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Ernst & Young ShinNihon LLC  
Hibiya Mitsui Tower, Tokyo Midtown Hibiya  
1-1-2 Yurakucho, Chiyoda-ku  
Tokyo 100-0006, Japan

Tel: +81 3 3503 1720  
Fax: +81 3 3503 1828  
ey.com

## Independent Auditor's Report

The Board of Directors  
SEKITOKYU KOGYO CO., LTD.

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of SEKITOKYU KOGYO CO., LTD. (the "Company") applicable to the 70th fiscal year from April 1, 2018 through March 31, 2019.

### *Management's Responsibility for the Financial Statements and the Related Supplementary Schedules*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements and the related supplementary schedules 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 financial statements and the related supplementary schedules are free from material misstatement.

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

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 financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of SEKITOKYU KOGYO CO., LTD. applicable to the 70th fiscal year ended March 31, 2019 in conformity with accounting principles generally accepted in Japan.

### *Conflicts of Interest*

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

*Ernst & Young ShinNihon LLC*

May 21, 2019

## SEIKITOKYU KOGYO CO., LTD

Non Consolidated Balance Sheet  
for the year ended March 31, 2019

<u>Assets</u>	Yen	U.S. dollars	<u>Liabilities and Net assets</u>	Yen	U.S. dollars
	(millions)	(thousands) (Note 3)		(millions)	(thousands) (Note 3)
	2019	2019		2019	2019
Current assets:			Current liabilities:		
Cash and deposits	¥ 15,399	\$ 138,746	Short-term loans payable	¥ 3,400	\$ 30,631
Trade receivables (Note 6)			Trade payables		
Notes	2,438	21,968	Notes	8,562	77,139
Accounts	21,408	192,884	Accounts	12,220	110,099
Net trade receivables	23,846	214,852	Total trade payables	20,782	187,238
Inventories			Advances received on uncompleted construction contracts	3,628	32,683
Cost on uncompleted construction contracts	4,774	43,009	Provision for warranties for completed construction	25	224
Raw materials and supplies	351	3,160	Provision for loss on construction contracts	13	118
Total inventories	5,124	46,169	Provision for bonuses	1,023	9,215
Short-term loans receivable	138	1,246	Allowance for losses on Anti-Monopoly Act	4,347	39,163
Other current assets	2,656	23,934	Other current liabilities	2,460	22,167
Total current assets	47,165	424,947	Total current liabilities	35,677	321,440
Property, plant and equipment (Notes 4 and 5):	18,759	169,014	Long-term liabilities:		
Intangible assets:	175	1,577	Long-term loans payable	665	5,992
Deferred tax assets-non-current (Note 10):	1,295	11,668	Provision for retirement benefits	2,686	24,204
Investments and long-term loans:			Other long-term liabilities	83	744
Investment securities			Total long-term liabilities	3,434	30,940
Subsidiaries and affiliates	307	2,762	Net assets:		
Other securities	246	2,217	Shareholders' equity (Note 7)		
Long-term loans receivable	12	111	Common stock	2,000	18,020
Guarantee deposits and other investments	1,476	13,295	Capital surplus	509	4,585
Allowance for doubtful accounts	(11)	(104)	Retained earnings	27,794	250,422
Total investments and long-term loans	2,029	18,282	Treasury stock - 11,648 shares	(6)	(54)
Total assets	¥ 69,423	\$ 625,487	Total shareholders' equity	30,297	272,973
			Unrealized gain on investment securities	15	134
			Total net assets	30,312	273,107
			Total liabilities and net assets	¥ 69,423	\$ 625,487

See accompanying notes to non consolidated financial statements.

