



Supporting the future today

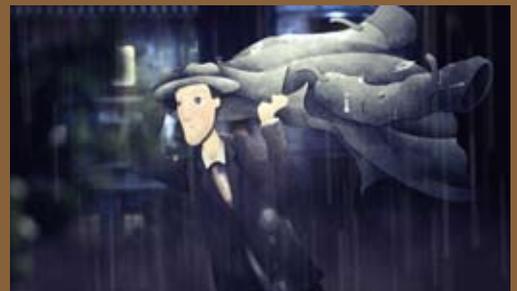
Supporting the future today

Profile

Kandenko Co., Ltd., aims for the mutual prosperity of its shareholders, customers, and the communities where it works, and finds its purpose in this pursuit. We conduct business in a wide range of fields and have grown into one of the largest general infrastructure companies in Japan. Owing to the support of its stakeholders, Kandenko celebrated its 70th anniversary in September 2014.

In fields such as building infrastructure, telecommunications infrastructure, and electric power infrastructure, Kandenko uses its independently developed technologies, expertise, and work methods to provide end-to-end engineering services ranging from design and execution to maintenance and renovation of electrical, telecommunications, and other kinds of work. We are also active in the renewable energy field, where the execution expertise we have accumulated in the fields of solar and wind power serves us well.

Kandenko will continue to innovate on the technology front, nurture its human resources, and build a sounder financial structure while making a long-lasting contribution to society as a partner in social infrastructure.



Your Partner in Social Infrastructure

Here we would like to introduce the TV commercial titled “Diorama Town,” which Kandenko started broadcasting in August 2014.

The commercial shows everyday life returning to a diorama town through the work of Kandenko employees, who restore the power after a thunderstorm causes a blackout. This expresses Kandenko’s role in the construction and maintenance of infrastructure throughout Japan, and the Company’s sense of responsibility about undertaking recovery work after natural disasters.



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The Kandenko Group

The Kandenko Group comprises Kandenko Co., Ltd. and 21 consolidated subsidiaries. We engage in five businesses: facility installation, electrical equipment sales, real estate, leasing, and power generation. The positions of these businesses within the Group and the business segment to which they belong are explained below.

Facility Installation Business

Kandenko operates a facility installation business and subcontracts some of this work to Kawasaki Setsubi Kogyo Co., Ltd.; Kanko Facilities Co., Ltd.; Kanko Power Techno Co., Ltd.; Kanagawa K-Techno Co., Ltd.; Chiba K-Techno Co., Ltd.; Saitama K-Techno Co., Ltd.; Ibaraki K-Techno Co., Ltd.; Tochigi K-Techno Co., Ltd.; Gunma K-Techno Co., Ltd.; Yamanashi K-Techno Co., Ltd.; Shizuoka K-Techno Co., Ltd.; NETSAVE Co., Ltd.; and HANDENKO CORPORATION. Worksite security is outsourced to Tokyo Kouji Keibi Co., Ltd., and design and estimation work are given to Bay Techno Co., Ltd. Kandenko and Transmission Line Construction Co., Ltd., receive orders from Tokyo Electric Power Company, Incorporated (TEPCO) and its affiliates, for the installation of electrical facilities.

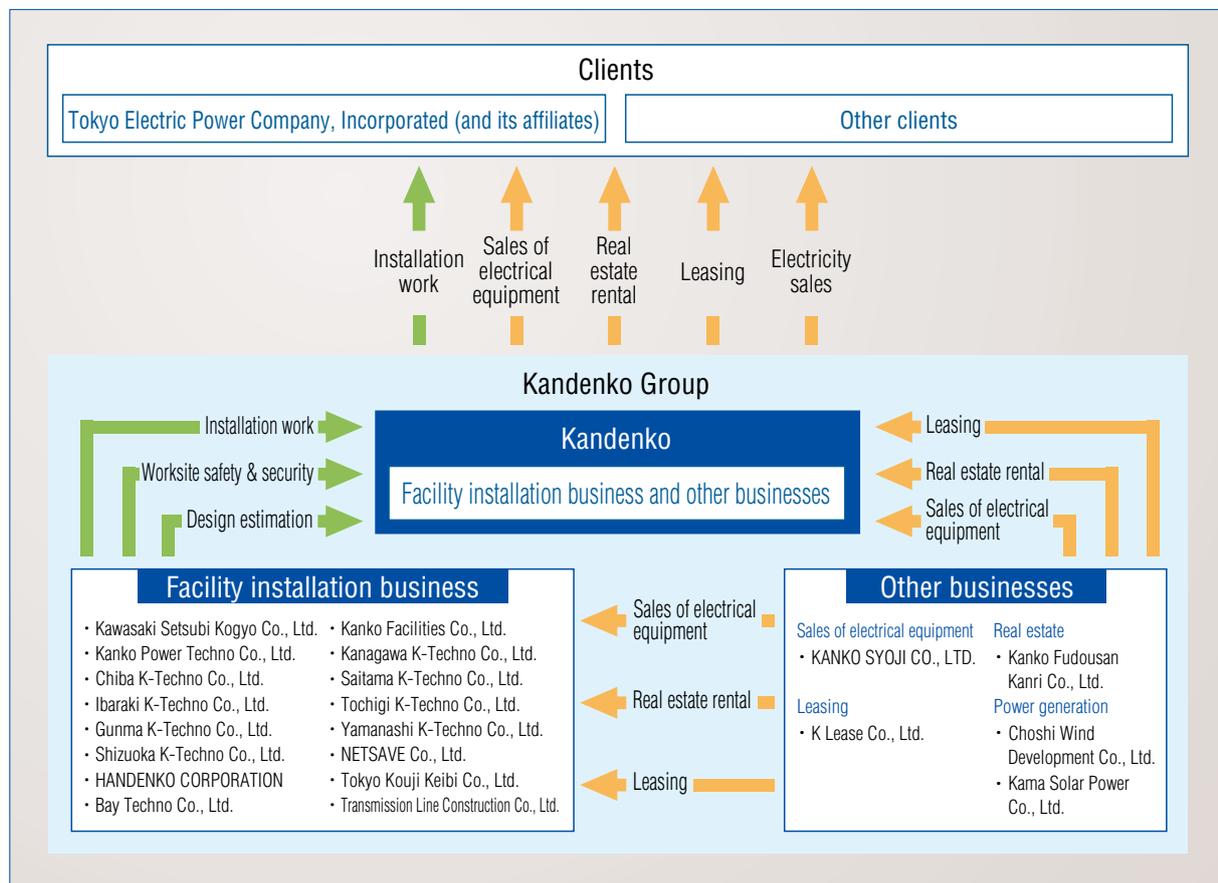
Other Businesses

Kandenko is engaged in the real estate and power generation businesses; KANKO SYOJI Co., Ltd., in the electrical equipment sales business; Kanko Fudousan Kanri Co., Ltd., in the real estate business; K Lease Co., Ltd., in the leasing business; and Choshi Wind Development Co., Ltd., and Kama Solar Power Co., Ltd. in the power generation business. Kandenko purchases some of the materials it requires for installation work from KANKO SYOJI, rents land and buildings from Kanko Fudousan Kanri, and leases vehicles and other items from K Lease. Both Kandenko and Choshi Wind Development sell electricity to TEPCO.

The businesses mentioned above are arranged in a schematic diagram below showing the Kandenko Group's structure.

Kandenko Group Structure

(As of March 31, 2015)



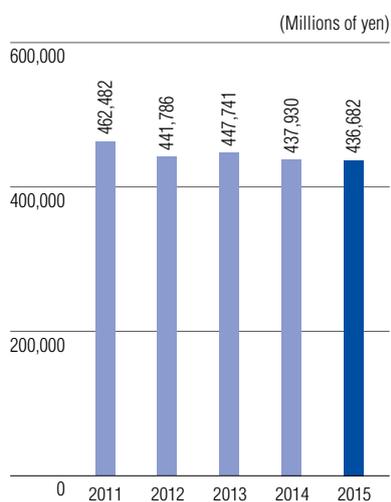
Consolidated Financial Highlights

Kandenko Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2014 and 2015

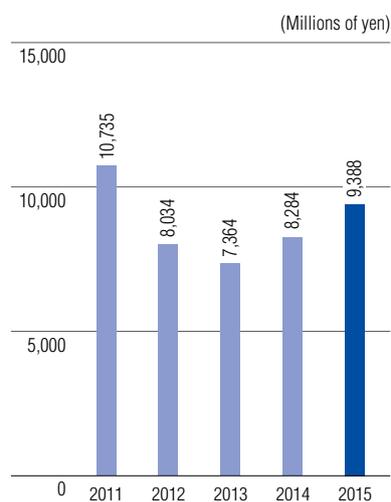
Millions of yen

	2014	2015	Reference: 2015 (Kandenko, nonconsolidated)
Net sales	¥ 437,930	¥ 436,682	¥ 389,193
Operating income	8,284	9,388	6,824
Ordinary income	9,089	10,336	7,781
Net income	4,226	4,615	3,806
Comprehensive income	7,327	11,984	–
Total assets	359,933	366,177	322,992
Total net assets	189,692	193,345	172,653
Equity ratio (%)	51.45	51.44	53.45%
Net assets per share (yen)	906.29	922.05	845.12
Net income per share (yen)	20.69	22.59	18.63
Cash dividends per share (yen)	12.00	14.00	–
Number of employees (persons)	8,821	8,839	6,604

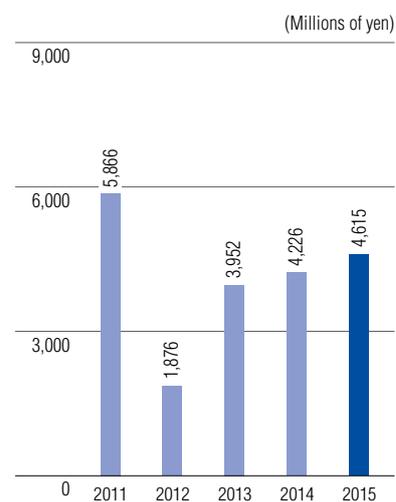
Net sales



Operating income



Net income



Message from the Management



Manabu Yamaguchi
Chairman and Director

Manabu Yamaguchi



Hiroshi Mizue
President and Director

Hiroshi Mizue

Fiscal 2014 Business Environment

In fiscal 2014, ended March 31, 2015, the Japanese economy was characterized by sluggish consumer spending due to the consumption tax rate hike at the beginning of the term. However, stock prices rose on favorable corporate earnings while the employment environment improved, showing that a modest economic recovery was underway.

For these reasons, investment in private construction was firm, unlike that in electric power facilities. As part of its rationalization plan, Tokyo Electric Power Company (TEPCO) cut back greatly on capital investment for electric power facilities, and thus Kandenko continued to face a severe business environment.

In these circumstances, Kandenko promoted further efficiency of its business operations. To expand the geographic reach and flexibility of its marketing and construction systems and simplify our business processes, we undertook a sweeping management reorganization, eliminated the system of branch offices in each prefecture, introduced a headquarters for each region, put the Electricity Transmission Business Office directly under the Head Office's jurisdiction, and consolidated offices within the business.

Due to the decline in TEPCO-related work and a two-month shutdown in operations, both net sales and new orders received

decreased from the previous fiscal year. Nevertheless, the entire company's drive to improve productivity and reduce work costs and administrative and indirect expenses led to strong profit growth compared to fiscal 2013.

Outlook

With the approach of the Tokyo Olympic and Paralympic Games in 2020, we expect to see a surge in construction demand, especially that related to infrastructure and large-scale redevelopment projects in the greater Tokyo area. On the other hand, amid TEPCO's restrictions on capital investment, the government plans power system reforms such as electric power liberalization and separation of the power generation and transmission businesses. The industry is thus on the brink of a major turning point.

We have drafted a management vision called "Kandenko, a 100-Year Company Supporting Society," which aims to guide the Kandenko Group to new achievements and set out our direction. At the same time, we decided on a medium-term management plan for the next three years, which calls on Kandenko to implement the following management policies.

First, we will accelerate the structural reforms launched in 2014. These call for reorganization of related companies and improvement of

We will accelerate structural reform and push ahead with earnings expansion.

productivity. We will keep close track of earnings and expenditures by each branch office as we advance into a more profitable future.

Next, Kandenko will construct a new business model based on the expertise it has accumulated over many years as a general infrastructure company. For example, we plan to develop our power generation business using in-house technology and offer high-value-added services that match the needs of a stock-based society.

Since the Great East Japan Earthquake, a cumulative total of more than 410,000 employees of the Kandenko Group have taken part in recovery and reconstruction work in Fukushima Prefecture. To give this work even greater momentum, we established a Fukushima Headquarters in July 2015 and help all of the onsite work divisions in the Group, including the Nuclear Power Division, to demonstrate their overall strength. In this way, Kandenko will continue making a long-term contribution to Fukushima's recovery.

As we move forward, each Kandenko Group employee will engage in sincere, safe, and quality conduct, the basis of fair and appropriate business operation. Concurrently, we will establish the type of resilient corporate structure on which sustained growth depends, and by raising Kandenko's profitability, we will boost its corporate value.

Basic Policy on Sharing Profits: Dividends for Fiscal 2014 and 2015

Our basic policy is to continuously pay stable dividends twice annually, an interim and a fiscal year-end dividend. We also strive to return profits to shareholders through other offerings, including commemorative dividends.

Dividends for fiscal 2014 consisted of an interim dividend of ¥8 per share, which included a commemorative 70th anniversary dividend of ¥2, and a fiscal year-end dividend of ¥6 per share, for an annual dividend of ¥14 per share.

To implement our positive stand on returning profits to shareholders in fiscal 2015, we will add a special dividend based on earnings and other factors. We plan an interim dividend of ¥6 per share and a fiscal year-end dividend of ¥8 per share, which will include a special dividend of ¥2, for an annual dividend of ¥14 per share.

Fiscal 2014 business results

Consolidated results (Billions of yen)

Net sales	436.6 (Down 0.3% YoY)
Operating income	9.3 (Up 13.3% YoY)
Ordinary income	10.3 (Up 13.7% YoY)
Net income	4.6 (Up 9.2% YoY)

Non-consolidated results

New orders received	408.9 (Down 5.5% YoY)
Net sales	389.1 (Down 0.5% YoY)
Operating income	6.8 (Up 26.2% YoY)
Ordinary income	7.7 (Up 22.6% YoY)
Net income	3.8 (Up 30.7% YoY)

Fiscal 2015 business results (forecast)

Consolidated results (Billions of yen)

Net sales	466.0 (Up 6.7% YoY)
Operating income	10.1 (Up 7.6% YoY)
Ordinary income	10.6 (Up 2.5% YoY)
Net income	6.1 (Up 32.2% YoY)

Non-consolidated results

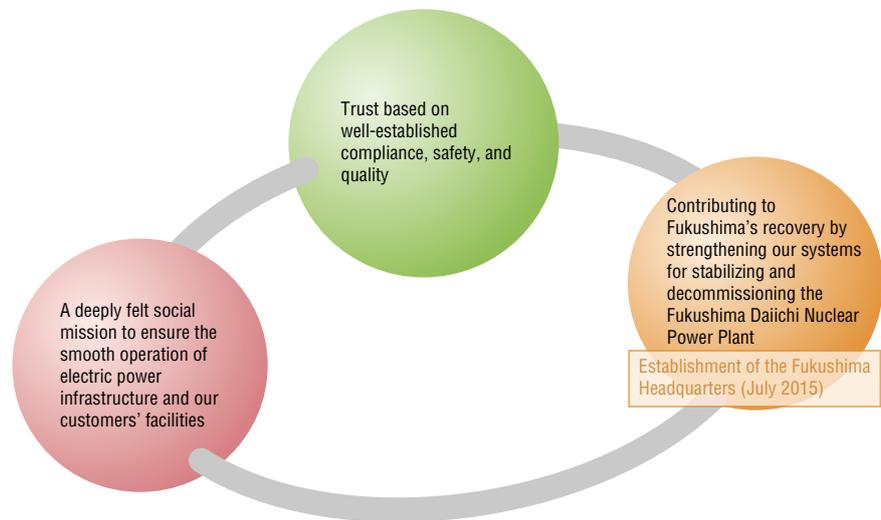
New orders received	440.0 (Up 7.6% YoY)
Net sales	416.0 (Up 6.9% YoY)
Operating income	8.0 (Up 17.2% YoY)
Ordinary income	8.6 (Up 10.5% YoY)
Net income	5.3 (Up 39.2% YoY)

A 100-Year Company Supporting Society

I.

A Company Trusted by Society and Its Customers

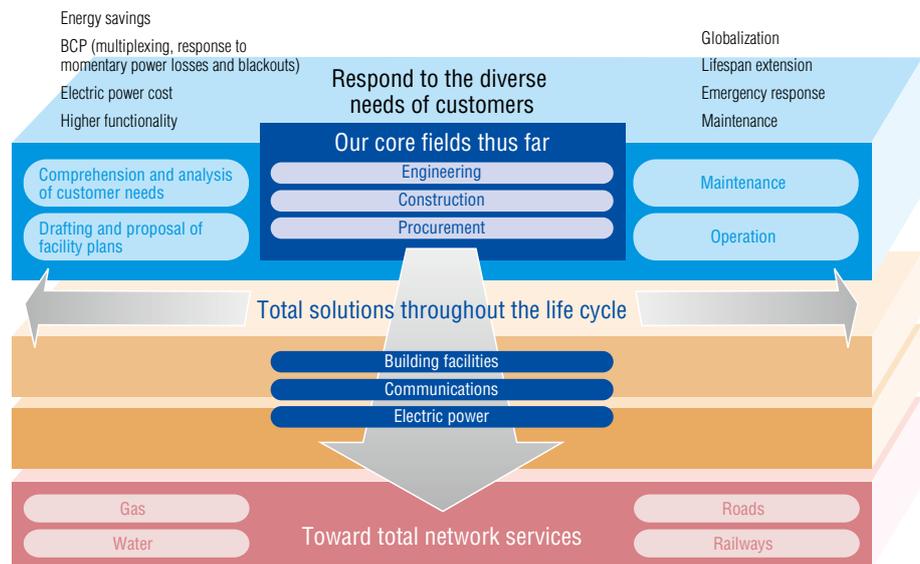
We aim to be trusted by society and our customers for three things that are preconditions for good management: compliance, safety, and quality.



