced to approx. ¥670 million (\$5,972 thousand) due to a request for amendment of claim in January 2016.

After that, the Company was sentenced by the Tokyo District Court on April 28, 2016 to pay approx. ¥30 million (\$267 thousand) as costs to rectify certain portion of the claimed defects. However, the said Japanese company filed an appeal against this judgment, for which the Tokyo High Court held a trial.

In the end, on March 23, 2017, the Tokyo High Court made a judgement to dismiss the Japanese company's appeal, and since the said company did not file any other appeal whatsoever, the sentence for the appeal has been made final on April 7, 2017.

SUPPLEMENTAL INFORMATION

**NONCONSOLIDATED BALANCE SHEETS**

NAKANO CORPORATION

As of March 31, 2016 and 2017

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
<b>Assets</b>			
<b>Current assets:</b>			
Cash and deposits	¥ 13,801	¥ 11,385	\$ 101,479
Notes receivable - trade	2,939	2,189	19,511
Accounts receivable from completed construction contracts	9,696	14,293	127,399
Costs on uncompleted construction contracts	2,135	885	7,888
Costs on real estate business	43	43	383
Raw materials and supplies	5	5	44
Short-term loans receivable from subsidiaries and affiliates	10	10	89
Deferred tax assets	—	229	2,041
Accounts receivable - other	637	1,177	10,491
Consumption taxes receivable	—	593	5,285
Other	636	757	6,747
Allowance for doubtful accounts	(120)	—	—
Total current assets	29,785	31,570	281,397
<b>Non-current assets:</b>			
Property, plant and equipment			
Buildings	6,573	6,539	58,285
Accumulated depreciation	(3,856)	(3,850)	(34,316)
Buildings, net	2,716	2,688	23,959
Structures	144	144	1,283
Accumulated depreciation	(109)	(116)	(1,033)
Structures, net	34	28	249
Machinery and equipment	562	562	5,009
Accumulated depreciation	(149)	(199)	(1,773)
Machinery and equipment, net	412	363	3,235
Vehicles	11	11	98
Accumulated depreciation	(5)	(7)	(62)
Vehicles, net	5	3	26
Tools, furniture and fixtures	304	301	2,682
Accumulated depreciation	(266)	(274)	(2,442)
Tools, furniture and fixtures, net	37	27	240
Land	9,649	10,426	92,931
Lease assets	239	225	2,005
Accumulated depreciation	(134)	(170)	(1,515)
Lease assets, net	105	54	481
Construction in progress	—	28	249
Total property, plant and equipment	12,962	13,620	121,401
Intangible assets			
Total intangible assets	253	208	1,853
Investments and other assets			
Investment securities	2,773	3,068	27,346
Stocks of subsidiaries and affiliates	1,186	1,183	10,544
Long-term loans receivable from subsidiaries and affiliates	610	600	5,348
Claims provable in bankruptcy, claims provable in rehabilitation and other	32	32	285
Insurance funds	31	31	276
Other	333	460	4,100
Allowance for doubtful accounts	(364)	(451)	(4,019)
Total investments and other assets	4,602	4,924	43,889
Total non-current assets	17,818	18,754	167,162
Total assets	¥ 47,604	¥ 50,324	\$ 448,560

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Notes payable - trade	¥ 6,191	¥ 5,258	\$ 46,866
Electronically recorded obligations - operating	4,997	8,118	72,359
Accounts payable for construction contracts	8,107	9,752	86,923
Short-term loans payable	3,768	1,500	13,370
Current portion of bonds	80	80	713
Income taxes payable	141	505	4,501
Accrued consumption taxes	1,990	—	—
Advances received on uncompleted construction contracts	5,922	4,076	36,331
Provision for warranties for completed construction	110	134	1,194
Provision for loss on construction contracts	—	25	222
Provision for bonuses	455	448	3,993
Other	1,586	1,299	11,578
Total current liabilities	33,351	31,198	278,081
<b>Non-current liabilities:</b>			
Bonds payable	120	1,040	9,269
Long-term loans payable	—	750	6,685
Deferred tax liabilities	227	315	2,807
Provision for retirement benefits	283	242	2,157
Long-term deposits received	495	492	4,385
Other	238	161	1,435
Total non-current liabilities	1,365	3,001	26,749
Total liabilities	34,717	34,200	304,840
<b>Net assets</b>			
<b>Shareholders' equity:</b>			
Common stock			
Authorized: 154,792,300 shares			
Issued: 34,498,097 shares	¥ 5,061	¥ 5,061	\$ 45,110
Capital surplus			
Legal capital surplus	1,400	1,400	12,478
Total capital surplus	1,400	1,400	12,478
Retained earnings			
Other retained earnings			
Retained earnings brought forward	5,945	8,979	80,033
Total retained earnings	5,945	8,979	80,033
Less: Treasury stock, at cost			
122,618 shares in 2016 and 124,006 shares in 2017	(31)	(31)	(276)
Total shareholders' equity	12,376	15,409	137,347
<b>Valuation and translation adjustments:</b>			
Valuation difference on available-for-sale securities	510	715	6,373
Total valuation and translation adjustments	510	715	6,373
Total net assets	12,886	16,124	143,720
Total liabilities and net assets	¥ 47,604	¥ 50,324	\$ 448,560