# SEIKITOKYU KOGYO CO., LTD

## Non Consolidated Statement of Income for the year ended March 31, 2019

	Yen (millions)	U.S. dollars (thousands) (Note 3)
	2019	2019
<b>Completed construction contracts:</b>		
Net sales	¥ 53,912	\$ 485,740
Cost of sales	48,016	432,613
Gross profit	5,897	53,127
<b>Finished goods:</b>		
Net sales	16,046	144,571
Cost of sales	12,887	116,108
Gross profit	3,159	28,463
<b>Total:</b>		
Net sales	69,958	630,311
Cost of sales	60,903	548,721
Gross profit	9,056	81,590
<b>Selling, general and administrative expenses:</b>		
Operating income	4,154	37,431
	4,901	44,159
<b>Other income (Note 8):</b>		
Interest and dividends	7	60
Other	218	1,968
Subtotal	225	2,028
<b>Other expenses (Note 9):</b>		
Interest	37	333
Other	1,362	12,270
Subtotal	1,399	12,602
Income before income taxes	3,728	33,584
<b>Income taxes:</b>		
Current	654	5,893
Deferred	(43)	(392)
Net income	¥ 3,117	\$ 28,084

SEIKITOKYU KOGYO CO., LTD.

Non Consolidated Statement of Changes in Net Assets  
for the year ended March 31, 2019

	Shareholders' equity (Notes 3,7)				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings (Millions of yen)	Treasury stock	
Balance at April 1, 2018	¥ 2,000	¥ 500	¥ 25,081	¥ (24)	¥ 27,557
Changes during the year					
Dividend of surplus			(404)		(404)
Net income for the period			3,117		3,117
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		9		19	28
Net changes of items other than shareholders' equity					
Total changes during period	-	9	2,713	18	2,740
Balance as of March 31, 2019	¥ 2,000	¥ 509	¥ 27,794	¥ (6)	¥ 30,297
		Accumulated other comprehensive			
		Unrealized gain on investment securities			
			Total net assets		
			(Millions of yen)		
Balance at April 1, 2018	¥ 24	¥ 27,581			
Changes during the year					
Dividend of surplus		(404)			
Net income for the period		3,117			
Purchase of treasury stock		(1)			
Disposal of treasury stock		28			
Net changes of items other than shareholders' equity	(9)	(9)			
Total changes during period	(9)	2,731			
Balance as of March 31, 2019	¥ 15	¥ 30,312			

SEIKITOKYU KOGYO CO., LTD.

Non Consolidated Statement of Changes in Net Assets  
for the year ended March 31, 2019

	Shareholders' equity (Notes 3,7)				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
	(Thousands of U.S. dollars)				
Balance at April 1, 2018	\$ 18,020	\$ 4,505	\$ 225,975	\$ (217)	\$ 248,283
Changes during the year					
Dividend of surplus			(3,637)		(3,637)
Net income for the period			28,084		28,084
Purchase of treasury stock				(5)	(5)
Disposal of treasury stock		80		169	248
Net changes of items other than shareholders' equity					
Total changes during period	-	80	24,447	164	24,690
Balance as of March 31, 2019	\$ 18,020	\$ 4,585	\$ 250,422	\$ (54)	\$ 272,973

	Accumulated other comprehensive	Total net assets
	Unrealized gain on investment securities	
	(Thousands of U.S. dollars)	
Balance at April 1, 2018	\$ 218	\$ 248,502
Changes during the year		
Dividend of surplus		(3,637)
Net income for the period		28,084
Purchase of treasury stock		(5)
Disposal of treasury stock		248
Net changes of items other than shareholders' equity	(85)	(85)
Total changes during period	(85)	24,605
Balance as of March 31, 2019	\$ 134	\$ 273,107

## Notes to Non Consolidated Financial Statements

### 1. Summary of Significant Accounting Policies

#### (a) Basis of Presenting Non Consolidated Financial Statements

The accompanying non consolidated financial statements have been prepared from the accounts maintained by the SEIKITOKYU KOGYO CO., LTD. (the “Company”) in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan and the Companies Act of Japan and in conformity with accounting principles generally accepted in Japan, which may differ in some material respects from accounting principles generally accepted and applied in countries and jurisdictions other than Japan.

Certain items presented in the Japanese non consolidated financial statements have been reclassified for presentation solely for the convenience of readers outside Japan.

In addition, the notes to the non consolidated financial statements include certain information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

#### (b) Method of Accounting for Construction Contracts

The Company recognizes revenue and cost by applying the percentage of completion method for the construction projects for which the percentage of completion can be reliably estimated at the end of the reporting period. To estimate the progress of such construction project, method to calculate the percentage of the cost incurred to the estimated total project cost (i.e. cost to cost method) is applied. For other construction projects, the completed-contract method is applied.