II.

A Total Solution Provider for Facilities

In response to the diverse needs of society and our customers, we aim to be a total solution provider, comprehensively offering all types of services for facilities.



Start of the New Medium-Term Management Plan

Along with our Management Vision, we have embarked on a new Medium-Term Management Plan (fiscal 2015–2017), which comprises the practical details of how to attain our Vision. As we remain mindful of our keywords (“vigor, trust, and a new leap forward—Kandenko 2017”), we will put a high priority on implementing the following policies over the next three years.

Important Policies in Our Medium-Term Management Plan (Fiscal 2015–2017)

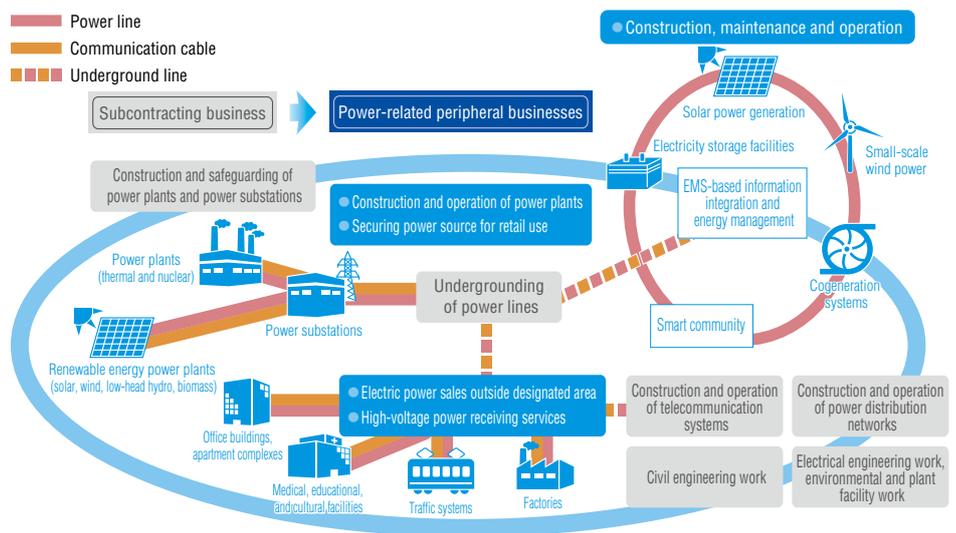
- Thoroughgoing compliance, improvement of safety and quality
- Structural reform, profit expansion
 - > Reinforcement of marketing/construction system and higher efficiency in Group management
 - > Productivity improvements, deeper cost-cutting initiatives
- Construction of a new business model, expansion of business fields
 - > Response to a stock-based society
 - > New business fields arising from electric power system reforms
 - > Using in-house technology in the social infrastructure field
 - > Renewable energy power generation business, energy management service
- Fostering employees and technology that will sustain the Company in the future
- Infusing the Company with vigor and liveliness

In September 2014, Kandenko marked the 70th anniversary of its foundation. We are committed to maintaining a stable electricity supply for decades into the future, and to maintaining and improving our customers' facilities. To express this commitment, we drafted a new Management Vision titled "Kandenko, a 100-Year Company Supporting Society."

III.

Into Power-Related Subcontracting Work, Mindful of Retail Power Liberalization and Globalization

We are moving into power-related peripheral businesses, such as high-voltage power receiving services and the construction and operation of smart communities.



IV.

Fostering People and Technology to Raise Our Worksite Strength

Kandenko trains its employees to ensure their readiness for the future, just as it develops new technologies and improves skills, the cornerstones of our growth. This is a step on the way to becoming a 100-year company.



Fostering people who answer the needs of society and our customers, and strengthening our technology

Financial targets for fiscal 2017 (consolidated)

Net sales	¥500 billion or more
Operating income	¥15 billion or more
Net income	¥10 billion or more

Capital investment plan (by type)

Three-year capital investment	¥30 billion
Production facilities	¥10 billion
Power generation business	¥14 billion
Real estate business	¥6 billion

Business Review by Division

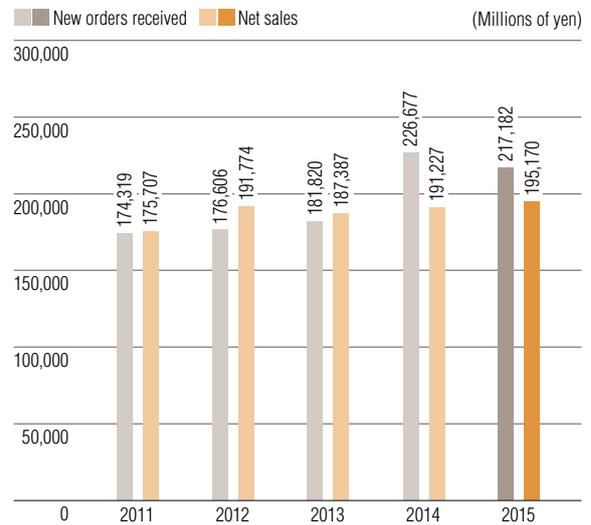
Electrical Engineering, Environmental Facilities and Systems, and Renovation Work



Electrical Engineering Work: Work on electrical facilities and equipment inside all types of buildings and structures, building interiors, and control equipment
Environmental Facilities and Systems, and Renovation Work: Work on air conditioning and sanitation systems, heat supplying systems, disaster prevention systems

In electrical engineering, environmental facilities and systems, and renovation work, Kandenko faced challenges in securing work execution capabilities to keep pace with increasing investment in construction, especially in the Tokyo area. We made workplace and system changes to raise productivity by, for example, analyzing market information to better plan our receipt of orders. Concurrently, we assigned our pool of workers more flexibly and strengthened our on-site support systems. As a result, new orders received totaled ¥217,182 million (down 4.2% year on year), remaining above ¥200,000 million for the second straight year. Completed work (net sales) rose 2.1% from fiscal 2013 to ¥195,170 million.

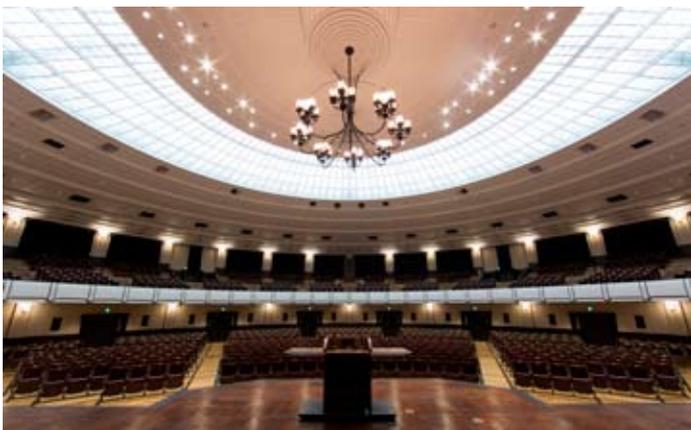
Business results by type of work



Toranomon Hills (Minato Ward, Tokyo)



University of Tokyo Yasuda Auditorium (Bunkyo Ward, Tokyo)



Information & Communication Work

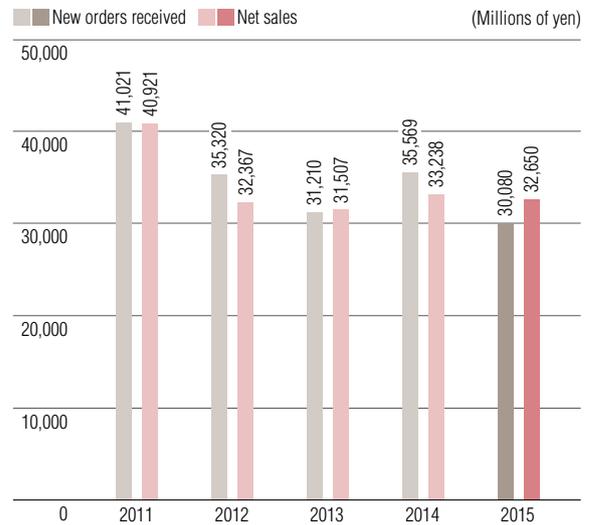
Description of Business

Develop proposals for and carry out installation and maintenance of information and telecommunications systems, lay optical fiber cables for telecommunications providers, install optical transmission equipment, carry out building and maintenance of transmission base stations for mobile communications, carry out building and maintenance of networks for CATV and municipalities, and carry out maintenance of telecommunications facilities for electric power providers

In information & communication work, telecom providers did not install smartphone base stations or lay optic fiber cables at the rate they once did. In addition, cable TV operators restricted or postponed their capital investment, making the business environment even more severe. As a result, both new orders received and net sales fell below the amount achieved the previous fiscal year, as shown below.

New orders received: ¥30,080 million (down 15.4% year on year)
 Net sales: ¥32,650 million (down 1.8% year on year)

Business results by type of work



Connecting fiber optic cables



Installing more mobile phone antennas

Business Review by Division

Power Distribution Lines Engineering Work



Construction and maintenance of TEPCO's electric power facilities

In the field of overhead and underground power distribution lines engineering work, reduced investment in electricity distribution facilities and the introduction of a full-fledged competitive bidding system (leading to price cuts for work) made the operating environment harsher than ever before.

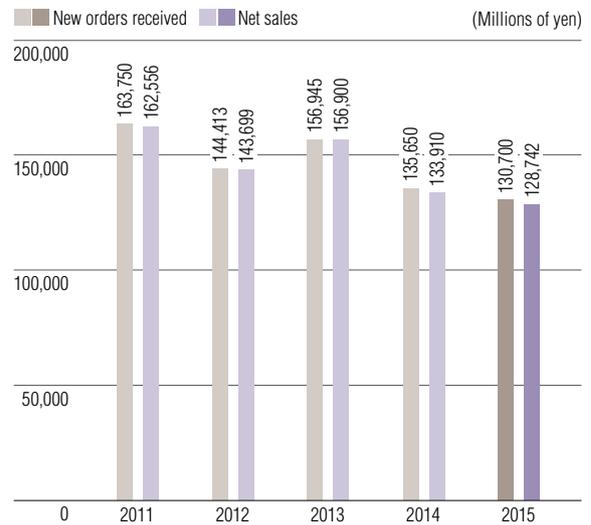
For this reason, we launched a productivity drive entailing an immediate response to changes in work volume through flexible deployment of work execution capability over a wide area. We also took the initiative in fixed cost-cutting by making branch offices directly responsible for work in their area and combining and eliminating some branch offices. Nevertheless, both new orders received and net sales declined from fiscal 2013, as shown below.

New orders received: ¥130,700 million (down 3.6% year on year)
 Net sales: ¥128,742 million (down 3.9% year on year)

Connecting underground power distribution cables



Business results by type of work



Using an elevating work platform to install a new transformer on a power pole

Electric Power & Civil Engineering Work



- Power Generation and Transformation Work:** Work on power stations and substations, and wind power generation
- Transmission Lines Work:** Work on overhead transmission lines
- Civil Engineering Work and Underground Lines Work:** Work on underground transmission lines, and civil engineering work utilizing C.C. Box
- Nuclear Power Work:** Conduct regular inspections and maintenance of nuclear power plant facilities and equipment

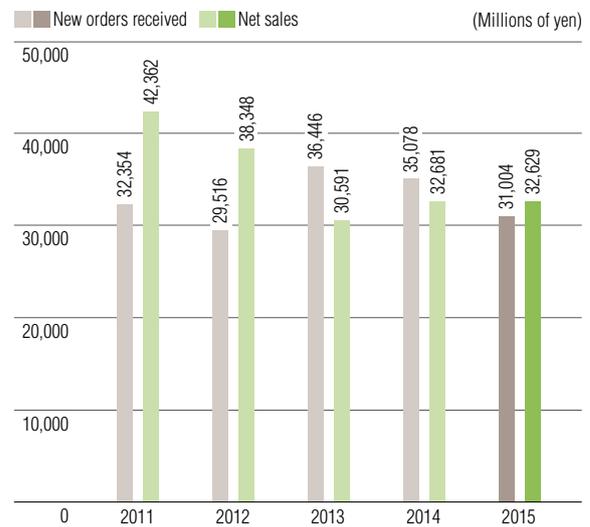
In the field of power generation and transformation, overhead and underground power lines, civil engineering, and nuclear and wind power generation, Kandenko responded to the decline in TEPCO-related work by using its accumulated technology and expertise to bid on jobs such as the construction of special high-voltage transformer facilities and the laying of underground gas pipelines for a broader clientele. Nevertheless, our efforts were insufficient to turn the tide, as shown below.

New orders received: ¥31,004 million (down 11.6% year on year)
 Net sales: ¥32,629 million (down 0.2% year on year)

Mounting a blade on a wind turbine



Business results by type of work



Removing a gas circuit breaker from a transformer at a substation

Power Generation



Sosa Solar Power Plant (Sosa City, Chiba Prefecture)

In power generation, we completed solar power plants in Sosa City, Chiba Prefecture, and Sakai Town, Ibaraki Prefecture, and we are now selling electricity from those sources. With these two facilities, our renewable energy power plants now total four solar power plants and

two wind farms with an aggregate generating capacity of 29MW. When a solar power plant now under construction in Kama City and Iizuka City, Fukuoka Prefecture, is completed in fiscal 2015, Kandenko's aggregate generating capacity will rise to 49MW.



Kama Solar Power Plant (Kama City and Iizuka City, Fukuoka Prefecture)

Outline of Power Generation Facilities

1

Name of facility	Kaminokawa Solar Power Plant
Location	Kaminokawa Town, Tochigi Prefecture
Generating capacity of facility	1.75MW
Start of operation	October 2013

2

Name of facility	Shinkoga Solar Power Plant
Location	Sakai Town, Ibaraki Prefecture
Generating capacity of facility	1.5MW
Start of operation	March 2015

3

Company name	Choshi Wind Development Co., Ltd.
Location	Choshi City, Chiba Prefecture
Generating capacity of facility	22.5MW (1.5MW x 15 turbines)
Start of operation	November 2004 (nine turbines) July 2006 (six turbines)

4

Name of facility	Shiraoka Solar Power Plant
Location	Shiraoka City, Saitama Prefecture
Generating capacity of facility	1.5MW
Start of operation	May 2013

5

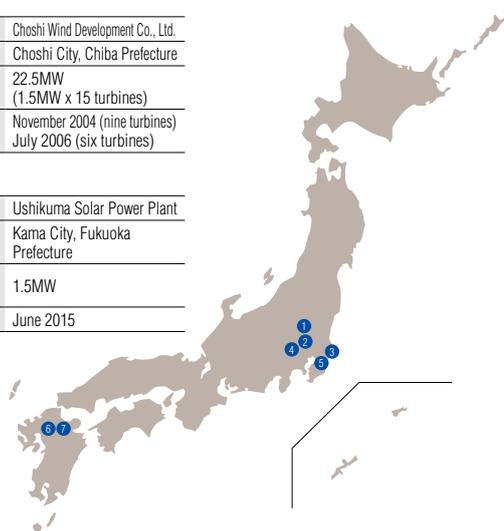
Name of facility	Sosa Solar Power Plant
Location	Sosa City, Chiba Prefecture
Generating capacity of facility	1.5MW
Start of operation	July 2014

6

Name of facility	Ushikuma Solar Power Plant
Location	Kama City, Fukuoka Prefecture
Generating capacity of facility	1.5MW
Start of operation	June 2015

7

Company name	Kama Solar Power Co., Ltd.	
Name of facility	Kama Solar Power Plant I	Kama Solar Power Plant II
Location	Kama City and Iizuka City, Fukuoka Prefecture	Kama City, Fukuoka Prefecture
Generating capacity of facility	13.75MW	5.00MW
	Total: 18.75MW	
Start of operation	June 2015	November 2015



Nikko Toshogu Museum

The shrines and temples of Nikko constitute one of Japan's representative World Heritage sites. The most famous shrine is Nikko Toshogu, where Ieyasu Tokugawa, the first shogun of the Tokugawa Shogunate, is buried. The year 2015, the 400th anniversary of Ieyasu's death, will be marked by ceremonies and a festival held in his honor. One of these events is the opening of the remodeled Nikko Toshogu Museum. The museum was rebuilt for the first time in 50 years, with display rooms to show Japanese "southern barbarian" armor (an Important Cultural Property) and many valuable historical materials, as well as a theater where the Yomei-mon Gate (a National Treasure) and other artifacts are introduced.

In rebuilding the museum, Kandenko was responsible for electricity-related equipment, such as high-voltage receiving equipment, lighting, and a snow-melting system to keep snow from accumulating on the roof. Lighting was a particular challenge because of the museum's role as a showplace. We conducted detailed simulations and made adjustments to produce the kind of light that would most faithfully show the beauty of the displayed objects. We ended up using LED lights, which also reduced power consumption.

Untreated cryptomeria (Japanese cedar) wood grown in Nikko is used in the museum, so we had to take pains to avoid damaging this valuable material when we installed lights and sensors. Furthermore, we did our work amid a World Heritage site and in rich natural surroundings, so we faced a number of restrictions aimed at protecting historical artifacts and the ecosystem when we excavated or installed exterior lighting. By tapping into our accumulated technology and skills, we completed the job without a mishap.

Kandenko's technology helps the Nikko Toshogu Museum to show its valuable historical materials to a multitude of people.



Nikko Toshogu Museum



A display room showing valuable objects on the theme of "Ieyasu Tokugawa and Nikko Toshogu." A section of the ceiling made of material cut from a single cryptomeria tree can be seen in this photo.



To mark the museum's completion, swords designated as a National Treasure were put on display for the first time in 47 years (a special display until May 2015).

Topics: Introduction of Projects by Kandenko



1 Head Office building of Bourbon Corporation (Kashiwazaki City, Niigata Prefecture)



2 Azumino New City Hall (Azumino City, Nagano Prefecture)



7 Meiji Co., Ltd. New Plant (Kaizuka City, Osaka Prefecture)



8 Sanda New City Hall (Sanda City, Hyogo Prefecture)



3 Shinjuku Toho Building (Shinjuku Ward, Tokyo)



4 NISSAY MARUNOUCHI GARDENTOWER (Chiyoda Ward, Tokyo)



9 LED lighting at YAHUOKU! DOME Arena (Fukuoka City, Fukuoka Prefecture)



5 Shinagawa Season Terrace (Minato Ward, Tokyo)



6 Chiba Medical Center (Chiba City, Chiba Prefecture)



Establishment of the Fukushima Headquarters

In July 2015, Kandenko established its Fukushima Headquarters to better assist Fukushima Prefecture's post-earthquake recovery and reconstruction, and to continue working on the stabilization and decommissioning of the Fukushima Daiichi Nuclear Power Plant.

