

FINANCIAL STATEMENTS

Fiscal year 2023

(For the year ended March 31, 2024)

Penta-Ocean Construction Co., Ltd.

Consolidated Financial Statements

Consolidated Balance Sheets

Penta-Ocean Construction Co., Ltd. and Consolidated Subsidiaries
As of March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Current assets:			
Cash and deposits (Note 19)	¥ 50,490	¥ 60,148	\$ 397,279
Securities (Notes 3(3), 6, 7 and 19)	12	42	276
Trade receivables: (Notes 10 and 19)			
Notes	4,020	1,841	12,162
Accounts	288,008	333,445	2,202,412
Inventories: (Note 3(5))			
Costs on uncompleted construction contracts	11,074	15,316	101,163
Real estate for sale and development projects in progress	1,192	1,192	7,875
Other	4,322	6,112	40,369
Other	18,566	11,085	73,212
Allowance for doubtful accounts (Note 3(9))	(307)	(340)	(2,246)
Total current assets	377,377	428,841	2,832,502
Non-current assets:			
Property, plant and equipment: (Notes 3(6) and 3(8))			
Land	33,392	33,426	220,776
Buildings and structures	40,956	41,364	273,207
Machinery, equipment and vehicles	23,304	26,464	174,793
Dredgers and vessels	90,694	110,168	727,663
Construction in progress	17,567	4,028	26,612
Total property, plant and equipment	205,913	215,450	1,423,051
Less: accumulated depreciation	(114,150)	(119,172)	(787,131)
Property, plant and equipment - net	91,763	96,278	635,920
Intangible assets (Notes 3(7) and 3(17))	3,661	2,498	16,501
Investments and other assets:			
Investment securities (Notes 3(3), 6, 7 and 19)	22,459	24,852	164,148
Deferred tax assets (Note 17)	5,797	3,572	23,590
Net defined benefit asset (Note 18)	4,156	6,955	45,940
Other (Note 7)	6,829	7,318	48,334
Allowance for doubtful accounts (Note 3(9))	(3,862)	(4,285)	(28,303)
Total investments and other assets	35,379	38,412	253,709
Total non-current assets	130,803	137,188	906,130
Total assets	¥508,180	¥566,029	\$3,738,632

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Current liabilities:			
Short-term loans payable (Note 8)	¥ 23,355	¥ 33,084	\$ 218,519
Commercial papers (Note 8)	10,000	—	—
Current portion of long-term loans payable and bonds payable (Note 8)	19,074	10,622	70,159
Trade payable:			
Accounts	129,562	143,990	951,055
Advance received on uncompleted construction contracts (Note 10)	50,747	43,200	285,339
Deposits received	51,202	65,302	431,318
Income taxes payable	1,552	8,224	54,322
Provision for loss on construction contracts (Note 3(12))	11,103	8,699	57,460
Provision for warranties for completed construction (Note 3(10))	910	1,280	8,454
Provision for bonuses (Note 3(11))	3,074	3,259	21,524
Other	3,365	3,345	22,091
Total current liabilities	303,944	321,005	2,120,241
Non-current liabilities:			
Bonds payable (Notes 8 and 19)	20,000	41,000	270,806
Long-term loans payable (Notes 8 and 19)	21,265	25,611	169,163
Provision for board benefit trust (Note 3(13))	346	423	2,796
Net defined benefit liability (Notes 3(14) and 18)	1,511	801	5,291
Deferred tax liabilities for land revaluation (Note 9(2))	3,680	3,680	24,303
Other	480	445	2,938
Total non-current liabilities	47,282	71,960	475,297
Total liabilities	351,226	392,965	2,595,538
Commitments and contingent liabilities (Note 16)			
Net assets:			
Shareholders' equity:			
Capital stock	30,450	30,450	201,123
Authorized - 599,135,000 shares			
Issued shares - 286,013,910 shares 2023 and 2024			
Capital surplus (Note 9(1))	18,387	18,387	121,445
Retained earnings (Note 9(1))	97,932	108,949	719,606
Less: Treasury shares (Note 5(1))	(512)	(774)	(5,108)
Total shareholders' equity	146,257	157,012	1,037,066
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities (Notes 3(3) and 9(3))	3,817	6,268	41,401
Deferred gains or losses on hedges (Note 3(16))	842	23	153
Revaluation reserve for land (Note 9(2))	3,977	3,977	26,271
Foreign currency translation adjustment (Note 3(2))	1,700	3,115	20,573
Remeasurements of defined benefit plans (Notes 3(14) and 18)	252	2,613	17,261
Total accumulated other comprehensive income	10,588	15,996	105,659
Non-controlling interests	109	56	369
Total net assets	156,954	173,064	1,143,094
Total liabilities and net assets	¥508,180	¥566,029	\$3,738,632

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

Penta-Ocean Construction Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Construction business: (Notes 3(15), 4 and 10)			
Net sales	¥492,118	¥600,834	\$3,968,519
Cost of sales	467,969	550,893	3,638,656
Gross profit	24,149	49,941	329,863
Other:			
Net sales	10,088	16,874	111,456
Cost of sales	7,813	13,488	89,091
Gross profit	2,275	3,386	22,365
Total:			
Total net sales	502,206	617,708	4,079,975
Total cost of sales	475,782	564,381	3,727,747
Total gross profit	26,424	53,327	352,228
Selling, general and administrative expenses	22,305	24,175	159,677
Operating profit	4,119	29,152	192,551
Non-operating income:			
Interest and dividends income	792	892	5,890
Foreign exchange gains	—	235	1,554
Other	332	203	1,339
	1,124	1,330	8,783
Non-operating expenses:			
Interest expenses	953	1,990	13,143
Equity in losses of affiliates	—	549	3,629
Provision of allowance for doubtful accounts	376	428	2,825
Foreign exchange losses	2,239	—	—
Other	260	294	1,939
	3,828	3,261	21,536
Ordinary income	1,415	27,221	179,798
Extraordinary income (Note 11)	374	1,265	8,357
Extraordinary losses (Note 12)	118	1,079	7,132
Income before income taxes	1,671	27,407	181,023
Income taxes : (Notes 3(19) and 17)			
Current	3,477	9,071	59,915
Deferred	(2,411)	513	3,384
	1,066	9,584	63,299
Net income attributable to:	605	17,823	117,724
Non-controlling interests	(80)	(53)	(347)
Owners of parent	¥ 685	¥ 17,876	\$ 118,071
	Yen		U.S. dollars
Net income attributable to owners of parent per share of common stock (Note 21)			
Basic	¥2.40	¥62.73	\$0.41

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

Penta-Ocean Construction Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Net income	¥ 605	¥17,823	\$117,724
Valuation difference on available-for-sale securities	592	2,451	16,190
Deferred gains or losses on hedges	1,004	(819)	(5,409)
Foreign currency translation adjustments	657	1,105	7,297
Remeasurements of defined benefit plans	401	2,362	15,598
Share of other comprehensive income of affiliates accounted for using the equity method	528	310	2,050
Total other comprehensive income (Note 14)	3,182	5,409	35,726
Comprehensive income	¥3,787	¥23,232	\$153,450
(Breakdown)			
Comprehensive income attributable to owners of parent	¥3,866	¥23,284	\$153,794
Comprehensive income attributable to non-controlling interests	(79)	(52)	(344)

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Net Assets

Penta-Ocean Construction Co., Ltd. and Consolidated Subsidiaries

For the year ended March 31, 2023

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	¥30,450	¥18,387	¥103,985	¥(565)	¥152,257
Changes of items during period					
Dividends of surplus			(6,573)		(6,573)
Net income attributable to owners of parent			685		685
Reversal of revaluation reserve for land			(64)		(64)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				53	53
Change in the scope of application of the equity method			(101)		(101)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	(6,053)	53	(6,000)
Balance at the end of current period	¥30,450	¥18,387	¥97,932	¥(512)	¥146,257

	Millions of yen							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of current period	¥3,228	¥842	¥3,913	¥512	¥(149)	¥7,342	¥187	¥159,786
Changes of items during period								
Dividends of surplus								(6,573)
Net income attributable to owners of parent								685
Reversal of revaluation reserve for land								(64)
Purchase of treasury shares								(0)
Disposal of treasury shares								53
Change in the scope of application of the equity method								(101)
Net changes of items other than shareholders' equity	589	1,004	64	1,188	401	3,246	(78)	3,168
Total changes of items during period	589	1,004	64	1,188	401	3,246	(78)	(2,832)
Balance at the end of current period	¥3,817	¥842	¥3,977	¥1,700	¥252	¥10,588	¥109	¥156,954

For the year ended March 31, 2024

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	¥30,450	¥18,387	¥97,932	¥(512)	¥146,257
Changes of items during period					
Dividends of surplus			(6,859)		(6,859)
Net income attributable to owners of parent			17,876		17,876
Reversal of revaluation reserve for land					—
Purchase of treasury shares				(304)	(304)
Disposal of treasury shares				42	42
Change in the scope of application of the equity method			—		—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	11,017	(262)	10,755
Balance at the end of current period	¥30,450	¥18,387	¥108,949	¥(774)	¥157,012

	Millions of yen							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of current period	¥ 3,817	¥ 842	¥ 3,977	¥1,700	¥252	¥10,588	¥109	¥156,954
Changes of items during period								
Dividends of surplus								(6,859)
Net income attributable to owners of parent								17,876
Reversal of revaluation reserve for land								—
Purchase of treasury shares								(304)
Disposal of treasury shares								42
Change in the scope of application of the equity method								—
Net changes of items other than shareholders' equity	2,451	(819)	—	1,415	2,361	5,408	(53)	5,355
Total changes of items during period	2,451	(819)	—	1,415	2,361	5,408	(53)	16,110
Balance at the end of current period	¥6,268	¥ 23	¥3,977	¥3,115	¥2,613	¥15,996	¥ 56	¥173,064

For the year ended March 31, 2024

	Thousands of U.S. dollars				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	\$201,123	\$121,445	\$646,841	\$(3,376)	\$ 966,033
Changes of items during period					
Dividends of surplus			(45,306)		(45,306)
Net income attributable to owners of parent			118,071		118,071
Reversal of revaluation reserve for land					—
Purchase of treasury shares				(2,008)	(2,008)
Disposal of treasury shares				276	276
Change in the scope of application of the equity method					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	72,765	(1,732)	71,033
Balance at the end of current period	\$201,123	\$121,445	\$719,606	\$(5,108)	\$1,037,066

	Thousands of U.S. dollars							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of current period	\$25,211	\$ 5,563	\$26,271	\$11,229	\$ 1,663	\$ 69,937	\$713	\$1,036,683
Changes of items during period								
Dividends of surplus								(45,306)
Net income attributable to owners of parent								118,071
Reversal of revaluation reserve for land								—
Purchase of treasury shares								(2,008)
Disposal of treasury shares								276
Change in the scope of application of the equity method								—
Net changes of items other than shareholders' equity	16,190	(5,410)	—	9,344	15,598	35,722	(344)	35,378
Total changes of items during period	16,190	(5,410)	—	9,344	15,598	35,722	(344)	106,411
Balance at the end of current period	\$41,401	\$ 153	\$26,271	\$20,573	\$17,261	\$105,659	\$369	\$1,143,094