Revenue recognized by applying the percentage of completion method was ¥19,117 million (U.S.\$172,246 thousand) for the year ended March 31, 2019.

#### (c) Inventories

Inventories are stated at cost, cost being determined by the identified cost method for real estate for sale and cost on uncompleted construction contracts or by the moving average method for raw materials and supplies, and adjusted for any substantial permanent decline in value.

Each item of inventory is initially recorded at acquisition cost, and when net realizable value is less than the cost (i.e., profitability of inventory has declined), the amount of cost is reduced to net realizable value.

#### (d) Investments

Investments in subsidiaries and affiliates are carried at cost. The cost of subsidiaries and affiliates sold is computed based on the moving average method.

Other securities (securities which are neither trading, held-to-maturity securities nor investments in subsidiaries and affiliates) with market value are carried at the market value on the balance sheet date. The difference between the acquisition cost and the market value of other securities is recognized as unrealized gain on investment securities in the balance sheet, net of tax effect. Non-marketable securities classified as other securities are carried at cost. The cost of other securities sold is computed based on the moving average method.

(e) Property, Plant and Equipment (Excluding leased assets)

The Company computes depreciation of Property, plant and equipment by the declining balance method, however, buildings (excluding structures attached to the buildings) and building facilities and structures acquired on or after April 1, 1998 are depreciated by the straight-line method. Rates for depreciation are based on the estimated useful lives of the assets according to their general class, type of construction, and use.

The estimated useful lives are principally as follows:

Buildings and structures .....	7 to 50 years
Machinery, equipment and vehicles .....	5 to 7 years

(f) Intangible Assets (Excluding leased assets)

Computer software for internal use is amortized by the straight-line method over the estimated useful lives (5 years).

(g) Leases

Depreciation of leased assets under finance leases that do not transfer ownership of the leased assets to the lessee is calculated by the straight-line method over the lease period with a residual value of zero.

(h) Income Taxes

Deferred tax assets have been recognized in the non consolidated financial statements for the year ended March 31, 2019 with respect to the differences between the financial reporting and tax bases of assets and liabilities, and were measured using the enacted tax rates and laws which will be in effect when the differences are expected to be reversed. Valuation allowances are provided for the deferred tax assets that are not considered to be recoverable.

(i) Allowance for Doubtful Accounts

General provision for doubtful accounts is recorded by applying a certain reserve percentage of the receivables based on the experience from past transactions. When considered necessary, specific reserves are provided based on the assessment of individual receivables.

(j) Provision for Warranties for Completed Construction

Provision for warranties for completed construction is recorded at an estimated amount, based on the actual level of defects and related warranty costs stipulated in completed construction contracts.

(k) Provision for Loss on Construction Contracts

Provision for loss on construction contracts is recorded for estimated future losses related to the construction contracts in progress.

(l) Provision for Bonuses

Provision for bonuses is stated at an estimated amount of bonuses which the Company is obliged to pay to its employees.

(m) Allowance for losses on Anti-Monopoly Act

Allowance for losses on Anti-Monopoly Act is provided based on an estimated amount of payment for surcharges under the Anti-Monopoly Act.

(n) Provision for Retirement Benefits

Provision for retirement benefits for employees has been recorded mainly at an amount calculated based on the retirement benefit obligations and the fair values of the pension plan assets as of the balance sheet date, as adjusted for unrecognized actuarial gain or loss. The retirement benefit obligations are allocated to each period by the straight-line method over the estimated years of service of the eligible employees.

Prior service cost is amortized by the straight-line method over a period of 13 years, which is shorter than the average remaining years of service of the employees.

Actuarial gains and losses are amortized from the following year in which the gains or losses are recognized. Amortization is primarily calculated by the straight-line method over 10 years, which is shorter than the average remaining years of service of the employees.

(o) Consumption Taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(p) Consolidated Taxes

Consolidated tax return filing system.

2. Changes in Presentation

Changes due to the application of “Partial Revision of Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018 ( “Statement No. 28”))

The Companies applied Statement No.28 from the beginning of this fiscal year. Accordingly, the Companies changed the presentation, such that Deferred tax assets-current is classified as part of Deferred tax assets-non-current.