A cumulative total of more than 410,000 employees of the Kandenko Group have engaged in recovery and reconstruction work. As a general infrastructure company, we have deployed the strength of all the onsite work divisions in this effort, and we will keep contributing to reconstruction as we put down roots in Fukushima.



Laying electric power cables in a frozen soil impermeable wall

Laying optical fiber cable in a freezing plant structure



Construction of a new power source network



Inspection of an emergency-use generator

Contribution to the Full Opening of the Joban Expressway

Kandenko worked on electrical and communications facilities for the Joban Expressway, a major transportation route linking Tokyo with Sendai, which opened fully in March 2015.

Part of the Joban Expressway section for which Kandenko was responsible passed through a radiation-controlled area. In this special environment, work-related technology and skills took on added importance, as did knowledge on limiting employee exposure to radiation.

We made use of the expertise and experience gained from past work on expressways and our recovery and reconstruction work on the Fukushima Daiichi Nuclear Power Plant to complete this job without incident.

We will continue to contribute in any way we can to the earliest possible recovery of Fukushima Prefecture and the rest of the Tohoku region.



Installing a variable-message sign on a roadway



Installing light fixtures in a roadway tunnel



Installing an ETC card-reader gate at the Namie Interchange

Work Clothes Redesigned

On celebrating its 70th year, Kandenko introduced new work clothes for its employees in March 2015.

The work clothes we used for the previous 35 years were basically blue. In fact, Kandenko came to be recognized by the color of its employees' clothing.

The basic image of the clothing is carried on, but we have tried to express youthfulness, sincerity, and dynamism in the new design. We also made the clothing more functional by taking the opinions of front-line workers into consideration to improve safety and practicality.

Although our attire might look slightly different, Kandenko will continue to make a broad contribution to society and aims to be trusted by all.



Employees attend a training session in their redesigned work clothes.

Research & Development

Aiming to deal with unmet needs and longstanding issues in the workplace, Kandenko gives a high priority to developing technology that will help to expand new orders, technology that will contribute to new businesses, and technology that will boost our onsite power and resilience. In fiscal 2014, we concentrated on developing technologies in areas where our customers' needs were strongest: namely, technologies to ensure facility security, conserve energy, maintain and operate large-scale solar power plants in a way that contributes to efficiency. We also developed work methods that facilitate safety and labor saving and smooth the introduction of robots.

R&D expenses amounted to ¥1,024 million (consolidated) in fiscal 2014, and the main results are detailed below. (R&D expenses are not broken down by segment.)

Facility Installation Business

Development of Large-Capacity LED Ceiling Light Fixtures for Warehouses and Factories

When ceiling lights are installed in new warehouses and factories or when lighting systems are replaced, LED lights are often the first choice nowadays, because of their energy-saving and labor-saving qualities. This type of work is expected to increase. Seeing a need, we filled it by developing high-capacity LED ceiling light fixtures with an improved substrate for high efficiency and durability, as well as lighter weight. We aim to expand orders for this device, and have begun proposing it to customers.



Development of a Power Pole-Mounted Box for CATV-Use Optical Fiber Terminal Devices

CATV transmission lines have generally been composed of coaxial cables and optical fiber cables up to now, but with increasing transmission speeds in recent years, it has become necessary to extend optical fibers to the home (FTTH). Sometimes, however, physical constraints or the difficulty of recovering the cost of cable installation make FTTH work impractical. We addressed this problem by developing an FTTH instrument box that contains FTTH terminals and can be used with existing retractable coaxial cables. We will propose this device to customers as we work to expand sales.



Development of the Small-Bore, Sharply Curved Tunnel-Forming Method

In the small-bore tunnel-forming method, if an underground pipe needed to turn sharply at an intersection with right-angle corners, a pile had to be driven into the center of the intersection to guide the pipe. This often caused traffic jams. Faced with this problem, we developed a method of following the line of a road when boring tunnels around sharp corners. We intend to refine this method and

broaden its applications, so that we can win more civil engineering orders.



Development of a Bucket Net to Stop Falling Objects

When people work on cherry pickers or other elevated buckets, the problem of falling objects has typically been countered by cloaking the bucket in a net. However, attaching the net takes time, and its fixed shape limits the bucket's maneuverability. We sought to solve this problem by developing a net that fulfills the same purpose but can freely take any shape. This enables a smooth workflow even in proximity to crowded power lines. We plan to use this new net to improve the safety and efficiency of elevated work.



Other Businesses

Upgrade of the Mega-Solar Power Plant Measurement and Monitoring System

Kandenko added a function to its measurement and monitoring system for mega-solar power plants that estimates the soundness of electricity output and the power plant based on monitoring data. We use the new function to ensure the stable operation and improve the reliability of our mega-solar power plant. We plan to market this system to our customers so it that contributes directly to sales.



Corporate Governance

Corporate Governance

As Kandenko's operating environment drastically changes, we are working to make management more efficient and transparent while ensuring the fairness of business execution. We realize that Kandenko's continued existence as a company with high value to its stakeholders depends on a robust corporate governance system. We are therefore unstinting in our efforts to strengthen corporate governance.

Outline of the Current Corporate Governance System

Kandenko's Board of Directors is composed of 15 members, including two outside directors. They hold a scheduled meeting once monthly, and meet on other occasions when necessary. The Board discusses and decides on important business matters and oversees the business conduct of Company directors. The two outside directors are provided with a designated supporting department that gives briefings on proposals before those proposals are tabled at meetings, if necessary. Important managerial issues, including those that will be brought up at a Board of Directors meeting, are discussed by a Management Committee that meets weekly or when necessary. In these ways, we strive for rational corporate administration. Moreover, we have introduced an executive officer system, which separates managerial oversight from business execution, to accelerate the decision-making process and reinforce business execution while enhancing the efficiency of the directors' business execution system. To foster swift responses to changes in the operating environment and invigorate management, directors' terms are limited to one year from the time of appointment.

Kandenko has employed an Audit & Supervisory Board member system for some time. Five Audit & Supervisory Board members, including three from outside the Company, conduct audits appropriately based on legal stipulations and Kandenko's audit policy. The outside members heighten our system's independence and neutrality. They attend our Board of Directors meetings and other important meetings, where they express their independent and objective opinions. Audit & Supervisory Board members, including outside members, meet with the Company's directors on a regular and irregular basis to ask about the state of the latter's work. We provide the Audit & Supervisory Board members with an Auditing Office to enable the complete and effective fulfillment of their duties.

Kandenko has appointed Inoue Audit Corporation as its independent accounting auditor. The three CPAs who audited Kandenko's accounts are Hideo Kayashima, Teruo Hayashi, and Hiroyuki Yoshimatsu, none of whom has audited our accounts for over seven consecutive years. Seven other CPAs and two additional people assist with the account audit.

An Internal Audit Division consisting of 10 people conducts internal audits and guidance sessions according to a plan, and reports the results to the Internal Control Committee and Management Committee.

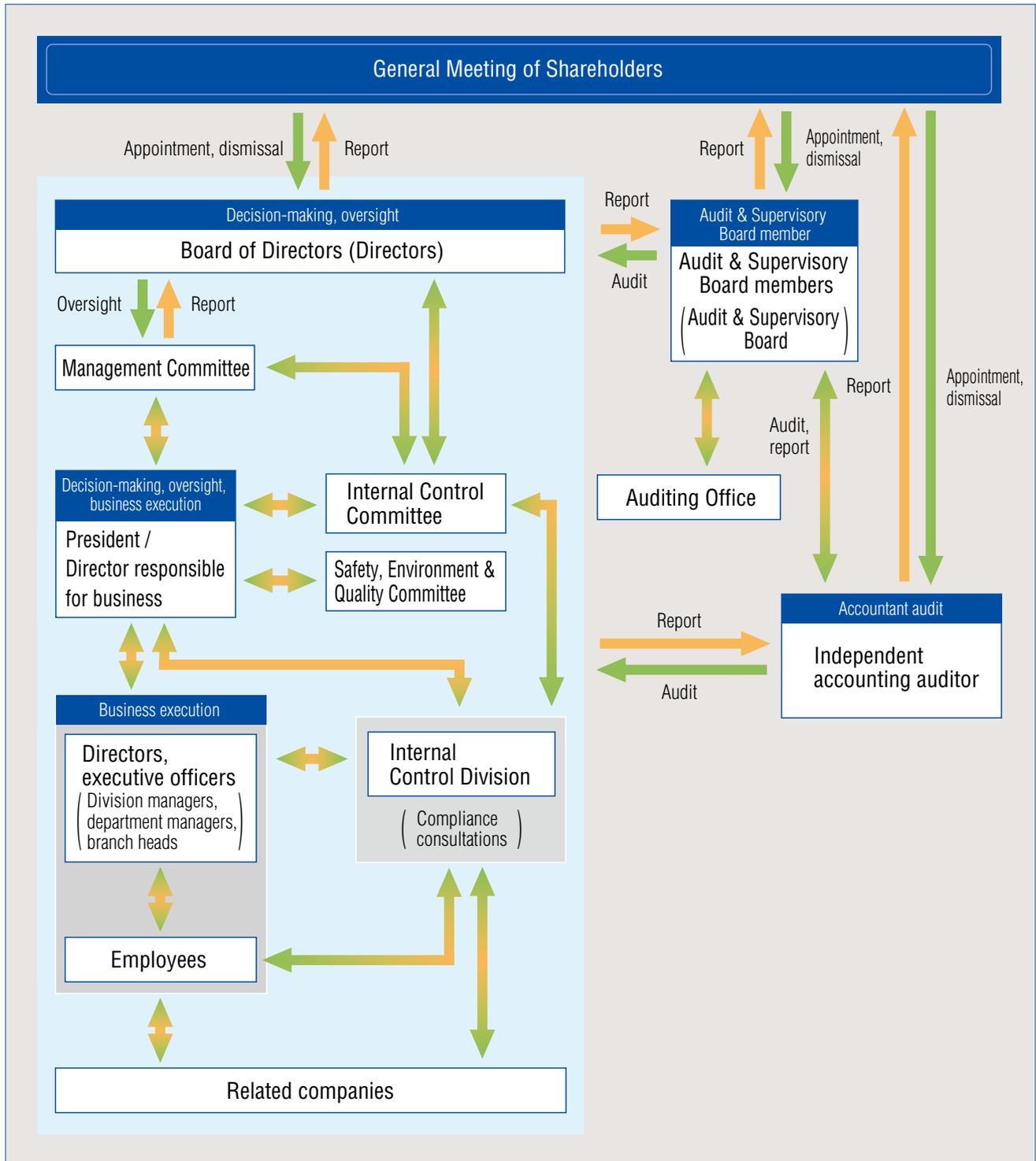
Independent accounting auditors and the Internal Audit Division report their findings to the Audit & Supervisory Board meeting and regularly discuss these matters with the Audit & Supervisory Board members, including outside members. Opinions are exchanged whenever necessary so that cooperation is ensured. While the Audit & Supervisory Board members (including outside members), independent accounting auditors, and the Internal Audit Division carry out their audits, they receive regular reports on the maintenance and state of internal control from each division responsible for business execution.

Currently, the Company has two outside directors and three outside Audit & Supervisory Board members. We appoint outside directors and outside Audit & Supervisory Board members to fulfill audit and oversight functions and to enhance transparency, so in accordance with the Companies Act and other regulations, we look for candidates whose experience and expertise outside the Company will be useful to Kandenko, and who can oversee and audit the directors' execution of duties from an independent and neutral standpoint. Regarding outside Audit & Supervisory Board members, the Audit & Supervisory Board meeting first agrees to the candidates, the Board of Directors approves them, and then they are presented to a shareholders' meeting for a vote.

Compliance System

To clarify important points in the Kandenko Group's business activities and encourage deeper entrenchment of compliance, we have enacted the Kandenko Group Charter of Corporate Behavior, and we are promoting its establishment and raising the consciousness of all Group employees about the Charter. We have set up a compliance consultation point for employees and an internal system where legal violations can be reported. We are working to establish and maintain a corporate culture of fairness and soundness.

Corporate Governance System



Environmental Initiatives

The human race has enjoyed many benefits of industrial and economic development, but these benefits have come at the cost of global warming, pollution, and ecological destruction. A great burden has thus been placed on the global environment.

Coexistence with the natural environment, the foundation of our existence, is essential for any healthy society. This is also a theme that we must continually keep in mind in our business activities.

At Kandenko, we take the long-term view that it is corporate management's vital social responsibility to have an environmental vision leading to the creation of a sustainable society. We will do our part to leave a safe, sound environment for future generations by implementing initiatives that reduce the burden on the environment.

Basic Policy on the Environment

Our Philosophy

As a member of a recycling-based society, Kandenko will help to construct a rich human environment, and through unceasing innovations, will help to conserve the global environment.

Activity Plan

1. We consider environmental conservation to be an important management issue. We are committed to making continual, incremental improvements to our environmental management system.
2. While engaged in activities to save resources, conserve energy, promote recycling, and prevent pollution, we will reduce the volume of waste produced by our businesses.
3. We will follow legal regulations and agreements and enact our own environmental standards to promote environmental conservation.
4. We will educate our employees about the environment and raise their environmental awareness.
5. We will build bridges of cooperation to regional society and seek harmony with society as a whole.

Environmental Management System

In accordance with its basic environmental policy, Kandenko has built an environmental management system (EMS) that covers the entire Company, and has been engaged in making continuous improvements to the system and carrying forward proactive environmental conservation activities.

To promote environmental conservation activities, Kandenko's head office, regional headquarters, branches, and representative offices have cooperated as one in constructing an EMS that complies with ISO 14001 standards. Seeking a fair and just assessment from a third party, we acquired ISO 14001 certification for our branches in Tokyo, Saitama, Chiba, and Kanagawa.

Structure for Promoting Environmental Preservation

With the aim of carefully reviewing its policies and actions for environmental preservation activities, Kandenko established the Safety, Environment & Quality Committee, which is chaired by the president of the Company. At the same time, Groups for Promoting a Safe Environment were formed at the Construction Headquarters and the Regional Headquarters to promote environmental activities. A broad range of environmental issues are carefully reviewed by the Committee for Environmental Measures, with decisions made on what concrete actions should be taken and then carried out.

Environmental Education

We believe that in promoting environmental activities such as energy conservation, the reduction of CO₂ emissions, and proper disposal of industrial waste, each employee's correct understanding and concern for environmental issues is critical, so we carry out environmental education for people of all ranks.

Kandenko encourages employees to take the Certification Test for Environmental Specialists (Eco Test), which is organized by the Tokyo Chamber of Commerce and Industry. People who pass the test have a broad knowledge of the environment and can voluntarily lead environmental conservation initiatives among their colleagues and in their communities, making this qualification valuable to both the individual and the Company.

Financial Section

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Consolidated 10-Year Financial Summary

(Millions of yen)

For the fiscal years ended March 31	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net sales	¥ 436,979	¥ 452,645	¥ 468,608	¥ 473,804	¥ 453,623	¥ 462,482	¥ 441,786	¥ 447,741	¥ 437,930	¥ 436,682
Operating income	10,741	4,350	6,457	8,858	9,477	10,735	8,034	7,364	8,284	9,388
Ordinary income	11,415	5,109	7,276	9,854	10,484	11,634	9,070	8,301	9,089	10,336
Net income	8,408	4,284	4,865	5,586	5,428	5,866	1,876	3,952	4,226	4,615
Comprehensive income	–	–	–	–	–	1,772	4,381	8,238	7,327	11,984
Total assets	356,277	371,970	373,674	379,093	378,150	353,342	359,726	364,008	359,933	366,177
Net assets	176,495	181,090	173,171	172,487	177,536	176,808	178,757	184,269	189,692	193,345
Equity ratio (%)	49.54	48.23	45.84	44.57	45.96	48.93	48.54	49.49	51.45	51.44
Net assets per share (%)	861.20	876.44	837.07	826.08	850.04	845.67	854.31	881.41	906.29	922.05
Net income per share (%)	40.32	20.93	23.78	27.30	26.54	28.69	9.18	19.34	20.69	22.59
Cash dividends per share (%)	12.00	12.00	12.00	12.00	14.00	12.00	12.00	12.00	12.00	14.00
Net cash provided by (used in) operating activities	15,924	(13,008)	23,153	16,947	12,236	10,257	13,035	15,401	(2,218)	2,921
Net cash provided by (used in) investing activities	(17,025)	(9,579)	2,439	(9,825)	(9,763)	(3,799)	1,583	(12,748)	(5,839)	2,253
Net cash used in operating activities	(2,976)	(1,529)	(1,887)	(3,519)	(4,400)	(4,037)	(5,423)	(2,900)	(4,540)	(3,743)
Cash and cash equivalents at end of the year	37,952	13,834	37,503	41,060	39,142	41,539	50,725	50,550	38,697	40,157
Number of employees (persons)	7,546	7,676	7,893	8,513	8,665	8,769	8,746	8,732	8,821	8,839

Financial Position

Analysis of Consolidated Financial Position

Total assets at the end of the fiscal year under review increased ¥6,244 million over the previous fiscal year to ¥366,177 million.

Assets

Although notes receivable, accounts receivable from completed construction contracts and other increased ¥15,210 million, a decrease of ¥5,999 million in securities and ¥10,025 million in costs on uncompleted construction contracts resulted in a decrease in current assets of ¥3,575 million compared with the end of the previous fiscal year.

Although non-current deferred tax assets decreased ¥1,915 million, such factors as an increase of ¥4,846 million in property, plant and equipment and ¥8,470 million in investment securities resulted in an increase in total non-current assets of ¥9,820 million compared with the end of the previous fiscal year.

Liabilities

Within current liabilities, advances received on uncompleted construction contracts decreased ¥5,147 million, but there was an increase of ¥5,498 million in notes payable, accounts payable for construction contracts and other and, within long-term liabilities, there was an increase of ¥4,356 million in liabilities related to the net defined benefit liability, resulting in an increase in total liabilities of ¥2,591 million compared with the end of the previous fiscal year.