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Penta-Ocean Construction Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Cash flows from operating activities:			
Income before income taxes	¥1,671	¥27,407	\$181,023
Adjustment to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	7,235	7,565	49,968
Impairment loss	—	893	5,897
Amortization of goodwill	303	335	2,213
Increase (decrease) in allowance for doubtful accounts	325	456	3,009
Increase (decrease) in net defined benefit liability	116	337	2,226
Decrease (increase) in net defined benefit asset	(253)	(443)	(2,924)
Interest and dividends income	(792)	(892)	(5,890)
Interest expenses	953	1,990	13,143
Foreign exchange losses (gains)	(2,565)	(1,072)	(7,082)
Equity in (earnings) losses of affiliates	(48)	549	3,629
Loss (gain) on sales of property, plant and equipment	(240)	(203)	(1,339)
Loss (gain) on sales of investment securities	(131)	(1,062)	(7,013)
Change in assets and liabilities:			
Decrease (increase) in notes and accounts receivable-trade	(5,681)	(30,191)	(199,411)
Decrease (increase) in costs on uncompleted construction contracts	415	(4,220)	(27,871)
Decrease (increase) in real estate for sale and development projects in progress			
—and other inventories	(610)	(1,425)	(9,411)
Increase (decrease) in notes and accounts payable-trade	6,105	13,860	91,548
Increase (decrease) in advances received on uncompleted construction contracts	19,735	(7,615)	(50,298)
Decrease (increase) in accounts receivable-other	(10,501)	(12,692)	(83,831)
Increase (decrease) in deposits received	12,466	14,099	93,124
Increase (decrease) in other provision	7,263	(1,794)	(11,848)
Other, net	(11,062)	6,842	45,182
Subtotal	24,704	12,724	84,044
Interest and dividends income received	759	905	5,979
Interest expenses paid	(938)	(1,900)	(12,548)
Income taxes paid	(4,835)	(2,589)	(17,105)
Net cash provided by operating activities	19,690	9,140	60,370
Cash flows from investing activities:			
Payments into time deposits	(5,334)	(3,320)	(21,929)
Proceeds from withdrawal of time deposits	3,495	5,978	39,484
Purchase of short-term and long-term investment securities	(208)	(28)	(184)
Proceeds from sales and redemption of short-term and long-term investment securities	244	1,896	12,524
Purchase of property, plant and equipment	(10,114)	(10,887)	(71,910)
Proceeds from sales of property, plant and equipment	488	231	1,525
Collection of loans receivable	6	7	43
Other, net	(278)	(283)	(1,868)
Net cash used in investing activities	(11,701)	(6,406)	(42,315)

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	2,309	7,321	48,355
Net increase (decrease) in commercial papers	—	(10,000)	(66,050)
Proceeds from long-term loans payable	7,176	14,791	97,692
Repayment of long-term loans payable	(9,632)	(9,074)	(59,934)
Proceeds from issuance of bonds payable	—	20,885	137,948
Redemption of bonds	—	(10,000)	(66,050)
Cash dividends paid	(6,562)	(6,848)	(45,230)
Other, net	(252)	(365)	(2,409)
Net cash provided by (used in) financing activities	(6,961)	6,710	44,322
Effect of exchange rate change on cash and cash equivalents	2,785	2,740	18,097
Net increase (decrease) in cash and cash equivalents	3,813	12,184	80,474
Cash and cash equivalents at the beginning of the period (Note 3(18))	43,567	47,380	312,948
Cash and cash equivalents at the end of the period (Note 3(18))	¥47,380	¥59,564	\$393,422
(Notes) Cash and cash equivalents are comprised as follows:			
Cash and deposits	¥50,490	¥60,148	\$397,279
Less-Time deposits with maturity over three months	(3,110)	(584)	(3,857)
Cash and cash equivalents (Note 3(18))	¥47,380	¥59,564	\$393,422

See accompanying Notes to Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

Penta-Ocean Construction Co., Ltd. and Consolidated Subsidiaries

1. Basis of preparation of consolidated financial statements

The accompanying consolidated financial statements of Penta-Ocean Construction Co., Ltd. (the "Company") and consolidated subsidiaries (the "Group") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

2. Consolidation

(1) Scope of consolidation and application of equity method

The Company has 31 subsidiaries and 8 affiliated companies as at March 31, 2024.

The Company consolidated 30 subsidiaries and applied the equity method to 1 affiliated company.

1 subsidiary has not been included in the scope of consolidation because it has a small impact on the consolidated financial statements.

The 1 unconsolidated subsidiary and the 7 affiliated companies have not been included in the scope of equity method, because

The accounting principles and practices adopted by the overseas consolidated subsidiaries conform to those adopted by the Company.

The figures in these financial statements are shown in U.S. dollars at the conversion rate of U.S.\$1=¥151.40, the exchange rate prevailing on March 31, 2024. This is solely for the convenience of readers outside Japan and does not mean that assets and liabilities originating in yen can be converted into or settled in dollars at the above rate.

they have a small impact on the consolidated financial statements and insignificant as a whole.

(2) Consolidated closing date

Consolidated closing date is March 31.

The closing date for the Company, 12 domestic subsidiaries and 16 overseas subsidiaries including Andromeda Five Pte, Ltd. is March 31.

The closing date for 2 overseas subsidiaries is December 31. The Company compiled the consolidated financial statements using the financial statements of each company's closing date, and adjustments are made for any material difference incurred between their closing dates and the consolidated closing date.

3. Summary of significant accounting policies

(1) Conversion method of foreign currency transactions of the Company and its domestic subsidiaries and affiliated companies

Transactions in foreign currencies are converted into yen at the exchange rate prevailing at the time of the transactions. Monetary receivables and payables denominated in foreign currencies including foreign cash are converted into yen at the exchange rate prevailing on the closing date. Non-monetary items denominated in foreign currencies are converted into yen at the historical rate. Held-to-maturity bonds denominated in foreign currencies are translated into yen at the exchange rate prevailing on the closing date, securities for purpose of sale and investment securities other than the above are converted into yen from the fair value based on foreign currencies at the exchange rate prevailing on the closing date and stock of subsidiaries and affiliated companies at the exchange rate prevailing at the time of acquisition by the Company, and those are written down, when declined remarkably. The valuation amount of derivative financial instruments resulting from derivative transaction denominated in foreign currencies are translated at the exchange rate prevailing on the closing date based on the fair value or the actual value estimated in foreign currencies excluding those applying hedge accounting. Exchange gains or losses, realized or unrealized, are included in current income.

(2) Conversion method of financial statements of overseas subsidiaries stated in foreign currency

Financial statements stated in foreign currency are translated into yen at the exchange rate prevailing on the closing date except for the components of net assets which are translated at the exchange rate prevailing at the time of acquisition by the Company and the components of shareholders' equity which are translated at the historical rate to their change thereafter.

Exchange differences arising from conversion of balance sheet accounts are stated as foreign currency translation adjustments in net assets.

(3) Securities and investment securities

Held-to-maturity bonds are determined by the amortized cost method.

Other securities other than stocks with no market price are stated at fair value. Valuation differences are included in net assets as valuation

difference on available-for-sale securities and cost of sales are determined by the moving average method.

Other securities of stocks with no market price are determined by the moving average method.

(4) Derivative financial transactions

Derivative financial instruments are stated at fair value.

Hedge accounting is adopted for derivative financial instruments which conform to requirements of hedge accounting.

(5) Inventories

Inventories are stated at identified cost, except for raw materials and supplies which are stated at costs determined by the first-in first-out method.

In the case that the net realizable value falls below the historical cost at the end of this fiscal year, inventories except for cost on uncompleted construction contracts are carried at the net realizable value on the closing date.

(6) Property, plant, equipment and Depreciation (excluding leased assets)

Property, plant and equipment are stated at cost and for the Company and its domestic subsidiaries. Depreciation is calculated using the declining-balance method, except for buildings (other than building fixtures) acquired on or after April 1, 1998 and building fixtures and structures acquired on or after April 1, 2016, which are calculated by the straight-line method. The straight-line method is applied to property, plant and equipment of overseas subsidiaries.

The Company and its domestic subsidiaries primarily use the useful lives and the residual value in accordance with the Corporation Tax Law.

(7) Research and development costs and computer software

Research and development costs are charged to income as incurred.

Computer software purchased for internal use is amortized by the straight-line method over 5 years, the estimated useful life.

(8) Leased assets

For leased assets under finance lease transactions that transfer ownership, the depreciation expense is calculated using the same

method as applied for owned property, plant and equipment.

For leased assets under finance lease transactions that do not transfer ownership, the depreciation expense is calculated under the straight-line method based on the assumption that the useful life is equal to the lease term and the residual value is equal to zero.

(9) Allowance for doubtful accounts

Allowance for doubtful accounts is accounted for using the estimated doubtful account ratio determined based on the past actual bad debt losses for general receivable and on the individual estimated uncollectible amount for any specific doubtful receivables.

(10) Provision for warranties for completed construction

The Group provides provision for the costs of repairs for damages related to completed construction works based on actual damages in the past and estimated amount of compensation for damages in the future.

(11) Provision for bonuses

To provide provision for the payment of bonuses for employees, the expected payment amount at the end of this fiscal year is calculated.

(12) Provision for loss on construction contracts

The Group provides provision for future losses from construction contracts outstanding at the end of this fiscal year.

(13) Provision for board benefit trust

The provision for board benefit trust is recorded for providing stock for directors and executive officers in the future at the estimated amount calculated based on predetermined stock benefit regulation for directors at the end of this fiscal year.

(14) Net defined benefit liability

Net defined benefit liability is provided based on the projected benefit obligation and plan assets at the end of this fiscal year.

Regarding determination of retirement benefit obligation, the benefit formula basis is adopted as the method of attributing expected benefit to the periods until the end of this fiscal year.

Prior service costs are recognized as an expense when incurred.

Actuarial gain and loss are equally amortized by the straight-line method over the average remaining employees' service years, which should be over 10 years and the amortization starts in the next fiscal year of the respective accrual years.

Regarding lump-sum severance indemnity plan for some of the consolidated subsidiaries, the amount is calculated based on simplified method which assumes that the retirement benefit obligation would be the amount to be paid to employees who voluntarily retired at the end of this fiscal year.

(15) Recognition of major income and expense

In regard to Construction business which is the main business, the Group has obligations on completion of projects and delivery to the customers based on the contracts with customers.

These performance obligations are satisfied over time mainly because the control is transferred to the customers with the progress of projects. The revenues are recognized over time in accordance with the progress based on satisfaction of performance obligations.