3. Basis of Translation

The non consolidated financial statements as of and for the year ended March 31, 2019 presented herein are denominated in Japanese yen, and solely for the convenience of the readers, have been translated into U.S. dollars at the rate of ¥110.99 = U.S.\$1, the approximate rate of exchange in effect on March 31, 2019. This translation should not be construed as a representation that any of the yen amounts could be converted into U.S. dollar amounts at the above or any other rate.

4. Property, Plant and Equipment

Property, plant and equipment at March 31, 2019 were as follows:

	Yen (millions)	U.S. dollars (thousands)
	2019	2019
Buildings and structures	¥ 2,730	\$ 24,600
Machinery, equipment, vehicles, tools, furniture and	2,683	24,176



fixtures		
Land	13,043	117,511
Construction in progress	303	2,727
Total	<u>¥18,759</u>	<u>\$169,014</u>

5. Collateral Assets and Corresponding Liabilities

The following assets are provided as collateral for the borrowings at March 31, 2019:

	Yen (millions)	U.S. dollars (thousands)
	<u>2019</u>	<u>2019</u>
Buildings	¥ 433	\$ 3,899
Land	9,921	89,387
Total	<u>¥10,354</u>	<u>\$93,286</u>

Corresponding Liabilities at March 31, 2019

	Yen (millions)	U.S. dollars (thousands)
	<u>2019</u>	<u>2019</u>
Short-term loans payable	¥1,731	\$15,596
Long-term loans payable	665	5,992
Total	<u>¥2,396</u>	<u>\$21,588</u>

6. Receivables Fully Offset Against Allowance for Doubtful Accounts

	Yen (millions)	U.S. dollars (thousands)
	<u>2019</u>	<u>2019</u>
Long-term trade receivables	<u>¥498</u>	<u>\$4,483</u>

7. Shareholders' Equity

In accordance with the Companies Act of Japan (the "Act"), the Company provides legal retained earnings, which is included in retained earnings. The Act requires that an amount equal to at least 10% of the amounts to be disbursed as distribution of earnings be appropriated to the legal retained earnings until the total of the legal retained earnings plus the legal capital surplus or either of them equals 25% of the common stock account.

The Act further provides that neither legal capital surplus nor the legal retained earnings is available for the payment of dividends, but either may be used to reduce or eliminate accumulated deficits by a resolution of the shareholders, or may be transferred to the common stock account by a resolution of the shareholders. The Act also provides that, if the total amount of legal capital surplus and the legal retained earnings exceeds 25% of the amount of common stock, the excess may be distributed to the shareholders, either as a return of capital or as dividends, subject to the approval of the shareholders.

8. Other Income

The composition of "Other income-Other" for the year ended March 31, 2019 is as follows:

	Yen (millions)	U.S. dollars (thousands)
	2019	2019
Interest income	¥ 0	\$ 3
Dividend income	6	57
Rent income	27	242
Fiduciary obligation fee	138	1,242
Gain on sales of non-current assets	39	347
Other	15	138
Total	¥ 225	\$ 2,028

9. Other Expenses

The composition of "Other expenses-Other" for the year ended March 31, 2019 is as follows:

	Yen (millions)	U.S. dollars (thousands)
	2019	2019
Interest expenses	¥ 21	\$ 192
Guarantee commission	16	141
Bill fluidizing commission	6	55
Loss on sales of non-current assets	0	1
Loss on retirement of non-current assets	25	223
Provision of allowance for losses on Anti-Monopoly Act	1,310	11,804
Penalty	11	96
Other	10	91
Total	¥1,399	\$12,602

10. Income Taxes

The tax effects of temporary differences which gave rise to significant portions of deferred tax assets and deferred tax liabilities as at March 31, 2019 are summarized as follows:

	Yen (millions)	U.S. dollars (thousands)
	2019	2019
Deferred tax assets:		
Allowance for doubtful accounts	¥ 156	\$ 1,404
Provision for retirement benefits	976	8,791
Loss on valuation of golf club membership	130	1,169
Impairment loss	723	6,519
Provision for bonuses	313	2,822
Loss carried forward	2,287	20,604
Other	312	2,807
Gross deferred tax assets	4,896	44,115
Less: Valuation allowances	(3,597)	(32,411)
Total deferred tax assets	1,299	11,704
Deferred tax liabilities:		
Asset retirement obligations	4	39
Total deferred tax liabilities	4	39
Net deferred tax assets	¥1,295	\$11,668

## 11. Related Party Transactions

Transactions with related party, for the year ended March 31, 2019 are as follows:

(a) Name (b) Type (c) Relationship (d) Percentage of equity ownership held by the Company	Yen (millions)	U.S. dollars (thousands)	
	Description of transaction or balance	Amount	Amount
(a) TOKYU CONSTRUCTION CO., LTD	Transactions: (Note 1)		
(b) Principal shareholder	Completed construction	¥5,280	\$47,576
(c) Interlocking directors and undertaking construction (Note 2)	contracts-Net sales		
(d) (22.1%) (directly)	Balances: (Note 1)		
	Accounts receivable from: electronically recorded monetary claims-operating	1,238	11,151
	Completed construction contracts	701	6,316
	Advances received on uncompleted construction contracts	59	529
(a) SHINSEIKI KOGYO CO., LTD.	Transactions: (Note 1)		
(b) Subsidiaries	Finished goods-Net sales	1,365	12,301
(c) Interlocking directors and distributing paving materials (Note 3)	Balances: (Note 1)		
(d) 100% (directly)	Accounts receivable	812	7,313

Note 1: Consumption taxes are not included in the transaction amounts, however, balances are accounted for with consumption taxes

Note 2: Construction services with related parties are carried out on an arm's-length basis consistent with third party transactions, presenting a quotation for each of constructions.

Note 3: Unit prices are determined taking market prices and total costs into account.

## 12. Monetary Receivables and Monetary Payables to Affiliated Companies

	Yen (millions)	U.S. dollars (thousands)
	2019	2019
Short-term monetary receivables	¥3,268	\$29,448
Long-term monetary receivables	96	864
Short-term monetary liabilities	2,029	18,282

13. Transactions with Affiliated Companies

	Yen (millions)	U.S. dollars (thousands)
	2019	2019
Operating transactions		
Net sales	¥7,612	\$68,583
Cost of sales	1,248	11,241
Non-operating transactions	116	1,047

14. Amounts per Share

Amounts per share as of and for the year ended March 31, 2019 are as follows:

As of March 31

	Yen	U.S. dollars
	2019	2019
Net assets	¥750.25	\$6.76

For the year ended March 31

	Yen	U.S. dollars
	2019	2019
Net Income	¥77.17	\$0.70

15. Other Notes

In December 2016, the Company executed a syndicate loan contract with The Bank of Mitsubishi UFJ, Ltd. serving as the arranger (of which, the term loan as of the end of fiscal year is ¥2,396 million (U.S.\$21,588 thousand)) .

The following financial covenants are attached to the syndicate loan mentioned above;

- (a) The amount of net assets recorded on the balance sheet and consolidated balance sheet on the final day of each accounting period in and after the fiscal year ended March 31, 2017 must be maintained to at least 75% of the amount of net assets recorded on the balance sheet and consolidated balance sheet for the fiscal year immediately preceding said fiscal year or for the fiscal year ended March 31, 2016, whichever is the higher amount.
- (b) Ordinary losses must not be recorded in two consecutive periods on the statements of income or consolidated statements of income in and after the fiscal year ended March 31, 2017.
- (c) Net losses must not be recorded in two consecutive periods on the statements of income or consolidated statements of income in and after the fiscal year ended March 31, 2017.
- (d) The total coverage ratio for the consolidated balance sheets, consolidated statements of income, and consolidated cash flow statements in and after the fiscal year ended March 31, 2017 must be maintained at 15.0 or lower.

It is stipulated under the loan that, in the event of changes in accounting standards, all concerned parties shall consult on the abovementioned financial covenants to determine the impact of the said changes.

SEIKITOKYU KOGYO CO., LTD.