Net assets

Retained earnings declined ¥3,308 million, but due to an increase of ¥5,638 million in the valuation difference on available-for-sale securities, as well as other factors, consolidated net assets increased ¥3,653 million from the year-earlier figure.

Cash Flows

In the fiscal year under review, both operating activities and investing activities contributed to an increase in consolidated cash and cash equivalents (henceforth "funds"). Despite the negative contribution made by financing activities, consolidated funds increased ¥1,460 million from the previous fiscal year to ¥40,157 million.

Cash flows from operating activities

In the fiscal year under review, cash flows from operating activities added ¥2,921 million to funds (up ¥5,140 million from the previous fiscal year). Positive factors included income before income taxes and minority interests, which added ¥11,141 million to funds, and a decrease in costs on uncompleted construction contracts, which added ¥10,025 million. These positive factors outweighed the negative ones, such as an increase in trade notes and accounts receivable of ¥14,371 million and a decrease in advances received on uncompleted construction contracts of ¥5,147 million. As a result, funds increased.

Cash flows from investing activities

In the fiscal year under review, funds increased ¥2,253 million due to investing activities (up ¥8,093 million from the previous fiscal year). The Company expended ¥7,390 million on purchase of property, plant and equipment, but it also received ¥5,970 million from a net decrease in time deposits and ¥3,000 million in proceeds from sales and redemption of securities.

Cash flows from financing activities

In the fiscal year under review, financing activities reduced funds by ¥3,743 million (up ¥796 million from the previous fiscal year). The main factor was an expenditure of ¥2,860 million on cash dividends paid.

Business and Other Risks

Described below are factors that could possibly have a significant impact on decisions made by investors. In recognizing that there is the potential for such risks to occur, the Kandenko Group is undertaking efforts to avoid their occurrence as well as formulating countermeasures in the event such risks occur.

Moreover, the statements described below regarding the future reflect judgments made by the Kandenko Group based on what was known up to the end of the fiscal year ended March 31, 2015.

Changes in the Business Environment

In the event that significant changes occur in the business environment, such as decreases in construction-related investments or capital investment in electric power facilities and equipment exceeding projected changes, it is possible that the actual financial performance or other results of the Company could be affected. Sales to TEPCO account for about 40% of the Kandenko Group's sales.

Fluctuations in Materials Costs or Labor Costs

Should materials costs or labor costs increase significantly, and the increase cannot be reflected in the contracted fees, it is possible that the actual financial performance or other results of the Company could be affected.

Work and Related Risks

If work done by Kandenko turns out to be seriously defective or an accident occurs in the course of work, it is possible that the actual financial performance or other results of the Company could be affected.

Credit Risk of Client Company

In the construction industry, the contract fee for one transaction is very large, and in many cases, a condition of concluding the contract is that payment of the large sum of the construction fee is to be made when the handover of the construction project is completed. Should the client company suffer from a credit shortage before the Company can receive payment of the construction fee, it is possible that the actual financial performance or other results of the Company could be affected.

Asset Holding Risk

As it is necessary to have such assets as real estate and securities for business activities, should something happen, such as a significant decline in the value of the held assets, or a dramatic drop in the profitability of the real estate for business purposes, it is possible that the actual financial performance or other results of the Company could be affected.

Liability for Employees' Retirement Benefits

Should the value of pension assets decline, or should there be changes in the assumptions, such as the return on investments or discount rate, used to calculate the liability for employees' retirement benefits, it is possible that the actual financial performance or other results of the Company could be affected.

Legal Regulations

The Company is subject to legal regulations, including the construction business law, the antimonopoly law, and the industrial safety and health law. Should there be any changes, such as revision or repeal of legal regulations, or enactment of new legal regulations, or if changes are made to criteria for their application or administrative sanctions are handed down based on the legal regulations, it is possible that the actual financial performance or other results of the Company could be affected.

Consolidated Balance Sheet

KANDENKO CO., LTD. AND CONSOLIDATED SUBSIDIARIES
MARCH 31, 2014 AND 2015

	(Millions of Yen)		(Thousands of U.S. Dollars)	
	2014	2015	2015	
Assets				
Current assets				
Cash and deposits	*3 ¥ 44,558	*3 ¥ 44,128	*3 \$ 367,733	
Notes receivable, accounts receivable from completed construction contracts and other	*3 114,115	*3 129,326	*3 1,077,716	
Securities	11,999	5,999	49,991	
Costs on uncompleted construction contracts	*5 31,285	*5 21,260	*5 177,166	
Raw materials and supplies	4,272	2,656	22,133	
Deferred tax assets	7,547	5,543	46,191	
Other	4,162	5,476	45,633	
Allowance for doubtful accounts	(398)	(423)	(3,525)	
Total current assets	217,542	213,967	1,783,058	
Non-current assets				
Property, plant and equipment				
Buildings and structures	*3 80,394	*3 84,429	*3 703,575	
Machinery, vehicles, tools, furniture and fixtures	*3 46,953	*3 45,350	*3 377,916	
Land	*2, *3 60,098	*2, *3 59,917	*2, *3 499,308	
Leased assets	3,122	2,567	21,391	
Construction in progress	2,859	4,909	40,908	
Accumulated depreciation	(104,556)	(103,455)	(862,125)	
Total property, plant and equipment	88,872	93,718	780,983	
Intangible assets	3,138	2,905	24,208	
Investments and other assets				
Investment securities	*1, *3 36,854	*1, *3 45,324	*1, *3 377,700	
Deferred tax assets	7,777	5,861	48,841	
Other	*3 7,912	*3 6,326	*3 52,716	
Allowance for doubtful accounts	(2,164)	(1,925)	(16,041)	
Total investments and other assets	50,379	55,586	463,216	
Total non-current assets	142,390	152,210	1,268,416	
Total assets	¥ 359,933	¥ 366,177	\$ 3,051,475	

The accompanying notes are an integral part of financial statements.

	(Millions of Yen)		(Thousands of U.S. Dollars)	
	2014	2015	2015	
Liabilities				
Current liabilities				
Notes payable, accounts payable for construction contracts and other	¥ 80,733	¥ 86,231	\$ 718,591	
Short-term loans payable	*3 7,631	*3 8,728	*3 72,733	
Lease obligations	623	516	4,300	
Income taxes payable	675	972	8,100	
Advances received on uncompleted construction contracts	17,012	11,864	98,866	
Provision for warranties for completed construction	975	965	8,041	
Provision for loss on construction contracts	*5 4,472	*5 3,124	*5 26,033	
Other	15,337	15,210	126,750	
Total current liabilities	127,462	127,614	1,063,450	
Non-current liabilities				
Long-term loans payable	*3 2,844	*3 1,755	*3 14,625	
Lease obligations	1,046	809	6,741	
Deferred tax liabilities for land revaluation	*2 8,130	*2 7,304	*2 60,866	
Net defined benefit liability	28,792	33,149	276,241	
Other	1,964	2,198	18,316	
Total non-current liabilities	42,778	45,217	376,808	
Total liabilities	170,240	172,832	1,440,266	
Net assets				
Shareholders' equity				
Capital stock	10,264	10,264	85,533	
Capital surplus	6,425	6,268	52,233	
Retained earnings	165,656	162,347	1,352,891	
Treasury shares	(538)	(553)	(4,608)	
Total shareholders' equity	181,807	178,327	1,486,058	
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities	9,763	15,402	128,350	
Deferred gains or losses on hedges	(108)	(332)	(2,766)	
Revaluation reserve for land	*2 (6,953)	*2 (6,414)	*2 (53,450)	
Remeasurements of defined benefit plans	660	1,385	11,541	
Total accumulated other comprehensive income	3,363	10,040	83,666	
Minority interests	4,521	4,976	41,466	
Total net assets	189,692	193,345	1,611,208	
Total liabilities and net assets	¥ 359,933	¥ 366,177	\$ 3,051,475	

The accompanying notes are an integral part of financial statements.

Consolidated Statement of Income

KANDENKO CO., LTD. AND CONSOLIDATED SUBSIDIARIES
YEARS ENDED MARCH 31, 2014 AND 2015

	(Millions of Yen)		(Thousands of U.S. Dollars)	
	2014	2015	2015	
Net sales of completed construction contracts	¥ 437,930	¥ 436,682	\$ 3,639,016	
Cost of sales of completed construction contracts	*1 405,390	*1 405,245	*1 3,377,041	
Gross profit (loss) on completed construction contracts	32,540	31,436	261,966	
Selling, general and administrative expenses	*2 24,255	*2 22,047	*2 183,725	
Operating income (loss)	8,284	9,388	78,233	
Non-operating income				
Interest income	105	83	691	
Dividend income	568	611	5,091	
Foreign exchange gains	108	132	1,100	
Other	379	347	2,891	
Total non-operating income	1,162	1,175	9,791	
Non-operating expenses				
Interest expenses	192	125	1,041	
Commission for syndicate loan	90	—	—	
Other	75	101	841	
Total non-operating expenses	358	227	1,891	
Ordinary income (loss)	9,089	10,336	86,133	
Extraordinary income				
Gain on sales of investment securities	—	1,263	10,525	
Gain on sales of non-current assets	*4 18	—	—	
Total extraordinary income	18	1,263	10,525	
Extraordinary losses				
Impairment loss	*5 106	*5 292	*5 2,433	
Loss on retirement of non-current assets	416	119	991	
Other	47	47	391	
Total extraordinary losses	570	458	3,816	
Income (loss) before income taxes and minority interests	8,538	11,141	92,841	
Income taxes-current	1,239	1,553	12,941	
Income taxes-deferred	2,625	4,459	37,158	
Total income taxes	3,865	6,013	50,108	
Income (loss) before minority interests	4,673	5,128	42,733	
Minority interests in income (loss)	446	513	4,275	
Net income (loss)	¥ 4,226	¥ 4,615	\$ 38,458	

The accompanying notes are an integral part of financial statements.

Consolidated Statement of Comprehensive Income

KANDENKO CO., LTD. AND CONSOLIDATED SUBSIDIARIES
YEARS ENDED MARCH 31, 2014 AND 2015

	(Millions of Yen)		(Thousands of U.S. Dollars)	
	2014	2015	2015	
Income (loss) before minority interests	¥ 4,673	¥ 5,128	\$ 42,733	
Other comprehensive income				
Valuation difference on available-for-sale securities	2,762	5,674	47,283	
Deferred gains or losses on hedges	(108)	(224)	(1,866)	
Revaluation reserve for land	–	723	6,025	
Remeasurements of defined benefit plans, net of tax	–	681	5,675	
Total other comprehensive income	-1 2,654	-1 6,856	-1 57,133	
Comprehensive income	¥ 7,327	¥ 11,984	\$ 99,866	
Comprehensive income attributable to				
Comprehensive income attributable to owners of parent	6,877	11,477	95,641	
Comprehensive income attributable to minority interests	¥ 449	¥ 507	\$ 4,225	

The accompanying notes are an integral part of financial statements.

Consolidated Statement of Changes in Equity

KANDENKO CO., LTD. AND CONSOLIDATED SUBSIDIARIES
YEAR ENDED MARCH 31, 2014

(Millions of Yen)

	Shareholders' equity					Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares		
Balance at beginning of current period	¥ 10,264	¥ 6,425	¥ 163,815	¥ (512)	¥ 179,992	
Cumulative effects of changes in accounting policies			—		—	
Restated balance	10,264	6,425	163,815	(512)	179,992	
Changes of items during period						
Purchase of shares of consolidated subsidiaries		—			—	
Dividends of surplus			(2,452)		(2,452)	
Net income (loss)			4,226		4,226	
Reversal of revaluation reserve for land			85		85	
Change of scope of consolidation			(19)		(19)	
Purchase of treasury shares				(26)	(26)	
Disposal of treasury shares		(0)		0	0	
Net changes of items other than shareholders' equity						
Total changes of items during period	—	(0)	1,840	(25)	1,814	
Balance at end of current period	¥ 10,264	¥ 6,425	¥ 165,656	¥ (538)	¥ 181,807	

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	¥ 7,005	¥ —	¥ (6,867)	¥ —	¥ 138	¥ 4,138	¥ 184,269
Cumulative effects of changes in accounting policies							—
Restated balance	7,005	—	(6,867)	—	138	4,138	184,269
Changes of items during period							
Purchase of shares of consolidated subsidiaries							—
Dividends of surplus							(2,452)
Net income (loss)							4,226
Reversal of revaluation reserve for land							85
Change of scope of consolidation							(19)
Purchase of treasury shares							(26)
Disposal of treasury shares							0
Net changes of items other than shareholders' equity	2,758	(108)	(85)	660	3,225	382	3,608
Total changes of items during period	2,758	(108)	(85)	660	3,225	382	5,422
Balance at end of current period	¥ 9,763	¥ (108)	¥ (6,953)	¥ 660	¥ 3,363	¥ 4,521	¥ 189,692

The accompanying notes are an integral part of financial statements.

YEAR ENDED MARCH 31, 2015

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	¥ 10,264	¥ 6,425	¥ 165,656	¥ (538)	¥ 181,807
Cumulative effects of changes in accounting policies			(5,247)		(5,247)
Restated balance	10,264	6,425	160,408	(538)	176,559
Changes of items during period					
Purchase of shares of consolidated subsidiaries		(156)			(156)
Dividends of surplus			(2,860)		(2,860)
Net income (loss)			4,615		4,615
Reversal of revaluation reserve for land			184		184
Change of scope of consolidation			–		–
Purchase of treasury shares				(14)	(14)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(156)	1,939	(14)	1,768
Balance at end of current period	¥ 10,264	¥ 6,268	¥ 162,347	¥ (553)	¥ 178,327

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	¥ 9,763	¥ (108)	¥ (6,953)	¥ 660	¥ 3,363	¥ 4,521	¥ 189,692
Cumulative effects of changes in accounting policies							(5,247)
Restated balance	9,763	(108)	(6,953)	660	3,363	4,521	184,444
Changes of items during period							
Purchase of shares of consolidated subsidiaries							(156)
Dividends of surplus							(2,860)
Net income (loss)							4,615
Reversal of revaluation reserve for land							184
Change of scope of consolidation							–
Purchase of treasury shares							(14)
Disposal of treasury shares							0
Net changes of items other than shareholders' equity	5,638	(224)	538	724	6,677	455	7,132
Total changes of items during period	5,638	(224)	538	724	6,677	455	8,901
Balance at end of current period	¥ 15,402	¥ (332)	¥ (6,414)	¥ 1,385	¥ 10,040	¥ 4,976	¥ 193,345

The accompanying notes are an integral part of financial statements.

YEAR ENDED MARCH 31, 2015

(Thousands of U.S. Dollars)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	\$ 85,533	\$ 53,541	\$ 1,380,466	\$ (4,483)	\$ 1,515,058
Cumulative effects of changes in accounting policies			(43,725)		(43,725)
Restated balance	85,533	53,541	1,336,733	(4,483)	1,471,325
Changes of items during period					
Purchase of shares of consolidated subsidiaries		(1,300)			(1,300)
Dividends of surplus			(23,833)		(23,833)
Net income (loss)			38,458		38,458
Reversal of revaluation reserve for land			1,533		1,533
Change of scope of consolidation			–		–
Purchase of treasury shares				(116)	(116)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(1,300)	16,158	(116)	14,733
Balance at end of current period	\$ 85,533	\$ 52,233	\$ 1,352,891	\$ (4,608)	\$ 1,486,058

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	\$ 81,358	\$ (900)	\$ (57,941)	\$ 5,500	\$ 28,025	\$ 37,675	\$ 1,580,766
Cumulative effects of changes in accounting policies							(43,725)
Restated balance	81,358	(900)	(57,941)	5,500	28,025	37,675	1,537,033
Changes of items during period							
Purchase of shares of consolidated subsidiaries							(1,300)
Dividends of surplus							(23,833)
Net income (loss)							38,458
Reversal of revaluation reserve for land							1,533
Change of scope of consolidation							–
Purchase of treasury shares							(116)
Disposal of treasury shares							0
Net changes of items other than shareholders' equity	46,983	(1,866)	4,483	6,033	55,641	3,791	59,433
Total changes of items during period	46,983	(1,866)	4,483	6,033	55,641	3,791	74,175
Balance at end of current period	\$ 128,350	\$ (2,766)	\$ (53,450)	\$ 11,541	\$ 83,666	\$ 41,466	\$ 1,611,208

The accompanying notes are an integral part of financial statements.

Consolidated Statement of Cash Flows

KANDENKO CO., LTD. AND CONSOLIDATED SUBSIDIARIES
YEARS ENDED MARCH 31, 2014 AND 2015

	(Millions of Yen)		(Thousands of U.S. Dollars)	
	2014	2015	2015	
Cash flows from operating activities				
Income (loss) before income taxes and minority interests	¥ 8,538	¥ 11,141	\$ 92,841	
Depreciation	4,607	3,939	32,825	
Impairment loss	106	292	2,433	
Increase (decrease) in allowance for doubtful accounts	(2,291)	(213)	(1,775)	
Increase (decrease) in provision for loss on construction contracts	(848)	(1,347)	(11,225)	
Increase (decrease) in net defined benefit liability	(1,076)	(2,524)	(21,033)	
Interest and dividend income	(674)	(695)	(5,791)	
Interest expenses	192	125	1,041	
Loss (gain) on valuation of investment securities	14	11	91	
Loss (gain) on sales of investment securities	–	(1,263)	(10,525)	
Decrease (increase) in notes and accounts receivable-trade	(12,297)	(14,371)	(119,758)	
Decrease (increase) in costs on uncompleted construction contracts	6,664	10,025	83,541	
Decrease (increase) in other inventories	483	1,615	13,458	
Increase (decrease) in notes and accounts payable-trade	2,107	3,230	26,916	
Increase (decrease) in advances received on uncompleted construction contracts	(5,179)	(5,147)	(42,891)	
Other, net	(237)	(2,114)	(17,616)	
Subtotal	111	2,702	22,516	
Interest and dividend income received	675	696	5,800	
Interest expenses paid	(192)	(125)	(1,041)	
Income taxes (paid) refund	(2,812)	(352)	(2,933)	
Net cash provided by (used in) operating activities	(2,218)	2,921	24,341	
Cash flows from investing activities				
Net decrease (increase) in time deposits	3,420	5,970	49,750	
Purchase of securities	(3,000)	(2,000)	(16,666)	
Proceeds from sales and redemption of securities	2,000	3,000	25,000	
Purchase of property, plant and equipment	(6,963)	(7,390)	(61,583)	
Proceeds from sales of property, plant and equipment	214	17	141	
Purchase of investment securities	(1,934)	(1,978)	(16,483)	
Proceeds from sales and redemption of investment securities	1,000	2,369	19,741	
Payments of loans receivable	(1)	–	–	
Collection of loans receivable	32	1,371	11,425	
Other, net	(607)	894	7,450	
Net cash provided by (used in) investing activities	(5,839)	2,253	18,775	
Cash flows from financing activities				
Net increase (decrease) in short-term loans payable	(180)	290	2,416	
Proceeds from long-term loans payable	200	–	–	
Repayments of long-term loans payable	(474)	(281)	(2,341)	
Repayments of lease obligations	(1,568)	(668)	(5,566)	
Cash dividends paid	(2,452)	(2,860)	(23,833)	
Other, net	(64)	(222)	(1,850)	
Net cash provided by (used in) financing activities	(4,540)	(3,743)	(31,191)	
Effect of exchange rate change on cash and cash equivalents	58	28	233	
Net increase (decrease) in cash and cash equivalents	(12,539)	1,460	12,166	
Cash and cash equivalents at beginning of period	50,550	38,697	322,475	
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	686	–	–	
Cash and cash equivalents at end of period	¥ 38,697	¥ 40,157	\$ 334,641	

The accompanying notes are an integral part of financial statements.