The method of measuring progress on the performance obligations satisfied is based on proportion of costs incurred by the end of reporting period to the total estimated costs.

When the progress on the performance obligations satisfied is not reasonably estimable but the cost incurred is recoverable, the cost recovery method is applied. An alternative treatment is applied for the construction contracts for which the period from the commencement date to the date when the performance obligations are expected to be fully satisfied is very short. In this case, revenue is recognized at the time of completion, not over time.

(16) Hedge accounting

1) Hedge accounting method

Derivative transactions are accounted for primarily using deferral hedge accounting. The special method is applied to interest rate swap agreements that meet the requirements for special treatments.

2) Hedging instruments and hedged items

Hedging instruments are interest rate swap agreements and forward exchange contracts.

Hedged items are long-term loans and monetary receivables and payables denominated in foreign currencies.

3) Hedging policy

The Company enters into interest rate swap agreements and forward exchange contracts to hedge risk from fluctuations in interest rate and forward exchange rates, respectively.

4) Evaluation of the effectiveness of hedge accounting

Control procedures for hedge transactions are executed according to the Company's bylaw. The Examination Committee of Derivative Instruments and the Financial Division in the Company periodically evaluates the effectiveness of hedging.

(17) Amortization of goodwill

Goodwill is principally amortized using the straight-line method over a period benefited therefrom but not exceeding 20 years.

(18) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows, consist of cash, deposits which can be drawn out freely and easily converted into cash and short-term investments which have an original maturity of 3 months or less and are not exposed to significant valuation risks.

(19) Income taxes

The Company and its domestic consolidated subsidiaries declare corporation and other taxes on the basis of taxable income calculated under the provisions of the Corporation Tax Law and other tax regulations. Taxable income thus calculated is different from earnings in the account book.

Japanese corporation and other taxes applicable to the Company and its consolidated domestic subsidiaries comprise (a) corporation tax of 23.2 percent on taxable income, (b) enterprise tax of 3.6 percent on taxable income after certain adjustments, (c) prefectural and municipal taxes averaging 10.4 percent of corporation tax, and (d) local corporation tax of 10.3 percent on taxable income. Enterprise tax paid is deductible for income tax purposes.

Foreign subsidiaries declare income taxes at the rate applicable in each country. Foreign tax credit related to the amount of income taxes paid to foreign tax offices by the Company directly or indirectly, is subject to certain limitations in accordance with Japanese tax regulations.

(20) Deferred assets

Bond issuance cost is recognized as an expense when incurred.

(21) Accounting principles and procedures adopted when relevant accounting standards are not clear

Accounting for construction contracts by joint ventures

Assets, liabilities, income and expenses generated in joint ventures are shown in the consolidated financial statements mainly according to the ratio of the Company's investment ratio.

(22) Reclassifications

Certain amounts in prior year's consolidated financial statements and related footnotes have been reclassified to conform to the presentation in the current year.

4. Notes on accounting estimates

Recognition of major income and expense

In regard to Construction business which is the main business, the Group has obligations on completion of projects and delivery to the customers based on the contracts with customers.

These performance obligations are satisfied over time mainly because the control is transferred to the customer with the progress of projects. The revenues are recognized over time in accordance with the progress based on satisfaction of performance obligations.

Net sales of completed construction contracts using the method of recognizing revenue by satisfying performance obligations over time is measured by multiplying total construction revenue by progress toward completion of construction. Total construction revenue is determined by adding amounts agreed upon in contracts to estimated amounts substantially agreed upon with customers with whom contracts have not yet been entered. The method of estimating progress on the performance obligations satisfied over time is based on cost proportion method to estimate the progress of such construction project.

If it is likely that total construction cost will exceed total construction revenue and if the amount can be reasonably estimated, then the amount resulting from deducting the profit or loss already recorded from the expected amount of the excess of costs over revenue is accounted for as provision for loss on construction contracts.

Net sales of completed construction contracts of ¥ 472,202 million and provision for loss on construction contracts of ¥ 11,103 million have been recorded by using the method of recognizing revenue by satisfying performance obligations over time in the consolidated fiscal year ended March 31, 2023. Net sales of completed construction contracts of ¥ 585,229 million (U.S. \$ 3,865,449 thousand) and provision for loss on construction contracts of ¥ 8,699 million (U.S. \$ 57,460 thousand) have been recorded by using the method of recognizing revenue by satisfying performance obligations over time in the consolidated fiscal year ended March 31, 2024.

(1) Total construction revenues

Although construction contracts may potentially be modified due to

new agreements with customers in the middle of construction, there are cases where the amounts of such modifications are not determined at the time of the modifications of construction contracts. Accordingly, with regards to changes in consideration, if modifications to construction contracts that have not yet been entered into are to be included in total construction revenue, then it is necessary to reliably estimate the amount of consideration based on substantial agreements among parties and the details of agreements.

Determinations of whether agreements are substantial and estimates of amounts of consideration involve subjectivity since they are based on discussions with customers and thus involve uncertainty.

(2) Total construction costs

Considering that construction contracts are highly individual and carried out in accordance with fundamental specifications and work details instructed by customers, it is difficult to apply a uniform rule for making estimates of total construction costs. Accordingly, estimates of total construction costs involve certain assumptions and judgments that are based on specialized knowledge and experience in construction, and thus involve uncertainty.

Further, given that constructions are generally long-term in nature, there may potential modifications in construction contracts, changes in weather and sea conditions and fluctuations in construction material prices and labor prices in the middle of construction, thus making timely and appropriate revisions of total construction costs complex.

Based on the above, the recording of net sales of completed construction contracts and cost of sales of completed construction contracts for which the method of recognizing revenue by satisfying performance obligations over time is based on various assumptions. If it becomes necessary to revise the estimates and the assumptions due to uncertain future fluctuations in economic conditions, etc., it may have a significant impact on the net sales of completed construction contracts and cost of sales of completed construction contracts, etc. in the consolidated financial statements for the next consolidated fiscal year.

established based on the BBT (the "Trust"). The BBT plan enables the Directors to be granted the Company's shares and the amount of cash equivalent to the market price of the Company's shares (the "Shares") through the Trust in accordance with the Directors' Stock Compensation Rules stipulated by the Company.

In principle, the Directors are to receive the shares compensation upon their retirement from the position.

(2) The Company's own stock in the Trust

The Company's outstanding shares of the Trust are included in the treasury shares of the net assets based on the book value of the Trust (excluding ancillary expenses). The book values of the treasury shares were ¥ 419 million and ¥ 681 million (U.S. \$ 4,499 thousand) and the numbers of the stocks were 644,700 shares and 945,400 shares as of March 31, 2023 and 2024, respectively.

6. Securities and investment securities

(1) Held-to-maturity debt securities

As of March 31, 2023	Millions of yen		
	Book value on consolidated B/S	Fair value	Difference
Securities whose fair value exceeds their book value on consolidated B/S:			
National and local government bonds	¥53	¥54	¥ 1
Corporate bonds	—	—	—
Other	—	—	—
Subtotal	¥53	¥54	¥ 1
Securities whose fair value doesn't exceed their book value on consolidated B/S:			
National and local government bonds	¥—	¥—	¥—
Corporate bonds	—	—	—
Other	—	—	—
Subtotal	¥—	¥—	¥—
Total	¥53	¥54	¥ 1

As of March 31, 2024	Millions of yen		
	Book value on consolidated B/S	Fair value	Difference
Securities whose fair value exceeds their book value on consolidated B/S:			
National and local government bonds	¥42	¥42	¥ 0
Corporate bonds	—	—	—
Other	—	—	—
Subtotal	¥42	¥42	¥ 0
Securities whose fair value doesn't exceed their book value on consolidated B/S:			
National and local government bonds	¥—	¥—	¥—
Corporate bonds	—	—	—
Other	—	—	—
Subtotal	¥—	¥—	¥—
Total	¥42	¥42	¥ 0

5. Additional information

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

(1) Transaction summary

The Company has introduced the Board Benefit Trust (the "BBT"), a performance-linked stock compensation plan for its directors and executive officers (the "Directors") since the fiscal year 2017. The BBT plan clarifies how the company's performance and its stock value influence the Directors' compensation, which enables the Directors to share not only the benefits of the stock price rise, but also the risks of the stock price decline with its shareholders. Thereby, the BBT plan leads the Directors to aim for more contributions to the improvement of the Company's performance and corporate value over the medium to long-term period.

The Shares are acquired through the trust funded by the Company and

	Thousands of U.S. dollars		
	Book value on consolidated B/S	Fair value	Difference
Securities whose fair value exceeds their book value on consolidated B/S:			
National and local government bonds	\$276	\$277	\$ 1
Corporate bonds	—	—	—
Other	—	—	—
Subtotal	\$276	\$277	\$ 1
Securities whose fair value doesn't exceed their book value on consolidated B/S:			
National and local government bonds	\$ —	\$ —	\$ —
Corporate bonds	—	—	—
Other	—	—	—
Subtotal	\$ —	\$ —	\$ —
Total	\$276	\$277	\$ 1

Notes to the Consolidated Financial Statements

(2) Other securities

As of March 31, 2023	Millions of yen		
	Book value on consolidated B/S	Acquisition cost	Difference
Securities whose book value on consolidated B/S exceeds their acquisition cost:			
Stock	¥12,808	¥6,780	¥6,028
Bonds			
National and local government bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Subtotal	¥12,808	¥6,780	¥6,028
Securities whose book value on consolidated B/S doesn't exceed their acquisition cost:			
Stock	¥ 2,288	¥2,888	¥ (600)
Bonds			
National and local government bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Subtotal	¥ 2,288	¥2,888	¥ (600)
Total	¥12,096	¥9,668	¥5,428

As of March 31, 2024	Millions of yen		
	Book value on consolidated B/S	Acquisition cost	Difference
Securities whose book value on consolidated B/S exceeds their acquisition cost:			
Stock	¥17,557	¥8,613	¥8,944
Bonds			
National and local government bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Subtotal	¥17,557	¥8,613	¥8,944
Securities whose book value on consolidated B/S doesn't exceed their acquisition cost:			
Stock	¥ 288	¥ 256	¥ (28)
Bonds			
National and local government bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Subtotal	¥ 288	¥ 256	¥ (28)
Total	¥17,785	¥8,869	¥8,916

	Thousands of U.S. dollars		
	Book value on consolidated B/S	Acquisition cost	Difference
Securities whose book value on consolidated B/S exceeds their acquisition cost:			
Stock	\$115,966	\$56,888	\$59,078
Bonds			
National and local government bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Subtotal	\$115,966	\$56,888	\$59,078
Securities whose book value on consolidated B/S doesn't exceed their acquisition cost:			
Stock	\$ 1,507	\$ 1,691	\$ (184)
Bonds			
National and local government bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Subtotal	\$ 1,507	\$ 1,691	\$ (184)
Total	\$117,473	\$58,579	\$58,894