# NONCONSOLIDATED STATEMENTS OF INCOME

NAKANO CORPORATION

For the years ended March 31, 2016 and 2017

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
<b>Net sales:</b>			
Net sales of completed construction contracts	¥ 73,386	¥ 74,525	\$ 664,274
Sales on real estate business	952	953	8,494
Sales on other business	42	75	668
Total net sales	74,381	75,554	673,446
<b>Cost of sales:</b>			
Cost of sales of completed construction contracts	66,405	67,430	601,033
Cost of sales on real estate business	449	372	3,315
Cost of sales on other business	43	61	543
Total cost of sales	66,898	67,863	604,893
<b>Gross profit:</b>			
Gross profit on completed construction contracts	6,981	7,095	63,240
Gross profit - real estate business	502	581	5,178
Gross profit - other business	(0)	14	124
Total gross profit	7,482	7,690	68,544
<b>Selling, general and administrative expenses</b>	4,288	4,158	37,062
Operating income	3,194	3,531	31,473
<b>Non-operating income:</b>			
Interest income	15	26	231
Dividend income	43	42	374
Reversal of allowance for doubtful accounts	—	34	303
Other	49	21	187
Total non-operating income	108	124	1,105
<b>Non-operating expenses:</b>			
Interest expenses	82	54	481
Foreign exchange losses	13	—	—
Provision of allowance for doubtful accounts	17	—	—
Bond issuance cost	—	34	303
Other	3	3	26
Total non-operating expenses	117	92	820
Ordinary income	3,185	3,563	31,758
<b>Extraordinary income:</b>			
Gain on sales of investment securities	26	—	—
Gain on liquidation of subsidiaries and associates	—	11	98
Gain on liquidation of subsidiaries	118	—	—
Other	0	—	—
Total extraordinary income	144	11	98
<b>Extraordinary losses:</b>			
Impairment Loss	175	—	—
Loss on litigation	8	85	757
Other	0	0	0
Total extraordinary losses	185	86	766
<b>Profit before income taxes</b>	3,144	3,488	31,090
<b>Income taxes:</b>			
Income taxes - current	208	491	4,376
Refund of income taxes for prior periods	(12)	(46)	(410)
Income taxes - deferred	(0)	(231)	(2,059)
Total income taxes	195	214	1,907
<b>Profit</b>	¥ 2,949	¥ 3,274	\$ 29,182



# CORPORATE PROFILE

As of 31st March 2017

## Company Outline

Company Name	NAKANO CORPORATION
Headquarters	4-2-28 Kudan-kita, Chiyoda-ku, Tokyo 102-0073, Japan
Foundation	8th February 1933
Established	19th December 1942
Capitalization	¥5,061,678,686
Employees	1,363
Stock Listing	Tokyo Stock Exchange, First Section
Primary Business	Domestic Construction Projects International Construction Projects

## Board of Directors

Honorary Chairman	Yoshikazu Oshima	
Vice Chairman	Akira Asai	
President	Toshiyuki Taketani	
Directors	Yorinobu Kato	Satoshi Hattori
	Hiroyuki Tanada	
Outside Directors	Moriyasu Kawamura	Makoto Fukuda
Standing Corporate Auditors	Toshihide Kurokawa	Akihiko Sugaya
Corporate Auditors	Shunichi Sato	Kohei Yamaya

## Main Affiliated Financial Institutions

The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Mitsubishi UFJ Trust and Banking Corporation
Mizuho Bank, Ltd.	The Shoko Chukin Bank, Ltd.
The Yamanashi Chuo Bank, Ltd.	

## Major Shareholders

Oshima Scholarship Foundation	Kanto Kogyo Co., Ltd.
Yoshikazu Oshima	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Nakano Investment Fraternity Association	The Master Trust Bank of Japan, Ltd.(Trust Account)
Nakano Employee Shareholder Association	

## Domestic Offices

Headquarters	Tokyo Main Office
Tohoku Regional Office	Nagoya Regional Office
Osaka Regional Office	Kyushu Regional Office
Civil Engineering Office	Taito Branch Office
Hokkaido Branch Office	Kita Tohoku Branch Office
Ibaraki Branch Office	Kita Kanto Branch Office
Higashi Kanto Branch Office	Yokohama Branch Office
Sales Offices (Mie, Hyogo, Kita Kyushu)	

## International Offices

Nakano Singapore (Pte.) Ltd. (Singapore)	Nakano Construction Sdn. Bhd. (Malaysia)
PT. Indonakano (Indonesia)	Thai Nakano Co., Ltd. (Thailand)
Nakano Vietnam Co., Ltd. (Vietnam)	

## Industry Affiliations

Japan Federation of Construction Contractors	National General Contractors Association of Japan
The Associated General Contractors of Tokyo	Japan Association of Representative General Contractors
General Contractors Association of Osaka	



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