Notes to Consolidated Financial Statements

KANDENKO CO., LTD. AND CONSOLIDATED SUBSIDIARIES
YEARS ENDED MARCH 31, 2014 AND 2015

BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Kandenکو Co., Ltd. (the "Company") and its consolidated subsidiaries (the "Companies") maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The accompanying financial statements have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

For the convenience of readers, the accompanying consolidated financial statements as of and for the year ended March 31, 2015 have been

translated from yen amounts into U.S. dollar amounts at the rate of ¥120 =U.S.\$1.00, the exchange rate prevailing on March 31, 2015.

As permitted by the Financial Instruments and Exchange Act of Japan, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in dollars) do not necessarily agree with the sum of the individual amounts.

Please note that the way of presentation has been changed to the translation of the consolidated financial statements in the Securities Report from the year ended March 31, 2015.

SIGNIFICANT MATTERS PROVIDING THE BASIS FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

1. The scope of consolidation

(1) Number of consolidated subsidiaries: 21

Names of the consolidated subsidiaries: Kanko Fudousan Kanri Co., Ltd., Kanko Power Techno Co., Ltd., KANKO SYOJI CO., LTD., Kanko Facilities Co., Ltd., Bay Techno Co., Ltd., Tokyo Kouji Keibi Co., Ltd., K Lease Co., Ltd., Kanagawa K - Techno Co., Ltd., Chiba K - Techno Co., Ltd., Saitama K - Techno Co., Ltd., Ibaraki K - Techno Co., Ltd., Tochigi K - Techno Co., Ltd., Gunma K - Techno Co., Ltd., Yamanashi K - Techno Co., Ltd., Shizuoka K - Techno Co., Ltd., NETSAVE Co., Ltd., HANDEKCO CORPORATION, Kawasaki Setsubi Kogyo Co., Ltd., Transmission Line Construction Co., Ltd., Choshi Wind Development Co., Ltd., Kama Solar Power Co., Ltd.

(2) Name of major non-consolidated subsidiary:

KANDENKO ENGINEERING (MALAYSIA) SDN. BHD.

(Reason for excluding from the scope of consolidation)

All of the non-consolidated subsidiaries are small in scale and have no material impact on the consolidated financial statements in terms of total assets, net sales, net income (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest).

2. Application of equity method

(1) Number of non-consolidated subsidiaries and affiliates that are accounted for by the equity method: None

(2) Name of the major non-consolidated subsidiaries and affiliates that are not accounted for by the equity method:

KANDENKO ENGINEERING (MALAYSIA) SDN. BHD.

(Reason for excluding from the scope of the equity method)

Non-consolidated subsidiaries and affiliates that are not accounted for by the equity method have immaterial impact on the consolidated financial

statements in terms of net income (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest), and are not material, taken as a whole.

3. Accounting period of consolidated subsidiaries

The year-end date for consolidated subsidiaries is the same as the consolidated year-end date.

4. Significant accounting policies

(1) Evaluation methods for significant assets

(a) Securities

i. Held-to-maturity securities

Amortized cost method (straight-line method)

ii. Available-for-sale securities

Securities with market quotations:

Stated at market value at the end of the year (Unrealized gains or losses, net of applicable taxes, are comprehensively reported as a component of net assets and the cost of securities sold is computed using the moving average method.).

Securities without market quotations:

Stated at cost determined by the moving-average method.

(b) Derivatives

Fair value method

(c) Inventories

i. Costs on uncompleted construction contracts

Stated at cost determined by the specific cost method.

ii. Raw materials and supplies

Stated at cost determined by the moving-average method (Balance sheet amounts are determined by writing down the carrying amount based on declining profitability.)

(2) Depreciation methods of significant depreciable assets

(a) Property, plant and equipment (excluding leased assets)

Depreciated mainly by the declining-balance method

Useful life and residual value are determined on the same basis as that of the method provided in the Corporate Tax Act.

Useful lives of certain buildings are deemed as 30 years although their useful lives based on the Corporate Tax Act are longer than 30 years.

(b) Intangible assets (excluding leased assets)

Straight-line method

Software for internal use is amortized by the straight-line method over an estimated useful life (5 years).

(c) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method based on the assumption that the useful life equals the lease term, and the residual value equals zero.

(3) Accounting policies for significant allowance and provisions

(a) Allowance for doubtful accounts

The allowance for doubtful accounts is provided for to the amount sufficient to cover possible losses on collection. It consists of the estimated uncollectible amount with respect to identified doubtful receivables and an amount calculated by applying the percentage of actual losses on collection experienced in the past to remaining receivables.

(b) Provision for warranties for completed construction

To provide for possible future expenses under warranties for completed construction contracts, provision for construction contracts completed during the year is provided based on future estimated amount.

(c) Provision for loss on construction contracts

To provide for future losses on construction orders, provision for estimated losses are provided for uncompleted construction contracts at the end of the year that are likely to incur losses and the amount can be reasonably estimated.

(4) Accounting method relating to retirement benefits

(a) Method of attributing expected retirement benefit to periods

Method of attributing expected retirement benefit to periods is allocated by the straight-line basis (the expected benefit divided by the total service years would be deemed as arising in each period).

(b) Amortization of actuarial gains and losses and past service cost

Past service costs are being amortized as incurred by the straight-line method over a certain period (5 years) within the average remaining years of service of the eligible employees.

Actuarial gains and losses are amortized by the straight-line method over a certain period (5 years) within the average remaining years of service of the eligible employees commencing with the following periods.

(5) Accounting policies for significant revenues and expenses

(a) Recognition of revenues and costs of completed construction contracts

i. Construction contracts that the outcome of the construction activity is deemed certain during the course of the activity at the end of the year
Percentage-of-completion method (cost proportion method shall be applied to estimate the percentage-of-completion of such construction contract)

ii. Other construction contracts
Completed-contract method

(6) Significant hedge accounting method

(a) Hedge accounting method

The Companies use the deferral hedge accounting method. However, the exceptional accounting is used for interest rate swaps that meet specified matching criteria.

(b) Hedging instruments and hedged items

Hedging instruments: Interest rate swaps

Hedged items: Loans payable

(c) Hedging policy

In accordance with internal approval procedures for derivative transactions, interest rate fluctuation risks related to the hedged items are hedged to a certain degree.

(d) Method for evaluating the effectiveness of hedges

The Companies evaluate the effectiveness of their hedging activities by comparing cumulative changes in cash flows on the hedging instruments with cumulative changes in cash flows on the related hedged items. However, the evaluation of hedging effectiveness is omitted for interest rate swaps to which the exceptional accounting is applied.

(7) Method and period of amortization of goodwill

Goodwill is amortized by the straight-line method over the estimated period that the benefits are expected to be received, not exceeding 20 years.

(8) Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents include cash in hand, readily available deposits and short-term investments with maturities of three months or less from the purchase date whose value is not subject to significant fluctuation risk.

(9) Other significant accounting policies for the preparation of consolidated financial statements

Accounting method for consumption taxes:

Consumption and local consumption taxes are accounted for by the tax-exclusion method.

CHANGES IN ACCOUNTING POLICIES

Application of the accounting standard, etc. for retirement benefits

The Company has applied the main clause of the Paragraph 35 of the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan ("ASBJ") Statement No. 26, May 17, 2012 (hereinafter, the "Statement No. 26")) and the main clause of the Paragraph 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015 (hereinafter, the "Guidance No. 25")) effective from the year ended March 31, 2015. Accordingly, the calculation method of defined benefit obligations and service cost has been revised, and the method for determining the discount rate has been changed from the method based on years proximate to the average remaining service period of the employees to the method using single weighted average discount rate determined by reflecting the estimated period of retirement benefit payment and the amount by each estimated period of retirement benefit payment.

With regards to the application of the Statement No. 26, etc., in accordance with the transitional treatment stipulated in Paragraph 37 of the Statement No. 26, the amount of impact of the change in calculation methods of defined benefit obligations and service cost has been added to or deducted from retained earnings as of April 1, 2014.

As a result, net defined benefit liability increased by ¥8,136 million (\$67,800 thousand) and retained earnings decreased by ¥5,247 million (\$43,725 thousand) as of April 1, 2014. Also, operating income, ordinary income and income before income taxes increased by ¥306 million (\$2,550 thousand) for the year ended March 31, 2015, respectively.

Net assets per share as of March 31, 2015 decreased by ¥24.72 (\$0.20) and net income per share for the year ended March 31, 2015 increased by ¥0.97 (\$0.008).

The impact on segment information is described in "SEGMENT INFORMATION."

Application of the accounting standard, etc. for business combinations

The "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013 (hereinafter, the "Statement No. 21")), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013 (hereinafter, the "Statement No. 22")) and the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013 (hereinafter, the "Statement No. 7")), etc. shall be effective from April 1, 2014. Accordingly, effective from the year ended March 31, 2015, the Company has applied these standards, etc. (except the Paragraph 39 of the Statement No. 22) and the difference from changes in interest of the Company in a subsidiary in which the Company keeps continued control is recorded as capital surplus and acquisition related costs are charged to income in the year when such costs are incurred. With regards to business combinations undertaken on or after April 1, 2014, revision of allocating acquisition costs due to settlement of transitional treatment is reflected in the consolidated financial statement for the year when the date of the business combination belongs to.

With regards to the application of the Statement No. 21, etc., in accordance with the transitional treatment stipulated in Paragraph 58-2 (4) of the Statement No. 21, Paragraph 44-5 (4) of the Statement No. 22 and Paragraph 57-4 (4) of the Statement No. 7, the Company has applied these standards as of April 1, 2014 and thereafter.

As a result, capital surplus as of March 31, 2015 decreased by ¥156 million (\$1,300 thousand). The impact on profit or loss for the year ended March 31, 2015 was immaterial.

Purchase of investments in subsidiaries which does not result in change in scope of consolidation is recorded under financing activities in the consolidated statement of cash flows for the year ended March 31, 2015.

Capital surplus in the consolidated statement of changes in equity as of March 31, 2015 decreased by ¥156 million (\$1,300 thousand).

The impacts on per share information and segment information were immaterial.

NOTES TO CONSOLIDATED BALANCE SHEET

*1. Amounts of non-consolidated subsidiaries and affiliates' stocks included in investment securities

	Millions of Yen				Thousands of U.S. Dollars	
	2014		2015		2015	
Investment securities (Stocks)	¥	653	¥	653	\$	5,441
Investment securities (Investments in capital)		0		–		–

*2. The Company revalued its land held for business use in accordance with the “Act on Revaluation of Land” (the Act No. 34, March 31, 1998) and recorded revaluation reserve for land in the net assets section.

(a) Method of revaluation:

Revaluation was made by reasonably adjusting the market value of standard sites as stipulated by the Article 2 Clause 1 of the “Ordinance for Enforcement of the Act on Revaluation of Land” (Ordinance No. 119, March 31, 1998) and value determined by the method for calculating taxable land price of land holding tax in accordance with the Article 16 of the Land-holding Tax Act as defined and published by the Commissioner of National Tax Agency as stipulated by the Article 2 Clause 4 of the “Ordinance for Enforcement of the Act on Revaluation of Land.”

(b) Date of revaluation:

March 31, 2002

	Millions of Yen				Thousands of U.S. Dollars	
	2014		2015		2015	
Difference between the fair value of the revalued land at end of year and its book value after revaluation	¥	(7,972)	¥	(6,680)	\$	(55,666)

*3. Assets pledged as collateral and secured obligations

(1) Assets pledged as collateral which the Company's subsidiaries provide and secured obligations

	Millions of Yen				Thousands of U.S. Dollars							
	2014		2015		2015							
Cash and deposits	¥	1,196	¥	[–]	¥	958	¥	[–]	\$	7,983	\$	[–]
Notes receivable, accounts receivable from completed construction contracts and other		87		[–]		92		[–]		766		[–]
Buildings and structures		1,140		[140]		1,248		[133]		10,400		[1,108]
Machinery, vehicles, tools, furniture and fixtures		2,101		[2,100]		1,910		[1,909]		15,916		[15,908]
Land		1,668		[–]		1,668		[–]		13,900		[–]
Total	¥	6,194	¥	[2,241]	¥	5,878	¥	[2,042]	\$	48,983	\$	[17,016]
Short-term loans payable	¥	281	¥	[281]	¥	1,288	¥	[288]	\$	10,733	\$	[2,400]
Long-term loans payable		2,544		[1,844]		1,555		[1,555]		12,958		[12,958]
Total	¥	2,825	¥	[2,125]	¥	2,844	¥	[1,844]	\$	23,700	\$	[15,366]

Note: The figures in the brackets show mortgages of the factory foundation mortgaged assets and related obligations.

(2) Assets pledged as collateral for the loans of the investing company of the Company

	Millions of Yen				Thousands of U.S. Dollars	
	2014		2015		2015	
Investment securities	¥	45	¥	44	\$	366
Investments and other assets – Other (long-term loans receivable)		1,331		131		1,091
Total	¥	1,376	¥	175	\$	1,458

4. Contingent liabilities

The Company provides guarantees of the employees' loans from financial institutions.

	Millions of Yen		Thousands of U.S. Dollars	
	2014	2015	2015	
Employees (housing loans)	¥ 1,984	¥ 1,800	\$ 15,000	

*5. Both costs on uncompleted construction contracts relating to construction contracts that are likely to incur losses and provision for loss on construction contracts are presented without offsetting.

Amount of costs on uncompleted construction contracts corresponding to provision for loss on construction contracts

	Millions of Yen		Thousands of U.S. Dollars	
	2014	2015	2015	
	¥ 262	¥ 264	\$ 2,200	

NOTES TO CONSOLIDATED STATEMENT OF INCOME

*1. Provision for loss on construction contracts included in cost of sales of completed construction contracts

	Millions of Yen		Thousands of U.S. Dollars	
	2014	2015	2015	
	¥ 2,827	¥ 2,522	\$ 21,016	

*2. Principal accounts and amounts in selling, general and administrative expenses

	Millions of Yen		Thousands of U.S. Dollars	
	2014	2015	2015	
Employees' salaries and allowances	¥ 11,603	¥ 11,095	\$ 92,458	
Retirement benefit expenses	1,081	798	6,650	

3. Total amount of research and development expenses included in general and administrative expenses and manufacturing costs

	Millions of Yen		Thousands of U.S. Dollars	
	2014	2015	2015	
	¥ 1,086	¥ 1,024	\$ 8,533	

*4. Breakdown of gain on sales of non-current asset

	Millions of Yen	
	2014	
Land	¥ 18	

*5. Impairment loss

The Companies recorded impairment losses for the following asset groups.

For the year ended March 31, 2014			
Location	Purpose of Use	Type	Number of assets
Tochigi prefecture and others	Idle assets and others	Land, buildings and structures and others	13

Idle assets and others that impairment losses were recognized were grouped by individual properties.

The book value of the above asset group was reduced to the respective recoverable amount, due to decline in land prices of the idle assets, etc. The decline was recorded as impairment losses of ¥106 million in extraordinary losses.

The amount consisted of ¥56 million for land, ¥49 million for buildings and structures and others.

The recoverable amount of the asset group was measured at the net sales price, primarily based on the market value of standard sites and the assessed value of inheritance tax by roadside land prices.

For the year ended March 31, 2015			
Location	Purpose of Use	Type	Number of assets
Ibaraki prefecture and others	Idle assets	Land	12

Idle assets and others that impairment losses were recognized were grouped by individual properties.

The book value of the above asset group was reduced to the respective recoverable amount, due to decline in land prices of the idle assets, etc. The decline was recorded as impairment losses of ¥292 million (\$2,433 thousand) in extraordinary losses.

The recoverable amount of the asset group was measured at the net sales price, primarily based on the market value of standard sites and the assessed value of inheritance tax by roadside land prices.

NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*1. Reclassification adjustments and tax effects relating to other comprehensive income

	Millions of Yen		Thousands of U.S. Dollars	
	2014	2015	2015	
Valuation difference on available-for-sale securities:				
Gains arising during the year	¥ 4,268	¥ 7,604	\$ 63,366	
Reclassification adjustments	–	(8)	(66)	
Amount before income tax effect	4,268	7,595	63,291	
Income tax effect	(1,506)	(1,921)	(16,008)	
Valuation difference on available-for-sale securities	2,762	5,674	47,283	
Deferred gains or losses on hedges				
Losses arising during the year	(108)	(224)	(1,866)	
Revaluation reserve for land				
Income tax effect	–	723	6,025	
Remeasurements of defined benefit plans:				
Gains arising during the year	–	1,255	10,458	
Reclassification adjustments	–	(258)	(2,150)	
Amount before income tax effect	–	996	8,300	
Income tax effect	–	(315)	(2,625)	
Remeasurements of defined benefit plans, net of tax	–	681	5,675	
Total other comprehensive income	¥ 2,654	¥ 6,856	\$ 57,133	

NOTES TO CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2014

1. Matters related to class and number of issued shares and class and number of treasury shares

	As of April 1, 2013	Increase	Decrease	As of March 31, 2014
(Shares)				
Shares issued:				
Common shares	205,288,338	—	—	205,288,338
Total	205,288,338	—	—	205,288,338
Treasury shares:				
Common shares	920,620	51,497	1,275	970,842
Total	920,620	51,497	1,275	970,842

Notes:

1. Increase in number of common shares in treasury shares is due to repurchase of shares less than one unit.

2. Decrease in number of common shares in treasury shares is due to the sales of shares less than one unit in response to repurchase requests.