(3) Other securities sold during the fiscal year

As of March 31, 2023	Millions of yen		
	Sales value	Total of gain on sale	Total of loss on sale
Stock	¥ 226	¥ 131	¥—
Bonds			
National and local government bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Total	¥ 226	¥ 131	¥—

As of March 31, 2024	Millions of yen		
	Sales value	Total of gain on sale	Total of loss on sale
Stock	¥1,885	¥1,062	¥—
Bonds			
National and local government bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Total	¥1,885	¥1,062	¥—

	Thousands of U.S. dollars		
	Sales value	Total of gain on sale	Total of loss on sale
Stock	\$12,453	\$7,013	\$—
Bonds			
National and local government bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Total	\$12,453	\$7,013	\$—

7. Pledged Assets

The following assets are pledged for guarantee against defect in house constructions and other at March 31, 2023 and 2024.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Deposit	¥ 2	¥ —	\$ —
Securities	12	42	276
Investment securities	156	114	753
Other (Investment and other assets)	339	350	2,314
Total	¥ 509	¥ 506	\$3,343

8. Short-term and long-term loans, commercial papers and bonds payable

Short-term and long-term loans, commercial papers and bonds payable as of March 31, 2023 and 2024 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Short-term loans from banks and insurance companies (The weighted average interest rate is 2.80%.)	¥23,355	¥ 33,084	\$218,519
Commercial papers	10,000	—	—
Long-term loans from banks and insurance companies due through 2036 (The weighted average interest rate is 0.88%.)	30,339	36,233	239,322
0.15% unsecured bonds payable due 2023	10,000	—	—
0.25% unsecured bonds payable due 2025 (Green bonds)	10,000	10,000	66,050
0.14% unsecured bonds payable due 2026	10,000	10,000	66,050
0.81% unsecured bonds payable due 2028	—	11,000	72,656
0.80% unsecured bonds payable due 2029	—	10,000	66,050
Total	¥93,694	¥110,317	\$728,647

The aggregate annual maturity of short-term and long-term loans, commercial papers and bonds payable after March 31, 2024 is as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2025	¥ 43,706	\$288,678
2026	16,578	109,498
2027	14,910	98,481
2028	3,316	21,902
2029 and after	31,807	210,088
Total	¥110,317	\$728,647

9. Net assets

(1) Legal retained earnings and legal capital surplus

The Japanese Corporate Law requires to provide a legal retained earnings equal to 10 percent of cash out flow, that is, payment of dividends approved by the Shareholders’ meeting every fiscal years, until the total amounts of legal retained earnings plus legal capital surplus or either of them reach 25 percent of capital stock.

In the consolidated financial statements, those are included in retained earnings and capital surplus, respectively.

(2) Revaluation reserve for land

Lands used for business purposes has been revaluated on March 31, 2000 based on the "Law Concerning Land Revaluation (Law No.34, promulgated on March 31, 1998)" and the "Partial Revision of the Law Concerning Land Revaluation (Law No.24, promulgated on March 31, 1999)". Relating to revaluation excess, the deferred tax on the revaluation is accounted for as a long-term deferred tax liabilities and the remaining revaluation difference is accounted for as revaluation reserve for land in net assets.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
"The difference between the appraisal value of land at the end of the current fiscal year and the book value"	¥3,027	¥ 805	\$ 5,317

Fair values were determined on the basis of Article 2 No.4 and 5 of an Enforcement ordinance No.119 of the Law concerning Land Revaluation promulgated on March 31, 1998.

(3) Valuation difference on available-for-sale securities

Valuation difference on available-for-sale securities is based on the difference between fair market value and book value at March 31.

This amounted to ¥ 6,268 million (U.S. \$ 41,401 thousand) gain as of March 31, 2024.

10. Revenue Recognition

(1) Information of disaggregation on the revenue from contracts with customers

Information of disaggregation on the revenue from contracts with customers is disclosed in Note 21.

(2) Basic information for understanding the revenue from contracts with customers

In regard to Construction Business which is the main business, the information of contracts and performance obligation and the information at the timing of the performance obligation is satisfied are described in Note 3(15).

Transaction prices are calculated based on contract amount adjusted by contract modification and variable consideration. In accordance with the estimation for contract modification and variable consideration, the Group applies the single most likely amount method. In addition, contract modification and variable consideration are included in the transaction prices only to the extent that it is

highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

In the case fluctuation provisions is stated in the contract with customer, transaction prices are adjusted by the estimated consideration.

The Group receive transaction considerations mainly more than once during construction period or with the progress of construction project over time and there are no significant financing components.

Transaction prices are allocated to performance obligation by the ratio of stand-alone selling price estimated based on cost which is required to satisfy each performance obligation.

(3) Information for understanding the amount of revenue for both current consolidated fiscal year and next consolidated fiscal year onwards

• Balances of contract asset and contract liability

Balance of contract asset and contract liability for the fiscal year ended March 31, 2023 is as follows:

	Millions of yen	
	Beginning balance	Ending balance
Receivables from contracts with customers		
Notes receivable	¥ 6,105	¥ 4,020
Accounts receivable from completed construction contracts and other	91,129	66,983
Total	97,234	71,003
Contract assets	164,961	198,817

Balance of contract asset and contract liability for the fiscal year ended March 31, 2024 is as follows:

	Millions of yen	
	Beginning balance	Ending balance
Receivables from contracts with customers		
Notes receivable	¥ 4,020	¥ 1,841
Accounts receivable from completed construction contracts and other	66,983	85,095
Total	71,003	86,936
Contract assets	198,817	213,476

	Thousands of U.S. dollars	
	Beginning balance	Ending balance
Receivables from contracts with customers		
Notes receivable	\$ 26,554	\$ 12,162
Accounts receivable from completed construction contracts and other	442,423	562,056
Total	468,977	574,218
Contract assets	1,313,190	1,410,016

Conditions of payment terms are different among each contract and the relation with the performance obligation is insignificant. The payment is mainly more than once during construction period or with the progress of construction project over time.

Contract asset is the amount of consideration that performance obligation is satisfied at the end of the fiscal year but due date of claim is not arrived. It increases with revenue recognition and is transferred to a receivable from contracts with customers at the timing of the claim is issued to customer. And it increases or decreases with revising the estimation of total construction revenue and total construction costs.

Contract liability is the amount of consideration that is mainly related to the advance received on uncompleted construction works. It increases with claiming the advance received on uncompleted construction works to customer and is transferred to net sales with revenue recognition.

The amounts included at the balances of beginning on contract liabilities and recognized as revenues are ¥ 23,743 million and

¥ 46,749 million (U.S.\$ 308,777 thousand) in the consolidated fiscal year ended March 31, 2023 and 2024, respectively.

Contract asset and receivable from contracts with customers are included in “Notes” and “Accounts” of “Trade receivables” and contract liability is included in “Advance received on uncompleted construction contracts” in the consolidated balance sheet.

• Transaction prices allocated to residual performance obligation
The balances of total transaction prices allocated to residual performance obligation related to construction are ¥ 1,227,871 million and ¥ 1,224,720 million (U.S.\$ 8,089,301 thousand) as of March 31, 2023 and 2024, respectively.

Almost of it is expected to recognize as revenue within 1 to 3 years with satisfying performance obligation.

The balance of total transaction prices allocated to residual performance obligation includes the estimated amount of both contract modification and variable consideration.

11. Extraordinary income

The composition of Extraordinary income for the fiscal years ended March 31, 2023 and 2024 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Gain on sales of non-current assets	¥ 243	¥ 203	\$1,344
Gain on sales of investment securities	131	1,062	7,013
Total	¥ 3 74	¥1,265	\$8,357

12. Extraordinary losses

The composition of Extraordinary losses for the fiscal years ended March 31, 2023 and 2024 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2023
Impairment loss (*1)	¥ —	¥ 893	\$5,897
Loss on retirement of non-current assets	113	139	917
Other	5	47	318
Total	¥118	¥1,079	\$7,132

(*1) The Group recognized impairment loss for the following asset in the fiscal year ended March 31, 2024

Location	Classification	Type of Assets	Impairment loss
Singapore	Overseas	Goodwill	¥893 million \$5,897 thousand

In principle, the Group has classified the fixed assets by business control unit (company, branch office, and business line), for which revenue and expenditure are continuously recorded. And the Group has classified the idle assets individually.

Book values of the goodwill of UG M&E Pte. Ltd. that is the

Company's consolidated subsidiary were written down to a recoverable amount as the profitability predicted at the time of acquisition of its stocks can't be expected. The impairment loss was accounted for as an extraordinary losses. The recoverable amount was measured by value in use. Calculation of the value in use was based on future cash flow discounted by 10.55%.

13. Research and development costs

Research and development costs charged to income are ¥ 2,786 million for the fiscal year 2023 and ¥ 3,142 million (U.S. \$ 20,755 thousand) for the fiscal year 2024, respectively.

14. Other comprehensive income

The following table presents reclassification and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2023 and 2024:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Valuation difference on available-for-sale securities			
Amount arising during the year	¥975	¥2,426	\$16,027
Reclassification adjustment for gains and losses realized in net income	(131)	1,062	7,013
Amount before tax effect	844	3,488	23,040
Tax effect	(252)	(1,037)	(6,850)
Valuation difference on available-for-sale securities	592	2,451	16,190
Deferred gains or losses on hedges			
Amount arising during the year	(5,232)	(2,558)	(16,899)
Reclassification adjustment for gains and losses realized in net income	6,680	2,904	19,180
Acquisition cost adjustment of assets	—	(1,526)	(10,078)
Amount before tax effect	1,448	(1,180)	(7,797)
Tax effect	(444)	361	2,388
Deferred gains or losses on hedges	1,004	(819)	(5,409)
Foreign currency translation adjustments			
Amount arising during the year	657	1,105	7,297
Reclassification adjustment for gains and losses realized in net income	—	—	—
Amount before tax effect	657	1,105	7,297
Tax effect	—	—	—
Foreign currency translation adjustments	657	1,105	7,297
Remeasurements of defined benefit plans			
Amount arising during the year	878	3,654	24,131
Reclassification adjustment for gains and losses realized in net income	(300)	(250)	(1,649)
Amount before tax effect	578	3,404	22,482
Tax effect	(177)	(1,042)	(6,884)
Remeasurements of defined benefit plans	401	2,362	15,598
Share of other comprehensive income of affiliates accounted for using equity method			
Amount arising during the year	—	310	2,050
Share of other comprehensive income of affiliates accounted for using equity method	528	310	2,050
Total of other comprehensive income	¥3,182	¥5,409	\$35,726

15. Derivative financial transactions

(1) Matters concerning derivative financial transactions

The Group has entered into interest rate swap agreements and forward exchange contracts only for hedging risks from fluctuation in interest rates and foreign exchange rates, not for speculative purposes.

The derivative financial transactions are mainly performed by the Company, and have been made in accordance with the bylaw, which clearly describes purposes, execution and control for transaction.