Related Supplementary Schedules  
for the year ended March 31, 2019

1. Details of Changes in Property, Plant and Equipment and Intangible assets

Changes in Property, plant and equipment at March 31, 2019 were as follows:

Type of Assets	Yen (millions)			Ending balance	U.S. dollars (thousands)
	Opening balance	Increase	Decrease		
Buildings and structures	¥ 2,563	¥ 416	¥ 17	¥ 7,932	\$ 71,470
Machinery, equipment and vehicles	2,599	707	10	15,735	141,768
Tools, furniture and fixtures	104	66	1	978	8,808
Land	13,989	341	1,287	13,043	117,511
Construction in Progress	68	303	68	303	2,727
Total	¥19,322	¥1,833	¥1,382	¥37,990	\$342,284

Type of Assets	Yen (millions)			Net book value	U.S. dollars (thousands)
	Acquisition cost	Accumulated depreciation	Depreciation		
Buildings and structures	¥ 7,932	¥ 5,202	¥ 232	¥ 2,730	\$ 24,600
Machinery, equipment and vehicles	15,735	13,185	746	2,550	22,975
Tools, furniture and fixtures	978	844	36	133	1,201
Land	13,043	—	—	13,043	117,511
Construction in progress	303	—	—	303	2,727
Total	¥37,990	¥19,231	¥1,014	¥18,759	\$169,014

Changes in Intangible assets at March 31, 2019 were as follows:

Type of Assets	Yen (millions)			Ending balance	U.S. dollars (thousands)
	Opening balance	Increase	Decrease		
Intangible assets	¥179	¥33	¥1	¥236	\$2,127
Total	¥179	¥33	¥1	¥236	\$2,127

Type of Assets	Yen (millions)			Net book value	U.S. dollars (thousands)
	Acquisition cost	Accumulated depreciation	Amortization		
Intangible assets	¥236	¥61	¥36	¥175	\$1,577
Total	¥236	¥61	¥36	¥175	\$1,577

(Note) The amount for Land in the current period decreases mainly due to selling the land at Myokenjima material plant: ¥1,287 million (U.S.\$11,597thousand).

## 2. Details of Allowances and Provisions

Allowances and Provisions at March 31, 2019 were as follows:

	Yen (millions)					U.S. dollars (thousands)
	Opening		Decrease		Ending	
	Balance	Increase	Amount used as intended	Other	balance	
Allowance for doubtful accounts	¥ 14	¥ 16	¥ 15	¥ 4	¥ 11	\$ 104
Provision for warranties for completed construction	87	7	47	22	25	224
Provision for loss on construction contracts	207	13	37	170	13	118
Provision for bonuses	998	1,023	998	—	1,023	9,215
Provision for retirement benefit	2,895	525	734	—	2,686	24,204
Allowance for losses on Anti-Monopoly Act	3,037	1,310	—	—	4,347	39,163

- (Note) 1. “Decrease (Other): ¥4 million (U.S.\$33 thousand)” in Allowance for doubtful accounts is due to reversal based on collections.
2. “Decrease (Other)” in Provision for warranties for completed construction is due to decreases of estimated amounts.
3. “Decrease (Other)” in Provision for loss on construction contracts is due to decreases of estimated amounts.



### 3. Details of Selling, General and Administrative Expenses

Selling, general and administrative expenses for the year ended March 31, 2019 were as follows:

	Yen (millions)	U.S. dollars (thousands)
	2019	2019
Selling, general and administrative expenses:		
Directors' compensation	¥ 169	\$ 1,523
Employees' salaries and allowances	1,917	17,273
Retirement benefit expenses	179	1,612
Legal welfare expenses	332	2,990
Welfare expenses	140	1,257
Repair and maintenance	24	221
Stationery expenses	108	970
Transportation expenses	311	2,800
Construction utilities expenses	15	139
Research study expenses	226	2,035
Advertising expenses	51	461
Provision of allowance for doubtful accounts	7	59
Entertainment expenses	55	496
Contributions	1	13
Rents	95	854
Depreciation	45	402
Taxes and dues	289	2,604
Insurance expenses	16	145
Miscellaneous expenses	175	1,574
Total	¥4,154	\$37,431