2. Matter related to dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends	Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders on June 26, 2013	Common shares	¥1,226 million	¥6.0	March 31, 2013	June 27, 2013
Board of directors' meeting on October 31, 2013	Common shares	¥1,226 million	¥6.0	September 30, 2013	December 5, 2013

(2) Dividends whose record date fell in the year ended March 31, 2014, but whose effective date comes after March 31, 2014

Resolution	Class of shares	Total dividends	Source of dividend funds	Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders on June 26, 2014	Common shares	¥1,225 million	Retained earnings	¥6.0	March 31, 2014	June 27, 2014

For the year ended March 31, 2015

1. Matters related to class and number of issued shares and class and number of treasury shares

	As of April 1, 2014	Increase	Decrease	(Shares) As of March 31, 2015
Shares issued:				
Common shares	205,288,338	–	–	205,288,338
Total	205,288,338	–	–	205,288,338
Treasury shares:				
Common shares	970,842	23,736	805	993,773
Total	970,842	23,736	805	993,773

Notes:

1. Increase in number of common shares in treasury shares is due to repurchase of shares less than one unit.

2. Decrease in number of common shares in treasury shares is due to the sales of shares less than one unit in response to repurchase requests.

2. Matter related to dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends	Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders on June 26, 2014	Common shares	¥1,225 million \$10,208 thousand	¥6.0 \$0.05	March 31, 2014	June 27, 2014
Board of directors' meeting on October 29, 2014	Common shares	¥1,634 million \$13,616 thousand	¥8.0 \$0.06	September 30, 2014	December 5, 2014

(2) Dividends whose record date fell in the year ended March 31, 2015, but whose effective date comes after March 31, 2015

Resolution	Class of shares	Total dividends	Source of dividend funds	Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders on June 26, 2015	Common shares	¥1,225 million \$10,208 thousand	Retained earnings	¥6.0 \$0.05	March 31, 2015	June 29, 2015

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

*1. Relationship between the balance of cash and cash equivalents at the end of the year and the amount on the consolidated balance sheet

	Millions of Yen		Thousands of U.S. Dollars	
	2014	2015	2015	
Cash and deposits	¥ 44,558	¥ 44,128	\$	367,733
Time deposits with maturities of more than three months	(13,861)	(6,971)		(58,091)
Short-term investments with maturities of three months or less from the purchase date	7,999	2,999		24,991
Cash and cash equivalents	¥ 38,697	¥ 40,157	\$	334,641

FINANCIAL INSTRUMENTS

1. Status of financial instruments

(1) Policies on financial instruments

The Companies manage surplus funds by investing in high security financial instruments, primarily short-term deposits and debt securities and raise funds through borrowings from banks and other financial institutions.

Certain consolidated subsidiaries enter into derivative transactions to hedge interest rate fluctuation risks arising from borrowings and the Companies do not use derivative transactions for speculative purposes.

(2) Description of financial instruments and related risks

Notes receivable, accounts receivable from completed construction contracts and other, trade receivables, are exposed to customer credit risk. Securities and investment securities, primarily consist of held-to-maturity debt securities and shares of companies with business relationship, are exposed to market price fluctuation risks.

Notes payable, accounts payable for construction contracts and other, trade payables, are due within one year. Proceeds from short-term loans payable are mainly used for operational funds requirement and proceeds from long-term loans payable are mainly used for capital expenditures. Floating rate borrowings are exposed to interest rate fluctuation risks, but are hedged by using derivative transactions (interest-rate swaps).

Derivative transactions are interest rate swaps used as hedging instruments, in order to hedge interest rate fluctuation risks for borrowings. Details of hedge accounting including hedging instruments and hedged items, hedging policy and method for evaluating the effectiveness of hedges are described in "SIGNIFICANT MATTERS PROVIDING THE BASIS FOR THE PRESENTATION, 4. Significant accounting policies (6) Significant hedge accounting method."

(3) Risk management system for financial instruments

(a) Credit risk management (risks that counterparties may default)

For trade receivables, the sales administration division regularly monitors major counterparties' credit status, and performs due date controls and balance controls for each customer to mitigate and quickly

capture the collectability issues caused by deterioration in the financial conditions.

Held-to-maturity securities are invested in debt securities with high credit rating, therefore, exposed to minimum credit risk.

The Companies enter into derivative transactions with financial institutions with high credit rating in order to mitigate credit risk.

(b) Market risk management (fluctuation risks in market prices and interest rates)

Interest rate swaps are used to mitigate interest rate fluctuation risks for borrowings. As for securities and investment securities except for held-to-maturity debt securities, the accounting department regularly monitors fair values and issuers' (counterparties') financial condition and relationship with the counterparties, and continuously considers whether the Company holds.

Derivative transactions are executed and managed in accordance with the nature and limits approved by the board of directors of the subsidiaries. The executed transactions are periodically reported to the board of directors.

(c) Liquidity risk management associated with financing activities (payment default risks)

The accounting department prepares and updates a monthly management plan of funds as necessary to manage the liquidity risk.

(4) Supplementary explanation on fair value of financial instruments

Fair value of financial instruments is measured based on the quoted market price, if available, or reasonably assessed value if a quoted market price is not available. Fair value of financial instruments for which a quoted market price is not available is calculated based on certain assumptions, and the fair value might differ if different assumptions are used. In addition, the contract amount of the derivative transactions described in "DERIVATIVE TRANSACTIONS" does not represent the market risk of the derivative transactions.

2. Fair value of financial instruments

Carrying amount and fair value of financial instruments, and differences between these values are as follows. The financial instruments whose fair values are deemed extremely difficult to determine are excluded from the table below. (See Note 2 below)

	Millions of Yen					
	For the year ended March 31, 2014					
	Carrying amount		Fair value		Difference	
(1) Cash and deposits	¥	44,558	¥	44,558	¥	–
(2) Notes receivable, accounts receivable from completed construction contracts and other		114,115				
Allowance for doubtful accounts (*1)		(335)				
		113,780		113,778		(1)
(3) Securities and investment securities						
1) Held-to-maturity securities		11,999		12,006		6
2) Available-for-sale securities		32,288		32,288		–
(4) Notes payable, accounts payable for construction contracts and other (*2)		(80,733)		(80,733)		–
(5) Short-term loans payable (*2)		(7,631)		(7,631)		–
(6) Long-term loans payable (*2)		(2,844)		(2,831)		(13)
(7) Derivative transactions (*3)	¥	(108)	¥	(108)	¥	–

(*1) The amount of allowance for doubtful accounts related to notes receivable, accounts receivable from completed construction contracts and other is deducted.

(*2) The value of liabilities is shown in parenthesis.

(*3) The value of assets and liabilities arising from derivative transactions is shown at net value and with the amount in parenthesis indicating the net liability position.

	Millions of Yen					
	For the year ended March 31, 2015					
	Carrying amount		Fair value		Difference	
(1) Cash and deposits	¥	44,128	¥	44,128	¥	–
(2) Notes receivable, accounts receivable from completed construction contracts and other		129,326				
Allowance for doubtful accounts (*1)		(380)				
		128,946		128,946		–
(3) Securities and investment securities						
1) Held-to-maturity securities		5,999		6,000		0
2) Available-for-sale securities		41,132		41,132		–
(4) Notes payable, accounts payable for construction contracts and other (*2)		(86,231)		(86,231)		–
(5) Short-term loans payable (*2)		(8,728)		(8,728)		–
(6) Long-term loans payable (*2)		(1,755)		(1,757)		1
(7) Derivative transactions (*3)	¥	(332)	¥	(332)	¥	–

Thousands of U.S. Dollars

	For the year ended March 31, 2015		
	Carrying amount	Fair value	Difference
(1) Cash and deposits	\$ 367,733	\$ 367,733	\$ —
(2) Notes receivable, accounts receivable from completed construction contracts and other	1,077,716		
Allowance for doubtful accounts (*1)	(3,166)		
	1,074,550	1,074,550	—
(3) Securities and investment securities			
1) Held-to-maturity securities	49,991	50,000	0
2) Available-for-sale securities	342,766	342,766	—
(4) Notes payable, accounts payable for construction contracts and other (*2)	(718,591)	(718,591)	—
(5) Short-term loans payable (*2)	(72,733)	(72,733)	—
(6) Long-term loans payable (*2)	(14,625)	(14,641)	8
(7) Derivative transactions (*3)	\$ (2,766)	\$ (2,766)	\$ —

(*1) The amount of allowance for doubtful accounts related to notes receivable, accounts receivable from completed construction contracts and other is deducted.

(*2) The value of liabilities is shown in parenthesis.

(*3) The value of assets and liabilities arising from derivative transactions is shown at net value and with the amount in parenthesis indicating the net liability position.

Notes:

1. The calculation methods for the fair value of financial instruments, marketable securities and derivative transactions

(1) Cash and deposits

Deposits are stated at their carrying amount as the fair value approximates the carrying amount because of the short maturity.

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

The fair value of these instruments is stated at the net present value by maturity group which is discounted considering the credit risk. The fair value with short maturity approximates the carrying amount.

(3) Securities and investment securities

The fair value of stocks is calculated by quoted market price and the fair value of debt securities is calculated by quoted market price or quotes from counterparty financial institutions. Negotiable certificates of deposit and jointly operated money trusts are stated at their carrying amount as the fair value approximates the carrying amount because of the short maturity. Information by holding purpose is described in "SECURITIES."

(4) Notes payable, accounts payable for construction contracts and other, and (5) Short-term loans payable

These are stated at their carrying amount as the fair value approximates the carrying amount because of the short maturity.

(6) Long-term loans payable

Fair value of long-term loans payable is based on the present value of sum of principal and interest discounted using the borrowing rate for similar new borrowings. The fair value of long-term loans payable with variable interest rates subject to the exceptional accounting of interest rate swaps is calculated by discounting the sum of principal and interest that were recognized together with the interest rate swaps, with the reasonably estimated rate which would be applied if a similar new borrowing were entered into.

(7) Derivative transactions

Please refer to "DERIVATIVE TRANSACTIONS."

2. The carrying amount of financial instruments whose fair values are deemed extremely difficult to determine

	Millions of Yen		Thousands of U.S. Dollars	
	2014	2015	2015	
Unlisted stocks, etc.	¥ 4,565	¥ 4,191	\$	34,925

Since no quoted market price is available, it is extremely difficult to estimate future cash flows and it is deemed extremely difficult to determine their fair value, these financial instruments are not included in "(3) Securities and investment securities."

3. Expected redemption amount of monetary receivables and securities with maturity dates after the consolidated year-end date

	Millions of Yen			
	For the year ended March 31, 2014			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 44,558	¥ –	¥ –	¥ –
Notes receivable, accounts receivable from completed construction contracts and other	113,118	996	–	–
Securities and investment securities				
Held-to-maturity securities (corporate bonds)	6,000	1,000	–	–
Held-to-maturity securities (other)	5,000	–	–	–
Available-for-sale securities with maturities (other)	1,000	–	–	–
Total	¥ 169,676	¥ 1,996	¥ –	¥ –

	Millions of Yen			
	For the year ended March 31, 2015			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 44,128	¥ –	¥ –	¥ –
Notes receivable, accounts receivable from completed construction contracts and other	129,326	–	–	–
Securities and investment securities				
Held-to-maturity securities (corporate bonds)	6,000	–	–	–
Held-to-maturity securities (other)	–	–	–	–
Available-for-sale securities with maturities (other)	–	–	–	–
Total	¥ 179,454	¥ –	¥ –	¥ –

	Thousands of U.S. Dollars			
	For the year ended March 31, 2015			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	\$ 367,733	\$ –	\$ –	\$ –
Notes receivable, accounts receivable from completed construction contracts and other	1,077,716	–	–	–
Securities and investment securities				
Held-to-maturity securities (corporate bonds)	50,000	–	–	–
Held-to-maturity securities (other)	–	–	–	–
Available-for-sale securities with maturities (other)	–	–	–	–
Total	\$ 1,495,450	\$ –	\$ –	\$ –

4. Scheduled amount of repayment of short-term loans payable and long-term loans payable

Millions of Yen

	For the year ended March 31, 2014					
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term loans payable	¥ 7,631	¥ –	¥ –	¥ –	¥ –	¥ –
Long-term loans payable	–	1,088	495	303	311	645
Total	¥ 7,631	¥ 1,088	¥ 495	¥ 303	¥ 311	¥ 645

Millions of Yen

	For the year ended March 31, 2015					
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term loans payable	¥ 8,728	¥ –	¥ –	¥ –	¥ –	¥ –
Long-term loans payable	–	495	303	311	318	326
Total	¥ 8,728	¥ 495	¥ 303	¥ 311	¥ 318	¥ 326

Thousands of U.S. Dollars

	For the year ended March 31, 2015					
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term loans payable	\$ 72,733	\$ –	\$ –	\$ –	\$ –	\$ –
Long-term loans payable	–	4,125	2,525	2,591	2,650	2,716
Total	\$ 72,733	\$ 4,125	\$ 2,525	\$ 2,591	\$ 2,650	\$ 2,716

SECURITIES

1. Held-to-maturity securities

	Millions of Yen					
	For the year ended March 31, 2014					
	Carrying amount		Market value		Difference	
Securities whose market value exceeds their carrying amount:						
Government/municipal bonds	¥	–	¥	–	¥	–
Corporate bonds		2,000		2,000		0
Other		1,000		1,006		6
Subtotal	¥	3,000	¥	3,007	¥	7
Securities whose market value does not exceed their carrying amount:						
Government/municipal bonds	¥	–	¥	–	¥	–
Corporate bonds		4,999		4,999		(0)
Other		4,000		4,000		–
Subtotal	¥	8,999	¥	8,999	¥	(0)
Total	¥	11,999	¥	12,006	¥	6

	Millions of Yen					
	For the year ended March 31, 2015					
	Carrying amount		Market value		Difference	
Securities whose market value exceeds their carrying amount:						
Government/municipal bonds	¥	–	¥	–	¥	–
Corporate bonds		2,000		2,001		1
Other		–		–		–
Subtotal	¥	2,000	¥	2,001	¥	1
Securities whose market value does not exceed their carrying amount:						
Government/municipal bonds	¥	–	¥	–	¥	–
Corporate bonds		3,999		3,999		(0)
Other		–		–		–
Subtotal	¥	3,999	¥	3,999	¥	(0)
Total	¥	5,999	¥	6,000	¥	0

	Thousands of U.S. Dollars					
	For the year ended March 31, 2015					
	Carrying amount		Market value		Difference	
Securities whose market value exceeds their carrying amount:						
Government/municipal bonds	\$	–	\$	–	\$	–
Corporate bonds		16,666		16,675		8
Other		–		–		–
Subtotal	\$	16,666	\$	16,675	\$	8
Securities whose market value does not exceed their carrying amount:						
Government/municipal bonds	\$	–	\$	–	\$	–
Corporate bonds		33,325		33,325		(0)
Other		–		–		–
Subtotal	\$	33,325	\$	33,325	\$	(0)
Total	\$	49,991	\$	50,000	\$	0

2. Available-for-sale securities

Millions of Yen

	For the year ended March 31, 2014		
	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost:			
Stocks	¥ 27,755	¥ 11,762	¥ 15,992
Bonds	—	—	—
Other	—	—	—
Subtotal	¥ 27,755	¥ 11,762	¥ 15,992
Securities whose carrying amount does not exceed their acquisition cost:			
Stocks	¥ 3,533	¥ 4,297	¥ (763)
Bonds	—	—	—
Other	1,000	1,000	—
Subtotal	¥ 4,533	¥ 5,297	¥ (763)
Total	¥ 32,288	¥ 17,060	¥ 15,228

Millions of Yen

	For the year ended March 31, 2015		
	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost:			
Stocks	¥ 38,837	¥ 15,757	¥ 23,080
Bonds	—	—	—
Other	—	—	—
Subtotal	¥ 38,837	¥ 15,757	¥ 23,080
Securities whose carrying amount does not exceed their acquisition cost:			
Stocks	¥ 2,294	¥ 2,550	¥ (255)
Bonds	—	—	—
Other	—	—	—
Subtotal	¥ 2,294	¥ 2,550	¥ (255)
Total	¥ 41,132	¥ 18,308	¥ 22,824

Thousands of U.S. Dollars

	For the year ended March 31, 2015		
	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost:			
Stocks	\$ 323,641	\$ 131,308	\$ 192,333
Bonds	—	—	—
Other	—	—	—
Subtotal	\$ 323,641	\$ 131,308	\$ 192,333
Securities whose carrying amount does not exceed their acquisition cost:			
Stocks	\$ 19,116	\$ 21,250	\$ (2,125)
Bonds	—	—	—
Other	—	—	—
Subtotal	\$ 19,116	\$ 21,250	\$ (2,125)
Total	\$ 342,766	\$ 152,566	\$ 190,200

3. Available-for-sale securities sold during the year

For the year ended March 31, 2014

Not applicable.

Millions of Yen

	For the year ended March 31, 2015		
	Sales amount	Total gain on sales	Total loss on sales
Stocks	¥ 1,342	¥ 1,264	¥ 2
Bonds	—	—	—
Other	—	—	—
Total	¥ 1,342	¥ 1,264	¥ 2

Thousands of U.S. Dollars

	For the year ended March 31, 2015		
	Sales amount	Total gain on sales	Total loss on sales
Stocks	\$ 11,183	\$ 10,533	\$ 16
Bonds	—	—	—
Other	—	—	—
Total	\$ 11,183	\$ 10,533	\$ 16

4. Impairment loss on securities

For the year ended March 31, 2014

Disclosure is omitted due to immateriality.