(2) Matters concerning fair value

The current value for derivative transactions is calculated based on the prices provided by relevant financial institutions. And hedge accounting has been adopted for derivative financial instruments which conform to requirements for hedge accounting. However the transactions that apply to special treatment of interest rate swap are accounted for as if they were integral part of the hedged long-term loans payable, its fair value is included in the fair value of long-term loans payable.

16. Commitments and contingent liabilities

As of March 31, 2024, the Company has the guarantee amounting to ¥ 123 million (U.S. \$ 813 thousand) to purchasers concerning deposits for purchase of the condominium apartments.

The Company has agreements on commitment line with 8 banks totaling ¥20,000 million (U.S. \$ 132,100 thousand) for the purpose of flexible financing. Unused commitment line as of March 31, 2023 and 2024 is as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Commitment line			
Total of commitment line	¥20,000	¥20,000	\$132,100
Use of commitment	—	—	—
Total of unused commitment line	¥20,000	¥20,000	\$132,100

Notes to the Consolidated Financial Statements

17. Tax effect accounting

1.The significant components of deferred tax assets and liabilities as of March 31, 2023 and 2024 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Deferred tax assets			
Provision for loss on construction contracts	¥ 3,323	¥ 2,558	\$ 16,898
Employees' retirement benefits trust	2,412	2,357	15,569
Allowance for doubtful accounts	1,281	1,418	9,365
Provision for bonuses	946	1,003	6,623
Impairment loss	799	794	5,244
Other	2,182	2,467	16,295
Total: deferred tax assets	10,943	10,597	69,994
Less: valuation allowance	(1,665)	(2,044)	(13,500)
Deferred tax assets	¥9,278	¥ 8,553	\$ 56,494
Deferred tax liabilities			
Valuation difference on available-for-sale securities	¥(1,609)	¥(2,646)	\$(17,475)
Prepaid pension cost	(1,273)	(2,112)	(13,947)
Other	(599)	(223)	(1,482)
Total: deferred tax liabilities	(3,481)	(4,981)	(32,904)
Net: deferred tax assets	¥ 5,797	¥ 3,572	\$ 23,590

2.The principal details of the material differences between the statutory effective tax rate and the actual burden tax rates after application of tax-effect accounting for the years ended March 31, 2023 and 2024:

	2023	2024
The statutory effective tax rate	30.62%	30.62%
(Adjustments)		
Permanent differences (expense)	20.24	1.58
Permanent differences (income)	(2.18)	(0.14)
Per capita levy on inhabitant tax	10.19	0.62
Consolidated adjustments	4.93	(2.47)
Increase (Decrease) in valuation allowance	5.99	4.47
Other	(5.99)	0.29
Actual burden tax rate after the application of tax effect accounting	63.78%	34.97%

18. Retirement benefits

The Group has funded or unfunded type defined benefit plan and defined contribution plan.

The Company has introduced cash balance plan as defined benefit corporate pension plan (funded only and that solely adopted by the Company), which establishes nominal individual accounts equivalent to funds of funded and annuity amounts. In the nominal individual accounts interest credit based on market interest and contribution credit based on classification and evaluation are accumulated. Retirement benefit trust has established for the defined benefit

corporate pension plan.

Based on lump-sum payment plans (unfunded but become funded as a result of establishment of retirement benefit trust), lump-sum payment based on classification and evaluation as retirement benefit.

In lump-sum payment plans held by other consolidated subsidiaries, the simplified calculation methods are applied for retirement benefit liability and service costs.

(1) The changes in the retirement benefit obligation during the years ended March 31, 2023 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Retirement benefit obligation at the beginning of year	¥25,270	¥24,596	\$162,459
Service cost	1,484	1,456	9,619
Interest cost	73	142	940
Actuarial gain and loss	(822)	(162)	(1,070)
Retirement benefits paid	(1,409)	(1,617)	(10,683)
Retirement benefit obligation at the end of year	¥24,596	¥24,415	\$161,265

(2) The changes in the plan assets during the years ended March 31, 2023 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Plan assets at the beginning of year	¥26,900	¥27,241	\$179,928
Expected return on plan assets	487	509	3,361
Actuarial gain	56	3,491	23,061
Contributions by the Company	884	896	5,918
Retirement benefits paid	(1,086)	(1,568)	(10,355)
Plan assets at the end of year	¥27,241	¥30,570	\$201,913

(3) The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2023 and 2024 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Funded retirement benefit obligation	¥23,853	¥23,614	\$155,973
Plan assets at fair value	(27,241)	(30,569)	(201,913)
	¥(3,388)	¥(6,955)	\$(45,940)
Unfunded retirement benefit obligation	743	801	5,292
Net liability for retirement benefits in the balance sheet	¥(2,645)	¥(6,154)	\$(40,648)
Net defined benefit liability	¥1,511	¥801	\$5,291
Net defined benefit asset	(4,156)	(6,955)	(45,940)
Net liability for retirement benefits in the balance sheet	¥(2,645)	¥(6,154)	\$(40,649)

Notes to the Consolidated Financial Statements

(4) The components of retirement benefit expense for the years ended March 31, 2023 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Service cost	¥1,484	¥1,456	\$9,619
Interest cost	73	142	940
Expected return on plan assets	(487)	(509)	(3,361)
Amortization of actuarial gain and loss	(300)	(250)	(1,649)
Retirement benefit expense	¥ 770	¥ 839	\$5,549

Note: Retirement benefit expense of consolidated subsidiaries which adopt the simplified method are included in "Service cost."

(5) The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effect) for the years ended 31, 2023 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Actuarial gain and loss	¥578	¥3,404	\$22,482
Total	¥578	¥3,404	\$22,482

(6) The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2023 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Unrecognized actuarial gain and loss	¥(363)	¥(3,767)	\$ (24,879)
Total	¥(363)	¥(3,767)	\$ (24,879)

(7) The fair value of plan assets, major category, as a percentage of total plan assets as of March 31, 2023 and 2024 are as follows:

	2023	2024
Bonds	43%	40%
Stocks	39	45
General accounts	5	4
Cash and deposits	6	5
Others	7	6
Total	100%	100%

Note: Total plan assets include retirement benefit trusts of 11% and 13% that are set up for a corporate pension plan as of March 31, 2023 and 2024, respectively.

The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

(8) The assumptions used in accounting for the above plans are as follows:

	2023	2024
Discount rates	0.6%	0.9%
Expected rates of long-term return on plan assets	1.4 - 2.0%	1.6 - 2.0%
Expected rates of increase in salary	3.2 - 4.8%	3.3 - 4.2%

19. Financial instruments

(1) Policy for financial instruments

The Group has limited the instruments of fund investment to short term deposits etc., and relied on bonds payable and bank loans, etc. for fund procurement.

Regarding credit risk to customers related to notes receivable, accounts receivable from completed construction contracts and other the Group's bylaw has been applied to reduce the risk. Additionally notes receivable, accounts receivable from completed construction contracts and other in foreign currencies are exposed to foreign currency risk, and the Company enters into forward exchange contracts to hedge the risk.

Securities and investment securities include mainly stocks and held-to-maturity bonds are exposed to fluctuation of market value. Those fair values, financial status of the issuers and so on are

checked regularly. Accounts receivable-other is mainly credit other than accounts receivable associated with operating transactions and most of the accounts are collected in short term and detail of the balance is reviewed on monthly basis.

Bonds payable, loans payable and commercial papers are mainly for procurement for operating funds and the Company mainly enters into interest rate swap agreements and manages to fix its interest cost to hedge the risk from interest volatility related to long-term loans payable.

Execution and control of derivative transaction is held in accordance with the Company's bylaw where its purpose, action and control of such transaction are clearly stated and derivative transactions shall not be used for speculative purpose.

(2) Estimated fair value of financial instruments

Book value on consolidated balance sheet, fair value and the difference as of March 31, 2023 are as follows:

	Millions of yen		
	Book value on consolidated B/S	Fair value	Difference
Assets			
(1) Notes receivable, accounts receivable from completed construction contracts and other	¥269,913	¥269,913	¥ —
(2) Securities and investment securities			
Held-to-maturity debt securities	54	54	0
Other securities	15,096	15,096	—
Total Assets	¥285,063	¥285,063	¥ 0
Liabilities			
(1) Bonds payable (*3)	¥ 30,000	¥ 29,926	¥ (74)
(2) Long-term loans payable (*3)	30,339	30,269	(70)
Total Liabilities	¥ 60,339	¥ 60,195	¥(144)
Derivative transaction (*4)	¥ 1,110	¥ 1,110	¥ —

(*1) "Cash and deposits", "Accounts receivable-other", "Accounts payable for construction contracts and other", "Short-term loans payable", and "Commercial papers" are not described because they are in cash or their fair values approximate their book values due to their short maturities.

(*2) Stocks with no market price (balance on consolidated balance sheet ¥2,739 million) are not included in "Securities and investment securities".

(*3) Bonds payable and long-term loans payable include the current portion of bonds payable and long-term loans payable.

(*4) The debit and credit balances recorded by derivative transaction are offset each other.

(Note1) Redemption schedule for receivables and marketable securities with maturities at March 31, 2023

	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				
Deposits	¥ 50,443	¥ —	¥—	¥—
Notes receivable, accounts receivable from completed construction contracts and other	227,356	42,557	—	—
Securities and investment securities				
Held-to-maturity bonds				
National and local government bonds	12	42	—	—
Corporate bonds	—	—	—	—
Other marketable securities with maturities				
Corporate bonds	—	—	—	—
Other	—	—	—	—
Accounts receivable-other	22,115	—	—	—
Total	¥299,926	¥42,599	¥—	¥—

(Note 2) The redemption schedule for short-term and long-term loans, and bonds payable is disclosed in Note 8.

Notes to the Consolidated Financial Statements

Book value on consolidated balance sheet, fair value and the difference as of March 31, 2024 are as follows:

	Millions of yen		
	Book value on consolidated B/S	Fair value	Difference
Assets			
(1) Notes receivable, accounts receivable from completed construction contracts and other	¥300,418	¥300,306	¥(112)
(2) Securities and investment securities			
Held-to-maturity debt securities	42	42	0
Other securities	17,785	17,785	—
Total Assets	¥318,245	¥318,133	¥(112)
Liabilities			
(1) Bonds payable	¥ 41,000	¥ 40,863	¥(137)
(2) Long-term loans payable (*3)	36,233	36,069	(164)
Total Liabilities	¥ 77,233	¥ 76,932	¥(301)
Derivative transaction (*4)	¥ 33	¥ 33	¥ —

	Thousands of U.S. dollars		
	Book value on consolidated B/S	Fair value	Difference
Assets			
(1) Notes receivable, accounts receivable from completed construction contracts and other	\$1,984,265	\$1,983,524	\$ (741)
(2) Securities and investment securities			
Held-to-maturity debt securities	276	277	1
Other securities	117,473	117,473	—
Total Assets	\$2,102,014	\$2,101,274	\$ (740)
Liabilities			
(1) Bonds payable	\$ 270,806	\$ 269,902	\$ (904)
(2) Long-term loans payable (*3)	239,322	238,237	(1,085)
Total Liabilities	\$ 510,128	\$ 508,139	\$(1,989)
Derivative transaction (*4)	\$ 221	\$ 221	\$ —

- (*1) "Cash and deposits", "Accounts receivable-other", "Accounts payable for construction contracts and other", "Short-term loans payable", and "Commercial papers" are not described because they are in cash or their fair values approximate their book values due to their short maturities.
- (*2) Stocks with no market price (balance on consolidated balance sheet ¥2,744 million (U.S. \$ 18,124 thousand)) are not included in "Securities and investment securities".
- (*3) Long-term loans payable includes the current portion of long-term loans payable.
- (*4) The debit and credit balances recorded by derivative transaction are offset each other.

(Note 1) Redemption schedule for receivables and marketable securities with maturities at March 31, 2024

	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				
Deposits	¥ 60,108	¥ —	¥—	¥—
Notes receivable, accounts receivable from completed construction contracts and other	254,566	45,852	—	—
Securities and investment securities				
Held-to-maturity bonds				
National and local government bonds	41	—	—	—
Corporate bonds	—	—	—	—
Other marketable securities with maturities				
Corporate bonds	—	—	—	—
Other	—	—	—	—
Accounts receivable-other	34,869	—	—	—
Total	¥349,584	¥45,852	¥—	¥—

	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				
Deposits	\$ 397,016	\$ —	\$—	\$—
Notes receivable, accounts receivable from completed construction contracts and other	1,681,412	302,853	—	—
Securities and investment securities				
Held-to-maturity bonds				
National and local government bonds	276	—	—	—
Corporate bonds	—	—	—	—
Other marketable securities with maturities				
Corporate bonds	—	—	—	—
Other	—	—	—	—
Accounts receivable-other	230,309	—	—	—
Total	\$2,309,013	\$302,853	\$—	\$—

(Note 2) The redemption schedule for short-term and long-term loans, and bonds payable is disclosed in Note 8.

(3) Matters concerning the breakdown of the fair value of financial instruments by level, etc.

The fair value of financial instruments is classified into the following three levels, depending on the observability and materiality of the inputs used to calculate fair value.

Level 1 : Quoted prices (unadjusted) for identical assets or liabilities in active markets

Level 2 : Valuations measured by direct or indirect observable inputs other than Level 1

Level 3 : Valuations measured by significant unobservable inputs

When several inputs which make an important impact on for fair value measurement are used for fair value measurement, the level is determined based on the input that is the least important level in the fair value measurement as a whole.

• Financial instruments recorded on the consolidated balance sheet at fair value
As of March 31, 2023

	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Other securities	¥15,096	¥ —	¥—	¥15,096
Listed stocks				
Derivative transaction				
Currency related	—	1,216	—	1,216
Assets total	¥15,096	¥1,216	¥—	¥16,312
Derivative transaction				
Currency related	¥ —	¥ (106)	¥—	¥ (106)
Liabilities total	¥ —	¥ (106)	¥—	¥ (106)

Notes to the Consolidated Financial Statements

As of March 31, 2024

	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Other securities	¥17,785	¥ —	¥—	¥17,785
Listed stocks				
Derivative transaction				
Currency related	—	51	—	51
Assets total	¥17,785	¥ 51	¥—	¥17,836
Derivative transaction				
Currency related	¥ —	¥(18)	¥—	¥(18)
Liabilities total	¥ —	¥(18)	¥—	¥(18)
	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Other securities	\$117,473	\$ —	\$—	\$117,473
Listed stocks				
Derivative transaction				
Currency related	—	338	—	338
Assets total	\$117,473	\$ 338	\$—	\$117,811
Derivative transaction				
Currency related	\$ —	\$ (117)	\$—	\$ (117)
Liabilities total	\$ —	\$ (117)	\$—	\$ (117)

• Financial instruments other than those recorded on the consolidated balance sheet at fair value

As of March 31, 2023

	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	¥—	¥269,913	¥—	¥269,913
Securities and investment securities				
Held-to-maturity debt securities				
National and local government bonds	53	—	—	53
Assets total	¥53	¥269,913	¥—	¥269,966
Bonds payable	¥—	¥ 29,926	¥—	¥ 29,926
Long-term loans payable	—	30,269	—	30,269
Liabilities total	¥—	¥ 60,195	¥—	¥ 60,195

As of March 31, 2024

	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	¥—	¥300,306	¥—	¥300,306
Securities and investment securities				
Held-to-maturity debt securities				
National and local government bonds	42	—	—	42
Assets total	¥42	¥300,306	¥—	¥300,348
Bonds payable	¥—	¥40,863	¥—	¥ 40,863
Long-term loans payable	—	36,069	—	36,069
Liabilities total	¥—	¥76,932	¥—	¥ 76,932
	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	\$ —	\$1,983,524	\$—	\$1,983,524
Securities and investment securities				
Held-to-maturity debt securities				
National and local government bonds	277	—	—	277
Assets total	\$277	\$1,983,524	\$—	\$1,983,801
Bonds payable	\$ —	\$ 269,902	\$—	\$ 269,902
Long-term loans payable	—	238,237	—	238,237
Liabilities total	\$ —	\$ 508,139	\$—	\$ 508,139

(Note) Description of valuation techniques and inputs used in the calculation of fair value

Securities and investment securities

Listed stocks and government bonds are valued based on quoted market prices. Since listed stocks and government bonds are traded in active markets, their fair value is classified as Level 1 fair value.

Derivative transaction

The fair value of derivative transactions is calculated based on the prices posted by the counterparty financial institutions and classified as Level 2 fair value.

The fair value of interest rate swaps that qualify for special treatment is included in the fair value of the relevant borrowings because they are accounted for as an integral part of Long-term loans payable that are hedged (see "Long-term loans payable" below).

Notes receivable, accounts receivable from completed construction contracts and other

The fair value of these receivables is calculated based on the present value of each receivable classified by a certain period of time, discounted by the interest rate that takes into account the period until maturity and credit risk, and is classified as Level 2 fair value.

Bonds payable

The fair value of the bonds payable issued by the Company is based on quoted market prices. The fair value of the bonds payable is classified as Level 2 fair value because the bonds payable have quoted market prices but are not traded in an active market.

Long-term loans payable

The fair value of these loans is calculated by discounting the total amount of principal and interest by the interest rate that would be applicable to a similar new issue or borrowing, and is classified as Level 2 fair value. Long-term loans payable with floating interest rates mainly qualify for special treatment as interest rate swaps (see "Derivative transaction" above), and are calculated by discounting the total amount of principal and interest accounted for together with the interest rate swaps by the reasonably estimated interest rate that would be applicable if similar borrowings were made.

20. Segment information

(Segment information)

1. General information about reportable segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Executive Committee to make decisions about resource allocation and to assess performance.

The Company is organized into business units based on their products and services and has 3 reported segments as follows:

- (1) Domestic civil engineering segment Construction of domestic civil engineering and other
- (2) Domestic building construction segment Construction of domestic building construction and other
- (3) Overseas segment Construction of overseas and other

2. Information about basis of measurement of reported segment sales, income or loss, assets, and other items

The accounting policies of the segments are substantially the same as those described in the summary of significant accounting policies in Note 3. Segment performance is evaluated based on operating income or loss.

Intersegment sales and transfers are based on prevailing market price.

The Company do not allocate assets to business segments.

3. Information about amount of reportable segment sales, income or loss, assets and other items and disaggregation on the revenue

Year ended March 31, 2023	Millions of yen							
	Reportable segment				Other (Note1)	Total	Adjustments (Note 2)	Recorded amount on consolidated statement of income (Note 3)
	Domestic civil engineering segment	Domestic building construction segment	Overseas segment	Total				
Net sales:								
Japan	¥198,154	¥162,446	¥ —	¥360,600	¥ 8,074	¥368,674	¥ —	¥368,674
Southeast Asia	—	—	107,643	107,643	—	107,643	—	107,643
Other	—	—	25,486	25,486	—	25,486	—	25,486
Revenue from contracts with customers	198,154	162,446	133,129	493,729	8,074	501,803	—	501,803
Revenue from other	171	1	—	172	231	403	—	403
Sales to third parties	198,325	162,447	133,129	493,901	8,305	502,206	—	502,206
Intersegment sales and transfers	234	3	—	237	3,449	3,686	(3,686)	—
Total	198,559	162,450	133,129	494,138	11,754	505,892	(3,686)	502,206
Segment income(loss)	17,422	2,081	(16,101)	3,402	714	4,116	3	4,119
Other item:								
Depreciation	3,616	572	2,557	6,745	493	7,238	(3)	7,235

Notes

- (1) Division of “Other” includes domestic real estate development, shipbuilding, leasing business, insurance business and environment business.
- (2) The adjustment of segment income (loss) is intersegment elimination.
- (3) Segment income (loss) is adjusted with operating profit in the consolidated statement of income.

Year ended March 31, 2024	Millions of yen							
	Reportable segment				Other (Note1)	Total	Adjustments (Note 2)	Recorded amount on consolidated statement of income (Note 3)
	Domestic civil engineering segment	Domestic building construction segment	Overseas segment	Total				
Net sales:								
Japan	¥266,406	¥189,272	¥ —	¥455,678	¥11,107	¥466,785	¥ —	¥466,785
Southeast Asia	—	—	132,130	132,130	—	132,130	—	132,130
Other	—	—	18,509	18,509	—	18,509	—	18,509
Revenue from contracts with customers	266,406	189,272	150,639	606,317	11,107	617,424	—	617,424
Revenue from other	34	1	—	35	249	284	—	284
Sales to third parties	266,440	189,273	150,639	606,352	11,356	617,708	—	617,708
Intersegment sales and transfers	225	5	—	230	2,711	2,941	(2,941)	—
Total	266,664	189,278	150,639	606,581	14,068	620,649	(2,941)	617,708
Segment income(loss)	27,815	4,857	(4,154)	28,518	631	29,149	3	29,152
Other item:								
Depreciation	4,252	561	2,256	7,069	499	7,568	(3)	7,565

Year ended March 31, 2024	Thousands of U.S. dollars							
	Reportable segment				Other (Note1)	Total	Adjustments (Note 2)	Recorded amount on consolidated statement of income (Note 3)
	Domestic civil engineering segment	Domestic building construction segment	Overseas segment	Total				
Net sales:								
Japan	\$1,759,614	\$1,250,151	\$ —	\$3,009,765	\$73,361	\$3,083,126	\$ —	\$3,083,126
Southeast Asia	—	—	872,718	872,718	—	872,718	—	872,718
Other	—	—	122,256	122,256	—	122,256	—	122,256
Revenue from contracts with customers	1,759,614	1,250,151	994,974	4,004,739	73,361	4,078,100	—	4,078,100
Revenue from other	225	6	—	231	1,644	1,875	—	1,875
Sales to third parties	1,759,839	1,250,157	994,974	4,004,970	75,005	4,079,975	—	4,079,975
Intersegment sales and transfers	1,485	30	—	1,515	17,911	19,426	(19,426)	—
Total	1,761,324	1,250,187	994,974	4,006,485	92,916	4,099,401	(19,426)	4,079,975
Segment income(loss)	183,717	32,081	(27,440)	188,358	4,175	192,533	18	192,551
Other item:								
Depreciation	28,084	3,703	14,905	46,692	3,295	49,987	(19)	49,968

Notes

- (1) Division of "Other" includes domestic real estate development, shipbuilding, leasing business, insurance business and environment business.
- (2) The adjustment of segment income (loss) is intersegment elimination.
- (3) Segment income (loss) is adjusted with operating profit in the consolidated statement of income.