For the year ended March 31, 2015

Disclosure is omitted due to immateriality.

DERIVATIVE TRANSACTIONS

Derivative transactions to which hedge accounting is applied

Interest rate-related

For the year ended March 31, 2014					
Hedge accounting method	Type of transactions	Primary hedged items	Contract amount	Contract amount due after one year	Fair value
Deferral hedge	Interest rate swaps: fixed payment, floating receipt	Long-term loans payable (forecasted transaction)	¥ 4,880 million	¥ 4,880 million	¥ (108) million

Note: Calculation method for fair value:

Fair value is based on the prices presented by the counterparty financial institutions.

Hedge accounting method	Type of transactions	Primary hedged items	Contract amount	Contract amount due after one year	Fair value
Exceptional accounting of the interest rate swaps	Interest rate swaps: fixed payment, floating receipt	Long-term loans payable	¥ 708 million	¥ 614 million	(Note)

Note: The fair value of interest rate swaps subject to the application of the exceptional accounting is recognized together with long-term loans payable, which is designated as the hedged item, therefore their fair value is included in the fair value of the relevant long-term loans payable.

For the year ended March 31, 2015					
Hedge accounting method	Type of transactions	Primary hedged items	Contract amount	Contract amount due after one year	Fair value
Deferral hedge	Interest rate swaps: fixed payment, floating receipt	Long-term loans payable (forecasted transaction)	¥ 4,880 million \$ 40,666 thousand	¥ 4,880 million \$ 40,666 thousand	¥ (332) million \$ (2,766) thousand

Note: Calculation method for fair value:

Fair value is based on the prices presented by the counterparty financial institutions.

Hedge accounting method	Type of transactions	Primary hedged items	Contract amount	Contract amount due after one year	Fair value
Exceptional accounting of the interest rate swaps	Interest rate swaps: fixed payment, floating receipt	Long-term loans payable	¥ 614 million \$ 5,116 thousand	¥ 518 million \$ 4,316 thousand	(Note)

Note: The fair value of interest rate swaps subject to the application of the exceptional accounting is recognized together with long-term loans payable, which is designated as the hedged item, therefore their fair value is included in the fair value of the relevant long-term loans payable.

RETIREMENT BENEFITS

1. Overview of retirement benefit plans

The Companies have funded and unfunded defined benefit plans and defined contribution plans to prepare for retirement benefits to employees. Defined benefit pension plans (funded plans) offer retirement lump-sum payments or pensions according to the salary and service period of the eligible employees. Retirement lump-sum payment plans (unfunded plans) offer retirement lump-sum payments according to the salary and service period of the eligible employees.

Certain consolidated subsidiaries participate in a multi-employer welfare benefit pension fund, which is accounted for in the same manner as defined contribution plans because it is impracticable to reasonably estimate an amount of plan assets for the contributions made by the subsidiaries.

Certain consolidated subsidiaries use the simplified method in calculating net defined benefit liability and retirement benefit expenses.

2. Defined benefit plans

(1) Changes in defined benefit obligations

	Millions of Yen		Thousands of U.S. Dollars	
	2014	2015	2015	2015
Balance at beginning of year	¥ 68,786	¥ 66,526	\$ 554,383	
Cumulative effects of changes in accounting policies	–	8,136	67,800	
Restated balance	68,786	74,663	622,191	
Current service cost	1,996	2,272	18,933	
Interest cost	1,335	659	5,491	
Actuarial gains and losses	156	1,100	9,166	
Benefit paid	(5,811)	(6,012)	(50,100)	
Past service cost	63	–	–	
Balance at end of year	¥ 66,526	¥ 72,683	\$ 605,691	

(2) Changes in plan assets

	Millions of Yen		Thousands of U.S. Dollars	
	2014	2015	2015	2015
Balance at beginning of year	¥ 36,683	¥ 37,734	\$ 314,450	
Expected return on plan assets	550	565	4,708	
Actuarial gains and losses	1,656	2,355	19,625	
Contributions by the employer	3,183	3,205	26,708	
Benefits paid	(4,338)	(4,326)	(36,050)	
Balance at end of year	¥ 37,734	¥ 39,534	\$ 329,450	

(3) Reconciliation between ending balances of defined benefit obligations and plan assets and the net defined benefit liability and net defined benefit asset reported on the consolidated balance sheet

	Millions of Yen		Thousands of U.S. Dollars	
	2014	2015	2015	2015
Funded defined benefit obligations	¥ 48,824	¥ 53,136	\$ 442,800	
Plan assets	(37,734)	(39,534)	(329,450)	
	11,090	13,602	113,350	
Unfunded defined benefit obligations	17,702	19,547	162,891	
Net amount of liabilities and assets recognized in consolidated balance sheet	¥ 28,792	¥ 33,149	\$ 276,241	
Net defined benefit liability	¥ 28,792	¥ 33,149	\$ 276,241	
Net amount of liabilities and assets recognized in consolidated balance sheet	¥ 28,792	¥ 33,149	\$ 276,241	

(4) Breakdown of retirement benefit expenses

	Millions of Yen		Thousands of U.S. Dollars	
	2014	2015	2015	
Current service cost	¥ 1,996	¥ 2,272	\$ 18,933	
Interest cost	1,335	659	5,491	
Expected return on plan assets	(550)	(565)	(4,708)	
Actuarial gains and losses recognized in the year	785	(270)	(2,250)	
Past service cost recognized in the year	12	12	100	
Total	¥ 3,579	¥ 2,108	\$ 17,566	

(5) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans (before tax effect) consist of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2014	2015	2015	
Past service cost	¥ –	¥ (12)	\$ (100)	
Actuarial gains and losses	–	(984)	(8,200)	
Total	¥ –	¥ (996)	\$ (8,300)	

(6) Accumulated remeasurements of defined benefit plans

Accumulated remeasurements of defined benefit plans (before tax effect) consist of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2014	2015	2015	
Unrecognized past service cost	¥ 50	¥ 37	\$ 308	
Unrecognized actuarial gains and losses	(1,061)	(2,046)	(17,050)	
Total	¥ (1,011)	¥ (2,008)	\$ (16,733)	

(7) Plan assets

(a) Breakdown of plan assets

The ratio of each major category to total plan assets is as follows:

	2014	2015
General account	46%	42%
Bonds	32%	32%
Equities	21%	25%
Other	1%	1%
Total	100%	100%

(b) Method of determining the long-term expected rates of return on plan assets

Expected return rate on plan assets is determined by considering the current and anticipated future portfolio of plan assets and current and anticipated future long-term performance of individual asset classes that comprise the funds' asset mix.

(8) Assumptions used in actuarial calculations

Major assumptions used in actuarial calculations

	2014	2015
Discount rate	mainly 2.0%	mainly 0.9%
Expected return rate on plan assets	mainly 1.5%	mainly 1.5%

3. Defined contribution plans

The required amount of contribution to the defined contribution plans (including the multi-employer welfare benefit pension fund accounted for in the same manner) of the Companies was ¥1,477 million and ¥1,659 million (\$13,825 thousand) for the years ended March 31, 2014 and 2015, respectively.

Information on the multi-employer welfare benefit pension fund for which the required amount of contribution is accounted for as retirement benefit expenses

(1) Funded status of multi-employer welfare benefit pension fund

	Millions of Yen			
	As of March 31, 2013		As of March 31, 2014	
Plan assets	¥	14,231	¥	16,331
Sum of actuarial obligations calculated for finance status of pension plan and minimum reserve		15,117		16,143
Net amount	¥	(886)	¥	188

(2) Percentage of the amounts paid by the consolidated subsidiaries in the total amount of contribution for the multi-employer welfare benefit pension fund

	From March 1 to March 31, 2013	From March 1 to March 31, 2014
	7.78%	8.08%

DEFERRED TAX ACCOUNTING

1. Breakdown of major factors that caused deferred tax assets and liabilities

	Millions of Yen		Thousands of U.S. Dollars	
	2014	2015	2015	
Deferred tax assets:				
Net defined benefit liability	¥ 10,228	¥ 10,776	\$	89,800
Depreciation of property	4,279	3,795		31,625
Provision for loss on construction contracts	1,587	1,034		8,616
Allowance for doubtful accounts	840	739		6,158
Loss carry-forward	192	234		1,950
Others	7,490	5,918		49,316
Sub-total	24,619	22,497		187,475
Valuation allowance	(2,218)	(2,081)		(17,341)
Total	¥ 22,400	¥ 20,416	\$	170,133
Deferred tax liabilities:				
Valuation difference on available-for-sale securities	¥ (5,390)	¥ (7,311)	\$	(60,925)
Reserve for advanced depreciation of non-current assets	(1,248)	(1,116)		(9,300)
Reserve for special depreciation	(314)	(519)		(4,325)
Others	(162)	(93)		(775)
Total	¥ (7,116)	¥ (9,041)	\$	(75,341)
Net deferred tax assets	¥ 15,284	¥ 11,374	\$	94,783

Note: Except for above, deferred tax liabilities for land revaluation are recorded as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2014	2015	2015	
Deferred tax liabilities for land revaluation	¥ 8,130	¥ 7,304	\$	60,866

2. Breakdown of items which caused the difference between the statutory tax rate and the effective tax rate after adopting tax effect accounting

	2014	2015
Statutory tax rate	37.8%	35.5%
(Adjustments)		
Expenses not deductible for tax purposes	6.2%	2.4%
Non-taxable dividend income	(1.4%)	(1.1%)
Per capita levy of inhabitant taxes	2.4%	1.9%
Increase (decrease) in valuation allowance	(8.2%)	(0.3%)
Adjustment of deferred tax assets at end of year resulting from tax rate changes	7.6%	15.0%
Others-net	0.9%	0.6%
Effective tax rate after adopting tax effect accounting	45.3%	54.0%

3. Changes in the amount of deferred tax assets and deferred tax liabilities due to changes in the corporate tax rates

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act for Partial Amendment of Local Tax Act, etc." (Act No. 2 of 2015) were promulgated on March 31, 2015 and corporate tax rates will be reduced effective from years beginning on or after April 1, 2015. As a result, the corporate tax rate used to calculate deferred tax assets and liabilities will be changed from 35.5% to 33.1% for the temporary differences expected to be realized or settled for the year beginning on April 1, 2015, and to 32.3% for the temporary differences expected to be realized or settled for the year beginning on April 1, 2016.

As a result, deferred tax assets (after offsetting deferred tax liabilities) decreased by ¥874 million (\$7,283 thousand) and income taxes – deferred, valuation difference on available-for-sale securities, and remeasurements of defined benefit plans increased by ¥1,665 million (\$13,875 thousand), ¥722 million (\$6,016 thousand) and ¥68 million (\$566 thousand), respectively, as of and for the year ended March 31, 2015.

In addition, deferred tax liabilities for land revaluation decreased by ¥723 million (\$6,025 thousand) and revaluation reserve for land increased by the same amount as of March 31, 2015.

SEGMENT INFORMATION, ETC.

(Segment information)

1. Outline of reportable segment information

Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Companies engage in facility installation work, sales of electrical equipment, rental of real estate, leasing, sales of electrical power and others. "Engineering" is determined to be the reportable segment.

"Engineering" includes business related to electrical work, plumbing work and various other work on facilities.

2. Method of measurement for the amounts of net sales, income or loss, assets and other items by reportable segment

The accounting treatment regarding the reportable business segments are the same as recorded in "SIGNIFICANT MATTERS PROVIDING THE BASIS FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS". The income of reportable segments is based on operating income. The intersegment profit and transfers are based on trading prices in the market.

(Application of the accounting standards, etc. for retirement benefits)

As described in "CHANGES IN ACCOUNTING POLICIES", effective from April 1, 2014, the calculation method of defined benefit obligations and service cost has been revised. Accordingly, the calculation method of defined benefit obligations and service cost for business segments have also been revised. As a result of the change, segment profit of "Engineering" and "Other" increased by ¥305 million (\$2,541 thousand) and ¥1 million (\$8 thousand) for the year ended March 31, 2015, respectively, as compared with the previous accounting method.

3. Net sales, income or loss, assets and other items by reportable segments

Millions of Yen

	For the year ended March 31, 2014				
	Engineering	Other (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
Net sales:					
Customers	¥ 431,883	¥ 6,046	¥ 437,930	¥ –	¥ 437,930
Inter-segment	880	31,951	32,832	(32,832)	–
Total	¥ 432,764	¥ 37,998	¥ 470,762	¥ (32,832)	¥ 437,930
Segment profit	¥ 7,532	¥ 649	¥ 8,182	¥ 102	¥ 8,284
Segment assets	¥ 333,590	¥ 44,393	¥ 377,984	¥ (18,050)	¥ 359,933
Other items:					
Depreciation	¥ 4,202	¥ 563	¥ 4,765	¥ (157)	¥ 4,607
Increase in property, plant and equipment and intangible assets	3,988	1,980	5,969	(55)	5,914

Notes:

1. The "Other" segment is a business segment which is not included in the reportable segment and includes electrical equipment sales business, real estate business, lease business and power generation business.
2. Adjustments in segment profit, segment assets and other items are elimination of internal transactions between segments.
3. Segment profit is adjusted with operating income presented in the consolidated statement of income.

Millions of Yen

	For the year ended March 31, 2015				
	Engineering	Other (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
Net sales:					
Customers	¥ 426,816	¥ 9,866	¥ 436,682	¥ –	¥ 436,682
Inter-segment	4,465	30,025	34,490	(34,490)	–
Total	¥ 431,281	¥ 39,891	¥ 471,172	¥ (34,490)	¥ 436,682
Segment profit	¥ 8,514	¥ 803	¥ 9,317	¥ 70	¥ 9,388
Segment assets	¥ 336,474	¥ 53,979	¥ 390,454	¥ (24,276)	¥ 366,177
Other items:					
Depreciation	¥ 3,481	¥ 588	¥ 4,069	¥ (130)	¥ 3,939
Increase in property, plant and equipment and intangible assets	3,816	5,673	9,490	(85)	9,404

Thousands of U.S. Dollars

	For the year ended March 31, 2015				
	Engineering	Other (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
Net sales:					
Customers	\$ 3,556,800	\$ 82,216	\$ 3,639,016	\$ –	\$ 3,639,016
Inter-segment	37,208	250,208	287,416	(287,416)	–
Total	\$ 3,594,008	\$ 332,425	\$ 3,926,433	\$ (287,416)	\$ 3,639,016
Segment profit	\$ 70,950	\$ 6,691	\$ 77,641	\$ 583	\$ 78,233
Segment assets	\$ 2,803,950	\$ 449,825	\$ 3,253,783	\$ (202,300)	\$ 3,051,475
Other items:					
Depreciation	\$ 29,008	\$ 4,900	\$ 33,908	\$ (1,083)	\$ 32,825
Increase in property, plant and equipment and intangible assets	31,800	47,275	79,083	(708)	78,366

Notes:

1. The "Other" segment is a business segment which is not included in the reportable segment and includes electrical equipment sales business, real estate business, lease business and power generation business.
2. Adjustments in segment profit, segment assets and other items are elimination of internal transactions between segments.
3. Segment profit is adjusted with operating income presented in the consolidated statement of income.

(Related information)

For the year ended March 31, 2014

1. Information about products and services

Information is omitted as similar information is described in the segment information.

2. Information about geographical region

(1) Net sales

Information is omitted as net sales to external customers in Japan accounted for more than 90% of net sales reported in the consolidated statement of income.

(2) Property, plant and equipment

Details of property, plant and equipment are omitted as amounts of property, plant and equipment located in Japan accounted for more than 90% of all property, plant and equipment reported on the consolidated balance sheet.

3. Information about major customers

Millions of Yen		
Customer Name	Net sales	Related segment
Tokyo Electric Power Company, Incorporated	¥ 165,452	Engineering

For the year ended March 31, 2015

1. Information about products and services

Information is omitted as similar information is described in the segment information.

2. Information about geographical region

(1) Net sales

Information is omitted as net sales to external customers in Japan accounted for more than 90% of net sales reported in the consolidated statement of income.

(2) Property, plant and equipment

Details of property, plant and equipment are omitted as amounts of property, plant and equipment located in Japan accounted for more than 90% of all property, plant and equipment reported on the consolidated balance sheet.

3. Information about major customers

Millions of Yen		
Customer Name	Net sales	Related segment
Tokyo Electric Power Company, Incorporated	¥ 155,986	Engineering

Thousands of U.S. Dollars		
Customer Name	Net sales	Related segment
Tokyo Electric Power Company, Incorporated	\$ 1,299,883	Engineering

(Information about impairment loss noncurrent assets of each reportable segment)

	Millions of Yen			
	For the year ended March 31, 2014			
	Engineering	Other (Note)	Corporate/elimination	Total
Impairment loss	¥ 91	¥ 14	¥ –	¥ 106

Note: "Other" is related to real estate business.

	Millions of Yen			
	For the year ended March 31, 2015			
	Engineering	Other (Note)	Corporate/elimination	Total
Impairment loss	¥ 288	¥ 3	¥ –	¥ 292

	Thousands of U.S. Dollars			
	For the year ended March 31, 2015			
	Engineering	Other (Note)	Corporate/elimination	Total
Impairment loss	\$ 2,400	\$ 25	\$ –	\$ 2,433

Note: "Other" is related to real estate business.

(Information about amortization and unamortized balance of goodwill of each reportable segment)

For the year ended March 31, 2014

Disclosure is omitted due to immateriality

For the year ended March 31, 2015

Disclosure is omitted due to immateriality.

(Information about gain on negative goodwill of each reportable segment)

For the year ended March 31, 2014

Not applicable.