(Related information)

For the year ended March 31, 2023

1. Information of each products and service

Please refer to above.

2. Geographical information

(1) Net sales

Japan	Southeast Asia	Other	Total
¥368,981 million	¥107,739 million	¥25,487 million	¥502,206 million

Note 1. Net sales are based on customer location, and are divided by country or region.

2. Net sales in Southeast Asia include ¥71,029 million in Singapore.

(2) Property, plant and equipment

Japan	Southeast Asia	Other	Total
¥77,778 million	¥13,098 million	¥888 million	¥91,763 million

Note: Property, plant and equipment in Southeast Asia includes ¥12,991 million in Singapore.

Notes to the Consolidated Financial Statements

3. Each main customer

Name of Customer	Net sales	Related segment
Ministry of Land, Infrastructure, Transport and Tourism in Japan	¥69,479 million	Domestic civil engineering segment Domestic building construction segment

For the year ended March 31, 2024

1. Information of each products and service
Please refer to above.

2. Geographical information

(1) Net sales

Japan	Southeast Asia	Other	Total
¥466,957 million \$3,084,259 thousand	¥132,242 million \$873,460 thousand	¥18,510 million \$122,256 thousand	¥617,708 million \$4,079,975 thousand

Note 1. Net sales are based on customer location, and are divided by country or region.

2. Net sales in Souheast Asia include ¥89,591 million (U.S. \$ 591,752 thousand) in Singapore.

(2) Property, plant and equipment

Japan	Southeast Asia	Other	Total
¥82,543 million \$545,200 thousand	¥13,165 million \$86,953 thousand	¥570 million \$3,767 thousand	¥96,278 million \$635,920 thousand

Note: Property, plant and equipment in Southeast Asia includes ¥12,918 million (U.S. \$ 85,325 thousand) in Singapore.

3. Each main customer

Name of Customer	Net sales	Related segment
Ministry of Land, Infrastructure, Transport and Tourism in Japan	¥115,864 million \$765,285 thousand	Domestic civil engineering segment Domestic building construction segment

(Information related to Impairment loss on fixed assets by reportable segment)

For the year ended March 31, 2023

None

For the year ended March 31, 2024

There is no impairment loss divided by reportable segment.

The amount and contents of the impairment loss which is not divided by reportable segment are omitted to disclose to Note 12 Extraordinary losses.

(Information related to the amortization of goodwill and unamortized balances)

For the year ended March 31, 2023

	Millions of yen						
	Reportable segment				Other	Adjustments	Total
	Domestic civil engineering segment	Domestic building construction segment	Overseas segment	Total			
Amortization	¥—	¥—	¥ 303	¥ 303	¥—	¥—	¥ 303
Balance at the end of current period	—	—	2,373	2,373	—	—	2,373

For the year ended March 31, 2024

	Millions of yen						
	Reportable segment				Other	Adjustments	Total
	Domestic civil engineering segment	Domestic building construction segment	Overseas segment	Total			
Amortization	¥—	¥—	¥ 335	¥ 335	¥—	¥—	¥ 335
Balance at the end of current period	—	—	1,321	1,321	—	—	1,321

	Thousands of U.S. dollars						
	Reportable segment				Other	Adjustments	Total
	Domestic civil engineering segment	Domestic building construction segment	Overseas segment	Total			
Amortization	\$—	\$—	\$2,213	\$2,213	\$—	\$—	\$2,213
Balance at the end of current period	—	—	8,723	8,723	—	—	8,723

Note: impairment loss was recorded for ¥893 million (U.S. \$ 5,897 thousand) of goodwill.

(Information related to gains on negative goodwill by reportable segments)

For the year ended March 31, 2023

None

For the year ended March 31, 2024

None

21. Amounts per share

1. Per share information is summarized as follows:

	Yen		U.S. dollars
	2023	2024	2024
Net assets excluding non-controlling interests per share	¥550.03	¥607.35	\$4.01
Net income attributable to owners of parent per share	2.40	62.73	0.41

Basic net income attributable to owners of parent per share is calculated by the weighted average number of outstanding common stocks during the year. Incidentally, shares held by BBT are included in treasury shares to be deducted from the average number of shares during of the year in calculating it. The average number of treasury shares issued and outstanding at March 31, 2023 and 2024 were 869 thousand and 1,026 thousand, including 657 thousand and 814 thousand of shares and held by BBT, respectively.

Basic net assets excluding non-controlling interests per share are calculated by the number of outstanding common stocks at the end of the year. Incidentally, shares held by BBT are included in treasury shares to be deducted from the number of shares at the end of the year in calculating it. The number of treasury shares issued and outstanding at March 31, 2023 and 2024 were 856 thousand and 1,157 thousand, including 645 thousand and 945 thousand of shares and held by BBT, respectively.

2. For the year ended March 31, 2023 and 2024, diluted net income attributable to owners of parent per share is not disclosed, because the dilutive potential of shares of common stock is none.

22. Significant subsequent events

1. Dividends

For the year ended March 31, 2024

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2024, was approved at the annual general shareholders' meeting held on June 25, 2024 and became effective June 26, 2024:

	Millions of yen	Thousands of U.S. dollars
	2024	2024
Cash dividends (¥ 24 (U.S. \$ 0.16) per share)	¥6,859	\$45,306

Dividends for shares held by BBT amounted to ¥ 23 million (U.S. \$ 150 thousand) are included in dividends in accordance with the resolution at the annual general shareholders' meeting on June 25, 2024.

2. Acquisition of treasury shares

The Company resolved the item related to the acquisition of treasury shares at the Board of Directors held on May 10, 2024, in accordance with the Article 156 of the Companies Act, which is applicable as the replacement of Article 165, Paragraph 3 of the said Act, as detailed below. The acquisition was complete on July 1, 2024.

(1) Reason for acquisition of treasury shares

The Company decided to acquire its treasury shares in order to enhance the shareholders' value per share and to improve the capital efficiency.

(2) Matters concerning acquisition of treasury shares

Type of share to be acquired	Common stock of the Company
Number of shares to be acquired	Up to 3,300 thousand shares (1.1% of the total outstanding shares excluding treasury shares)
Total cost of acquisition	Up to ¥ 2,000 million
Period of acquisition	From May 13, 2024 to August 30, 2024
Method of acquisition	Market purchases on the Tokyo Stock Exchange

(3) Result of acquisition

Type of share acquired	Common stock of the Company
Number of shares acquired	3,065,800 shares
Total amount of shares acquired	1,999,946,380 yen
Period of acquisition	From May 15, 2024 to July 1, 2024
Method of acquisition	Market purchases on the Tokyo Stock Exchange



Independent Auditor’s Report

The Board of Directors
PENTA-OCEAN CONSTRUCTION CO., LTD.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of PENTA-OCEAN CONSTRUCTION CO., LTD. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2024, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor’s opinion thereon, and we do not provide a separate opinion on these matters.



Estimation of total construction revenue and total construction costs using the method of recognizing revenue over time	
Description of Key Audit Matter	Auditor's Response
<p>PENTA-OCEAN CONSTRUCTION CO., LTD. (the "Company") and its consolidated subsidiaries primarily engage in domestic civil engineering, domestic building construction and overseas construction, and enter into long-term contracts with customers to cater to the specifications of customers over certain periods of time.</p> <p>As described in "(15) Recognition of major income and expense" under Note 3 "Summary of significant accounting policies" to the consolidated financial statements, the performance obligations on completion of projects and delivery to the customers based on construction contracts with the customers under the construction business, which is the main business, are determined to be satisfied over time mainly because the control is transferred to the customers with the progress of projects. The revenues are recognized over time in accordance with the progress based on satisfaction of performance obligations (progress toward completion of construction).</p> <p>The Company's net sales of completed construction contracts using the method of recognizing revenue over time amounts to 551,996 million yen, covering 89.4% of total net sales of 617,708 million yen in the Consolidated Statements of Income, for the fiscal year ended March 31, 2024.</p> <p>Net sales of completed construction contracts using the method of recognizing revenue over time is measured by multiplying total construction revenue by progress toward completion of construction. Total construction revenue is determined by adding the amounts agreed in contracts and estimated amounts substantially agreed with customers with whom contracts have not yet been entered into. Further, the measurement of progress towards completion of construction is determined based on the ratio of construction costs incurred (costs incurred) for construction performed up to the end of the fiscal year compared to the estimated total construction costs.</p>	<p>We mainly performed the following audit procedures to evaluate the adequacy of estimates of total construction revenue and total construction costs used in applying the method of recognizing revenue over time and recognizing provision for loss on construction contracts by the Company.</p> <p>(1) Evaluation of internal control</p> <p>We evaluated the design and operating effectiveness of the following internal controls relating to estimates of total construction revenue and total construction costs.</p> <p>① Total construction revenue</p> <p>The process in which documents indicating the amounts of consideration based on substantial agreements made between parties and details of such agreements, which form the basis of estimates of the amounts for which contracts have not yet been entered into with customers, are prepared by persons in charge of the construction work who have specialized knowledge and are approved by authorized persons who are responsible for the reliability of the profit and loss management of the construction work.</p> <p>② Total construction costs</p> <ul style="list-style-type: none"> The process in which operating budgets, which form the basis of estimates of the total construction costs, are prepared by persons in charge of the construction work who have specialized knowledge and are approved by authorized persons who are responsible for the reliability of the profit and loss management of the construction work. The process for verifying that each element of the total construction costs is calculated by accumulating in detail objective prices, such as standard unit prices approved internally and quotations obtained from external sources.

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<p>The calculation method for measuring net sales of completed construction contracts using the method of recognizing revenue over time is as shown below.</p> <p>Net sales of completed construction contracts = Total construction revenue × Progress towards completion of construction $\left(\frac{\text{Costs incurred}}{\text{Total construction costs}} \right)$</p> <p>As described in Note 4 "Notes on accounting estimates", if it is likely that total construction cost will exceed total construction revenue and if the amount can be reasonably estimated, then the amount resulting from deducting the profit or loss already recorded from the expected amount of the excess of costs over revenue is accounted for as provision for loss on construction contracts. The Company's provision for loss on construction contracts amounts to 7,922 million yen, covering 91.1% of total provision for loss on construction contracts of 8,699 million yen in the Consolidated Balance Sheets, at the end of the current fiscal year ended March 31, 2024.</p> <p>(1) Total construction revenue</p> <p>Although construction contracts may potentially be modified due to new agreements with customers during construction, there are cases where the amounts of such modifications are not determined each time the modifications of construction contracts are made. Accordingly, with regards to changes in consideration, if modifications to construction contracts that have not yet been entered into are to be included in total construction revenue, it is necessary to reliably estimate the amount of consideration based on substantial agreements made among parties and the details of such agreements.</p> <p>Determinations of whether agreements are substantial and estimates of amounts of consideration involve subjectivity since they are based on discussions with customers and thus involve uncertainty.</p>	<ul style="list-style-type: none"> The process for estimating the total construction costs timely and appropriately in accordance with the status of construction work, the amount of construction costs actually incurred versus the budget, and changes in specifications instructed by customers. The process in which the profit or loss for each construction contract is reported at the closing date by persons in charge of the construction work and is approved by authorized persons who are responsible for the reliability of the profit and loss management of the construction work. <p>(2) Evaluation of the adequacy of estimates</p> <p>We identified those construction contracts that involve a relatively high degree of uncertainty over the estimates of the total construction revenue and total construction costs, in light of factors such as the scale of construction, profit and loss on construction, and status of construction work, and performed the following audit procedures as a response to the uncertainties of each construction contract.</p> <p>① Total construction revenue</p> <ul style="list-style-type: none"> For estimates of amounts for which contracts have not yet been entered into with customers, we inspected documents such as work order from customers, order to commence work in advance, minutes of negotiations with customers, and quotations, and evaluated the status of agreements with customers and amount of consideration thereof. We evaluated the process for estimating the total construction revenue by comparing prior estimates of amounts for which contracts have not yet been entered into with customers with the subsequent status of the contracts or re-estimated amounts.
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<p>(2) Total construction costs</p> <p>Considering that construction contracts are highly individual and carried out in accordance with fundamental specifications and work details instructed by customers, it is difficult to apply a uniform rule for making estimates of total construction costs. Accordingly, estimates of total construction costs involve certain assumptions and judgments that are based on specialized knowledge and experience in construction, and thus involve uncertainty.</p> <p>Further, given that constructions are generally long-term in nature, there may be potential modifications in construction contracts, changes in weather and sea conditions and fluctuations in construction material prices and labor prices during construction, thus making timely and appropriate revisions of total construction costs complex.</p> <p>Based on the above, we have determined the estimation of total construction revenue and total construction costs, which is a component in calculating progress toward completion of construction, to be a key audit matter due to its particular significance for the fiscal year ended March 31, 2024.</p>	<p>㉔ Total construction costs</p> <ul style="list-style-type: none">• We inspected the most recent operating budget prepared in a timely manner that serve as the basis for the estimate of the total construction costs, and examined whether the estimated costs were consistent with the content of the construction contracts, calculated by accumulating the construction costs by category of work, and whether unusual amounts of adjustment items were not included in the operating budget.• We compared the prior estimate of the total construction costs with the estimate at the closing date, and for the changes in costs above a certain threshold, we examined whether the details of such changes were consistent with the current status of construction work by making inquiries regarding the reasons for the revisions, and reconciling the changes with the work schedules, quotations from subcontractors, and other documents.• We made inquiries regarding the status of the construction, the existence of events resulting in changes to the total construction costs, and the determination of whether revisions to the total construction costs were necessary, and examined whether the responses were consistent with the work schedules and the construction costs incurred.• We inspected construction sites of certain contracts (including remote inspections) and examined whether the status of construction was consistent with the estimate of the total construction costs and progress towards completion of construction.• We evaluated the process for estimating the total construction costs by comparing the prior estimate of total construction costs with the subsequent outcome of total construction costs or re-estimated amounts. <p>In addition, using a progress anomaly detection tool (tool that leverages machine learning to detect or predict abnormal construction progress for projects where the method of satisfying performance obligations and recognizing revenue over</p>
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	<p>time based on forecasts of progress towards completion of construction is applied, instances of construction contracts whose total construction costs exceed total construction revenue, and any unusual timing of cost incurrence), construction projects were identified in which the actual progress exceeded a certain threshold ahead of the expected progress, and we inspected the work schedule and payment control sheets, made inquiries of those responsible for construction, and determined work categories causing any variation in construction progress for contracts. Furthermore, we reconciled the invoices, construction progress assessment reports, and other documents from subcontractors in charge of specific work categories, inspected on-site photos showing the construction status near the fiscal year end, and examined whether they were consistent with the actual progress of the construction work.</p>
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Other Information

The other information comprises the information included in the FINANCIAL STATEMENTS that contains audited consolidated financial statements, but does not include the consolidated financial statements and our auditor’s report thereon. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group’s reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of Japanese 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.

Fee-related Information

The fees for the audits of the financial statements of PENTA-OCEAN CONSTRUCTION CO., LTD. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2024 are 116 million yen and 15 million yen, respectively.

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Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan
Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

August 27, 2024

/s/ 中川 政人

Masato Nakagawa
Designated Engagement Partner
Certified Public Accountant

/s/ 大石 晃一郎

Koichiro Oishi
Designated Engagement Partner
Certified Public Accountant

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**Non-Consolidated
Financial Statements**

Non-Consolidated Balance Sheets (Unaudited)

Penta-Ocean Construction Co., Ltd.
As of March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Current assets:			
Cash and deposits	¥ 46,471	¥ 54,671	\$ 361,105
Securities	12	42	276
Trade receivables:			
Notes	3,638	1,784	11,781
Accounts	276,652	314,903	2,079,942
Subsidiaries and affiliates	5,929	3,895	25,725
Inventories:			
Costs on uncompleted construction contracts	10,343	14,841	98,025
Real estate for sale and development projects in progress	482	386	2,550
Raw materials and supplies	1,462	1,208	7,981
Other	17,767	10,531	69,563
Allowance for doubtful accounts	(311)	(342)	(2,259)
Total current assets	362,445	401,919	2,654,689
Non-current assets:			
Property, plant and equipment:			
Land	31,476	31,476	207,899
Buildings and structures	37,378	37,730	249,206
Machinery, equipment and vehicles	17,099	20,186	133,331
Dredgers and vessels	44,370	43,282	285,881
Construction in progress	15,356	443	2,929
Other	226	279	1,839
Total property, plant and equipment	145,905	133,396	881,085
Less: Accumulated depreciation	(73,893)	(76,432)	(504,837)
Property, plant and equipment — net	72,012	56,964	376,248
Intangible assets:	1,224	1,125	7,431
Investments and other assets:			
Stock of and long-term loans receivable from subsidiaries and affiliates	30,676	36,642	242,023
Investment securities	17,853	20,504	135,427
Deferred tax assets	5,337	4,148	27,399
Other	9,817	10,760	71,066
Allowance for doubtful accounts	(3,857)	(4,276)	(28,243)
Total investments and other assets	59,826	67,778	447,672
Total non-current assets	133,062	125,867	831,351
Total assets	¥495,507	¥527,786	\$3,486,040

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Current liabilities:			
Short-term loans payable			
Bank	¥ 21,705	¥ 31,434	\$ 207,621
Commercial papers	10,000	—	—
Current portion of long-term loans payable and bonds payable	19,074	10,622	70,159
Trade payable:			
Accounts	120,265	127,004	838,866
Subsidiaries and affiliates	5,831	9,117	60,215
Advance received on uncompleted construction contracts	48,036	40,492	267,454
Deposits received	63,169	78,722	519,959
Income taxes payable	1,338	7,003	46,257
Provision for loss on construction contracts	10,851	7,923	52,330
Provision for warranties for completed construction	903	1,271	8,398
Provision for bonuses	2,804	2,980	19,683
Other	2,835	2,753	18,182
Total current liabilities	306,811	319,321	2,109,124
Non-current liabilities:			
Bonds payable	20,000	41,000	270,806
Long-term loans payable	15,554	16,173	106,823
Provision for retirement benefits	336	615	4,064
Provision for board benefit trust	346	423	2,796
Deferred tax liabilities for land revaluation	3,680	3,680	24,303
Other	13,700	219	1,447
Total non-current liabilities	53,616	62,110	410,239
Total liabilities	360,427	381,431	2,519,363
Net assets:			
Capital stock	30,450	30,450	201,123
Authorized - 599,135,000 shares			
Issued shares - 286,013,910 shares in 2023 and 2024			
Capital surplus			
Legal capital surplus	12,380	12,380	81,767
Other capital surplus	6,007	6,007	39,678
Total capital surplus	18,387	18,387	121,445
Retained earnings			
Reserve for advanced depreciation of non-current assets	69	64	422
General reserve	60,000	60,000	396,301
Retained earnings brought forward	18,048	27,958	184,662
Total retained earnings	78,117	88,022	581,385
Less: Treasury stock	(512)	(774)	(5,108)
Valuation difference on available-for-sale securities	3,819	6,270	41,408
Deferred gains or losses on hedges	842	23	153
Revaluation reserve for land	3,977	3,977	26,271
Total net assets	135,080	146,355	966,677
Total liabilities and net assets	¥495,507	¥527,786	\$3,486,040

Non-Consolidated Statements of Income (Unaudited)

Penta-Ocean Construction Co., Ltd.
For the years ended March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Construction business:			
Net sales	¥468,638	¥565,392	\$3,734,423
Cost of sales	445,949	517,447	3,417,743
Gross profit	22,689	47,945	316,680
Other:			
Net sales	427	478	3,161
Cost of sales	240	258	1,709
Gross profit	187	220	1,452
Total:			
Total net sales	469,065	565,870	3,737,584
Total cost of sales	446,189	517,705	3,419,452
Total gross profit	22,876	48,165	318,132
Selling, general and administrative expenses	20,094	21,828	144,177
Operating income	2,782	26,337	173,955
Non-operating income:			
Interest and dividends income	786	879	5,808
Interest and dividends income from subsidiaries and affiliates	525	2,781	18,372
Other	226	564	3,723
	1,537	4,224	27,903
Non-operating expenses:			
Interest expenses	955	1,940	12,817
Foreign exchange losses	2,237	—	—
Provision of allowance for doubtful accounts	—	428	2,825
Other	604	285	1,881
	3,796	2,653	17,523
Ordinary income	523	27,908	184,335
Extraordinary income	325	1,232	8,136
Extraordinary losses	116	4,169	27,536
Income before income taxes	732	24,971	164,935
Income taxes:			
Current	2,964	7,693	50,811
Deferred	(2,401)	513	3,389
Total income taxes	563	8,206	54,200
Net income	¥ 169	¥ 16,765	\$ 110,735
Net income per share of common stock	Yen		U.S. dollars
Basic	¥ 0.59	¥ 58.83	\$ 0.39