For the year ended March 31, 2015

Not applicable

(Related party transactions)

Transactions between related parties

Transactions between the Company and Related Parties

The parent company and major shareholders (limited to companies) of the Company

For the year ended March 31, 2014						
Type	Name	Location	Capital stock	Description of business	Ratio of voting rights	Relation to the related party
Other affiliates	Tokyo Electric Power Company, Incorporated	Chiyoda-ku, Tokyo	¥ 1,400,975 million	Electric power business	Direct (46.6%) Indirect (1.2%)	Electric work contract and others

Type	Name	Nature of transaction	Amount of transaction	Account	Balance at end of year
Other affiliates	Tokyo Electric Power Company, Incorporated	Installation of electric work	¥ 156,583 million	Notes receivable, accounts receivable from completed construction contracts and other	¥ 29,188 million
				Advances received on uncompleted construction contracts	¥ 572 million
		Purchase of raw materials	¥ 36,368 million	Notes payable, accounts payable for construction contracts and other	¥ 2,750 million

For the year ended March 31, 2015						
Type	Name	Location	Capital stock	Description of business	Ratio of voting rights	Relation to the related party
Other affiliates	Tokyo Electric Power Company, Incorporated	Chiyoda-ku, Tokyo	¥ 1,400,975 million \$ 11,674,791 thousand	Electric power business	Direct (46.6%) Indirect (1.2%)	Electric work contract and others

Type	Name	Nature of transaction	Amount of transaction	Account	Balance at end of year
Other affiliates	Tokyo Electric Power Company, Incorporated	Installation of electric work	¥ 146,637 million \$ 1,221,975 thousand	Notes receivable, accounts receivable from completed construction contracts and other	¥ 30,788 million \$ 256,566 thousand
				Advances received on uncompleted construction contracts	¥ 468 million \$ 3,900 thousand
		Purchase of raw materials	¥ 38,769 million \$ 323,075 thousand	Notes payable, accounts payable for construction contracts and other	¥ 2,461 million \$ 20,508 thousand

Notes:

- Above transaction amounts do not include consumption taxes and above balances at the end of the year include consumption taxes.
- Terms and conditions of the transactions and its policies
Terms and conditions for construction orders and purchase of raw materials are determined based on arm's length basis through negotiations considering market price, etc.

PER SHARE INFORMATION

	Yen		U.S. Dollars	
	2014	2015	2015	
Net assets per share	¥ 906.29	¥ 922.05	\$	7.68
Net income per share	20.69	22.59		0.18

Notes:

1. Diluted net income per share has not been presented since there is no dilutive security.
2. The basis of calculating net income per share is as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2014	2015	2015	
Net income	¥ 4,226	¥ 4,615	\$	38,458
Amount not attributable to common shareholders	–	–		–
Net income applicable to common shares	4,226	4,615		38,458

	Thousands of Shares	
	2014	2015
Weighted average number of common shares during the year	204,341	204,308

3. The basis of calculating net assets per share is as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2014	2015	2015	
Total net assets	¥ 189,692	¥ 193,345	\$	1,611,208
Amount deducted from total net assets	4,521	4,976		41,466
[Minority interests included in the above]	[4,521]	[4,976]		[41,466]
Total net assets related to common shares	185,171	188,368		1,569,733

	Thousands of Shares	
	2014	2015
Number of common shares outstanding at end of year	204,317	204,294

SIGNIFICANT SUBSEQUENT EVENTS

Not applicable.

Consolidated Supplemental Schedules

(Schedule of bonds)

Not applicable.

(Schedule of loans)

	As of April 1, 2014	As of March 31, 2015	Average interest rate (%)	Maturity
Short-term loans payable	¥ 7,350 million \$ 61,250 thousand	¥ 7,640 million \$ 63,666 thousand	0.7	—
Current portion of long-term loans payable	¥ 281 million \$ 2,341 thousand	¥ 1,088 million \$ 9,066 thousand	1.7	—
Current portion of lease obligations	¥ 623 million \$ 5,191 thousand	¥ 516 million \$ 4,300 thousand	—	—
Long-term loans payable (excluding current portion of long-term loans payable)	¥ 2,844 million \$ 23,700 thousand	¥ 1,755 million \$ 14,625 thousand	2.3	2016 to 2021
Lease obligations (excluding current portion of lease obligations)	¥ 1,046 million \$ 8,716 thousand	¥ 809 million \$ 6,741 thousand	—	2016 to 2022
Other interest-bearing debt	—	—	—	—
Total	¥ 12,146 million \$ 101,216 thousand	¥ 11,809 million \$ 98,408 thousand	—	—

Notes:

1. Interest rates and balances at the end of the year are used to calculate average interest rate. The average interest rate of lease obligations has not been presented since lease obligations before deducting the amount equivalent to interest expense included in total lease payments are recorded on the consolidated balance sheet.

2. The redemption schedule of long-term loans payable and lease obligations (excluding current portion) for five years subsequent to March 31, 2015 is summarized as follows:

	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Long-term loans payable	¥ 495 million \$ 4,125 thousand	¥ 303 million \$ 2,525 thousand	¥ 311 million \$ 2,591 thousand	¥ 318 million \$ 2,650 thousand
Lease obligations	¥ 349 million \$ 2,908 thousand	¥ 234 million \$ 1,950 thousand	¥ 135 million \$ 1,125 thousand	¥ 63 million \$ 525 thousand

(Schedule of Asset Retirement Obligations)

The amounts of asset retirement obligations as of April 1, 2014 and March 31, 2015 are less than 1% of the total liabilities and net assets as of April 1, 2014 and March 31, 2015. Therefore, the disclosure is omitted.

Others

Quarterly information for the year ended March 31, 2015

Cumulative period	First quarter	Second quarter	Third quarter	Fourth quarter
Net sales	¥ 89,844 million \$ 748,700 thousand	¥ 201,639 million \$ 1,680,325 thousand	¥ 290,684 million \$ 2,422,366 thousand	¥ 436,682 million \$ 3,639,016 thousand
Income before income taxes	¥ 1,538 million \$ 12,816 thousand	¥ 5,205 million \$ 43,375 thousand	¥ 6,652 million \$ 55,433 thousand	¥ 11,141 million \$ 92,841 thousand
Net income	¥ 687 million \$ 5,725 thousand	¥ 2,552 million \$ 21,266 thousand	¥ 3,351 million \$ 27,925 thousand	¥ 4,615 million \$ 38,458 thousand
Net income per share	¥ 3.37 \$ 0.02	¥ 12.49 \$ 0.10	¥ 16.41 \$ 0.13	¥ 22.59 \$ 0.18
Each quarter	First quarter	Second quarter	Third quarter	Fourth quarter
Net income per share	¥ 3.37 \$ 0.02	¥ 9.13 \$ 0.07	¥ 3.91 \$ 0.03	¥ 6.18 \$ 0.05

Independent Auditors' Report

To The Board of Directors of Kandenko Co., Ltd.

We have audited the accompanying consolidated financial statements of Kandenko Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as of March 31, 2015, and the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Kandenko Co., Ltd. and its consolidated subsidiaries as of March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience translations

The accompanying consolidated financial statements as of and for the year ended March 31, 2015 have been translated into United States dollars solely for the convenience of readers. We have audited the translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into dollars on the basis set forth in "BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS" of the notes to consolidated financial statements.

Inoue Audit Corporation

Inoue Audit Corporation

Tokyo, Japan

June 26, 2015

Company Profile

History

Time	Notes
Sep. 1944	Kyoritsu Kogyo Co., Ltd., and seven other companies merge to rationalize their electrical engineering work. Kanto Haiden Co., Ltd. joins the new group to form Kanto Denki Koji Co., Ltd., an electrical engineering company with capital of ¥3 million and a head office at 2 Tameike, Akasaka Ward, Tokyo. Eight regional branches are established in Kanagawa, Saitama, Chiba, Gunma, Tochigi, Ibaraki, Yamanashi, and Numazu (now Shizuoka), and operations begin.
Mar. 1948	The Tama Branch is established.
Oct. 1949	In accordance with the Construction Business Act, the Company receives ministerial registration No. 250, which it renews every two years.
Jan. 1959	The Osaka (now Kansai) Branch is established.
Sep. 1960	The head office moves to 4-1-18 Yushima, Bunkyo Ward, Tokyo.
July 1961	The Company invests in Oyo Denki Co., Ltd. (now KANKO SYOJI CO., LTD.).
Oct. 1961	The Company's stock is listed on the Second Section of the Tokyo Stock Exchange (capital: ¥350 million).
May 1962	Kanto Sekizai Kogyo Co., Ltd. (now K Lease Co., Ltd.) is established.
Jan. 1970	The Sendai (now Tohoku) Branch is established.
Feb. 1970	The Shinetsu (now Nagano) Branch is established. The civil engineering business is launched. The Company's stock listing moves to the First Section of the Tokyo Stock Exchange (capital: ¥1,700 million).
May 1970	Air-conditioning duct business (now the environmental facilities and systems and renovation business) is launched.
Aug. 1970	The Sapporo (now Hokkaido) Branch is established.
Apr. 1971	The Company invests in Dai-ichi Kogyo Co., Ltd. (now Kanko Power Techno Co., Ltd.).
June 1973	The Comprehensive Education Center (now the Education & Training Center) is established.
Apr. 1974	Due to revision of the Construction Business Act, the Company receives ministerial permit (Special – 49) No. 3885, which it currently renews every five years.
June 1976	The Company receives ministerial permit (Ordinary – 51) No. 3885, which it currently renews every five years.
July 1979	The nuclear energy-related business is launched.
Oct. 1981	The Singapore Office (now Branch) is established.
Sep. 1984	The Company name is changed to Kandenko Co., Ltd.
Nov. 1984	Kanko Fudousan Kanri Co., Ltd. is established.
Jan. 1985	The Company invests in Tokyo Kouji Keibi Co., Ltd.
May 1985	The Company's first issue of unsecured convertible bonds (¥10 billion) takes place.
July 1987	Kanko Maintenance Service Co., Ltd. (now Kanko Facilities Co., Ltd.) is established.
Dec. 1988	The head office moves to 4-8-33 Shibaura, Minato Ward, Tokyo (its present location).
Apr. 1990	The Nagoya Branch is established.
July 1991	The Kyushu Branch is established.
July 1993	The Tsukuba Technology Research & Development Institute (now the Technology Research & Development Institute) is established.
July 1994	Bay Techno Co., Ltd. is established.
July 1995	The Niigata Branch is established.
July 1997	The Chuo (now Tokyo) Branch is established.
Oct. 1997	Ibaraki K-Techno Co., Ltd., Tochigi K-Techno Co., Ltd., Gunma K-Techno Co., Ltd., Yamanashi K-Techno Co., Ltd., and Shizuoka K-Techno Co., Ltd., are established.
July 1998	Kanagawa K-Techno Co., Ltd., Chiba K-Techno Co., Ltd., and Saitama K-Techno Co., Ltd., are established.
Nov. 2000	NETSAVE Co., Ltd. is established.
Aug. 2001	The Taiwan Branch is established.
Dec. 2001	In accordance with the Building Lots and Buildings Transaction Business Act, the Company receives a Building Lots and Building Transactions Business License (1) No. 80352 from the governor of Tokyo, which it renews every five years.
May 2003	The Company invests in Hankyu Denki Koji Co., Ltd. (now HANDENKO CORPORATION).
June 2004	The Company invests in Transmission Line Construction Co., Ltd.
Apr. 2008	The Company invests in Kawasaki Setsubi Kogyo Co., Ltd. (listed on the Second Section of the Nagoya Stock Exchange).
Oct. 2012	The Company invests in Choshi Wind Development Co., Ltd. (and launches the power generation business).
Mar. 2013	Kama Solar Power Co., Ltd. is established.
Oct. 2014	The regional headquarters system is introduced, and power line engineering work is put under the head office's direct jurisdiction.

Stock Information (As of March 31, 2015)

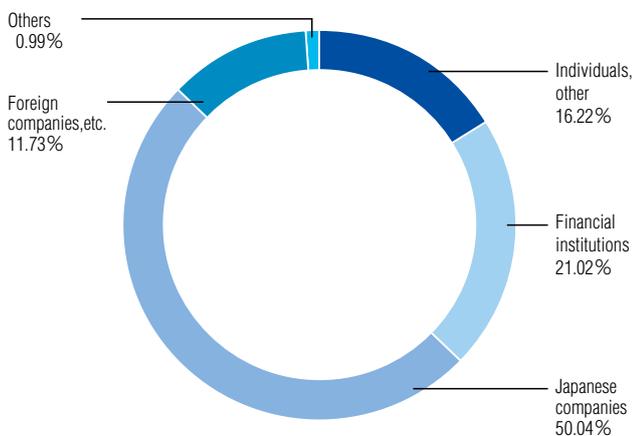
The shares of common stock of the Company are listed on the First Section of the Tokyo Stock Exchange. On March 31, 2015, there were a total of 9,144 shareholders.

The following table lists the 10 largest shareholders appearing on the register at that date.

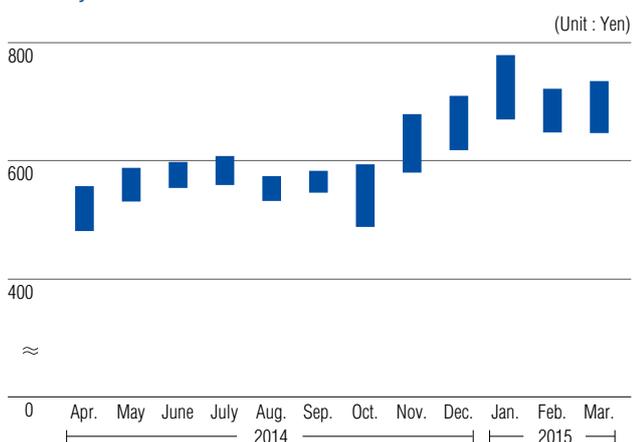
Principal Shareholders

	Name	Number of shares held	Shares held as a percentage of total outstanding shares
1	Tokyo Electric Power Company, Incorporated	94,753,552	46.15
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	12,256,000	5.97
3	Mizuho Bank, Ltd.	8,121,839	3.95
4	Japan Trustee Services Bank, Ltd. (Trust Account)	6,350,000	3.09
5	Kandenko Group Employees Shareholding Association	6,305,004	3.07
6	CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	1,977,000	0.96
7	Japan Trustee Services Bank, Ltd. (Trust Account 4)	1,594,000	0.77
8	MSIP CLIENT SECURITIES	1,561,192	0.76
9	Takasago Thermal Engineering Co., Ltd.	1,318,000	0.64
10	Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,255,000	0.61
	Total	135,491,587	66.00

Number of Shares Held by Type of Shareholder



Monthly Stock Price



Stock-Related Information

Fiscal year-end	March 31
Ordinary general meeting of shareholders	June
Record dates for dividend payments	March 31 for the fiscal year-end dividend. September 30 for the interim dividend.
Record date	The date on which shares must be owned for shareholders to exercise voting rights at the general meeting of shareholders is March 31. If other votes are required, the record date will be set and announced in advance.
Method of public notification	Notification will be given electronically. However, if we cannot issue an electronic notification, we will place a notice in the <i>Nihon Keizai Shimbun</i> , published in Tokyo. Kandenko's URL for public notices is as follows. http://www.kandenko.co.jp/index.html
Transfer agent	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan
Transfer agent contact point (inquiries about stock-related matters)	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063, Japan Tel: 0120-782-031 (toll-free)

Board of Directors and Audit & Supervisory Board Members (As of June 26, 2015)

Chairman	Manabu Yamaguchi	Managing Directors and Executive Officers	Haruhiko Terauchi	Audit & Supervisory Board Members (full-time)	Takao Ito
President	Hiroshi Mizue		Shinichiro Kitayama		Kenichi Nakamura
Executive Vice Presidents	Kiyoshi Goto		Hiroshi Nomura	Audit & Supervisory Board Members	Sumihito Okawa
	Yoshimi Morito		Shigenori Takaoka		Takuo Izumi
	Kazuo Nagayama		Shoichiro Kashiwabara		Takehiro Yamaguchi
Senior Managing Directors and Executive Officers	Masahiro Serizawa		Toshio Nakama		
	Kenichi Takahashi	Managing Directors	Takashi Uchino		
			Masataka Ishizuka		

Network

Domestic Offices		Overseas Offices	
Head Office	4-8-33 Shibaura, Minato-ku, Tokyo, Japan	Singapore Branch	371 Beach Road, #03-15, Keypoint, Singapore 199597
Tokyo Branch	4-8-33 Shibaura, Minato-ku, Tokyo, Japan	Taiwan Branch	6F-1, No. 45, Section 1, Minchuan Eastern Road, Taipei, Taiwan
Kanagawa Branch	1-1-8 Hiranuma, Nishi-ku, Yokohama, Japan	Yangon Branch	BLK-31, Room 21, 2nd Floor, Shwe Ohn Pin Apartment, Yanshin Road, Yankin Township, Yangon, Myanmar
Chiba Branch	2-1-24 Shinjuku, Chuo-ku, Chiba, Japan	Hanoi Representative Office	17th Floor VIT Tower, 519 Kim Ma Street, Ba Dinh District, Hanoi, Vietnam
Saitama Branch	3-22-15 Negishi, Minami-ku, Saitama, Japan	Indonesia Representative Office	5th Floor, Summitmas II Building, Jl. Jend. Sudirman Kav. 61-62, Jakarta 12190 Indonesia
Ibaraki Branch	2-7-14 Jonan, Mito-shi, Ibaraki, Japan		
Tochigi Branch	91-1 Imaizumicho, Utsunomiya-shi, Tochigi, Japan		
Gunma Branch	215-6 Furuichimachi, Maebashi-shi, Gunma, Japan		
Yamanashi Branch	4-12-25 Chuo, Kofu-shi, Yamanashi, Japan		
Shizuoka Branch	8-12 Yoneyamacho, Numazu-shi, Shizuoka		
Tama Branch	2-24-6 Myojincho, Hachioji-shi, Tokyo, Japan		
Kansai Branch	Nakanoshima Festival Tower 20th Floor, 2-3-18 Nakanoshima, Kita-ku, Osaka, Japan		
Nagoya Branch	Nagoya Toho Building 3rd Floor, 1-2-7 Sakae, Naka-ku, Nagoya, Japan		
Kyushu Branch	Yakuin Business Garden 4th Floor, 1-1-1 Yakuin, Chuo-ku, Fukuoka, Japan		
Hokkaido Branch	Takeda Resona Building 3rd Floor, 4-1-2 Kitaichijo Nishi, Chuo-ku, Sapporo, Japan		
Tohoku Branch	Sendai Daiichi Seimei Tower Building, 4-6-1 Ichibancho, Aoba-ku, Sendai, Japan		
Nagano Branch	1629-32 Midoricho, Nagano, Japan		

KANDENKO

<http://www.kandenko.co.jp/en/>

