

# Annual Report for the 89<sup>th</sup> Term

January 1, 2015 – December 31, 2015



## To the Shareholders of Fukuda Corporation



**Fukuda Corporation**

Stock code: 1899



**Katsuyuki Fukuda**

Chairman & Representative Director



**Toyohiko Ota**

President & Representative Director

We would like to extend our greetings to all of our shareholders, and take this opportunity to express our sincere gratitude for your continuing support.

We hereby present our business results for the 89th term ended on December 31, 2015.

By upholding the basic principle of “Creating an environment where people, nature and society can coexist” and adhering to the Fukuda Group Spirit of “Always sincere from now until the next century and beyond,” the Fukuda Group maintains close communications with its customers and draws on its comprehensive strengths and sincerity to form strong bonds with those that we love and cherish, in order to protect their lives and livelihoods. The Company’s management philosophy is: “To value people and the environment, and aim to create inspirational value based on a corporate structure designed to face challenges.” To this end, the entire company is working together as one, with our highest priority being the satisfaction of all of our stakeholders.

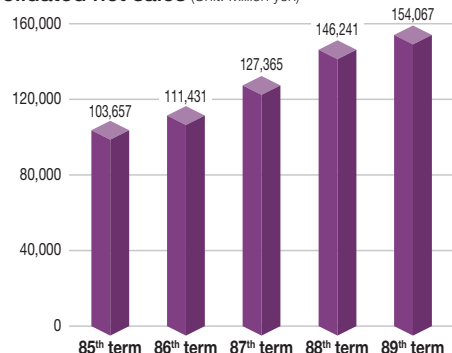
The Company’s business results for the fiscal year under review are shown below. While today’s increasingly global society is fraught with unexpected risks, we will avidly pursue the measures that we set at the beginning of the year and further enhance our corporate value as a united corporate group so that we may continue to meet the expectations of our shareholders.

We sincerely hope you will grant us your continued support and guidance going forward.

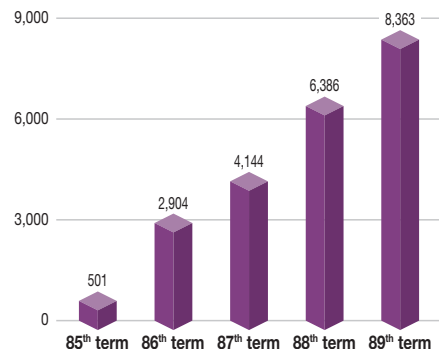
March 2016

## Operating Results

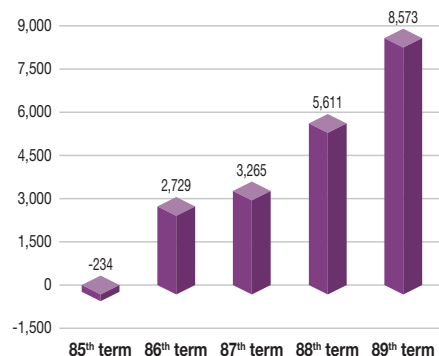
**Consolidated net sales** (Unit: Million yen)



**Consolidated ordinary income** (Unit: Million yen)



**Consolidated profit** (Unit: Million yen)



## Business environment for the fiscal year under review

During the fiscal year under review, the Japanese economy continued on its moderate recovery trend from the previous year, underpinned by the government's economic measures and the monetary easing initiatives by the Bank of Japan. Meanwhile, an air of uncertainty continued to prevail over the Japanese economy, as evidenced by the turmoil in the stock markets caused by the slowdown of the Chinese economy.

In the construction industry, while prospects appeared bright for public investments in construction with the commencement of works related to the Tokyo Olympics in the Tokyo metropolitan area, in regional areas there was little reason for optimism as the shrinking budget for public works has begun to put pressure on the management of construction companies. In terms of investment in construction by the private sector, appetite for capital expenditures is rising mainly in the Tokyo metropolitan area and other metropolitan areas. In the regional areas, however, capital expenditures continue to stagnate due to the unstable economic outlook.

## Consolidated business results for the fiscal year under review

Under these circumstances, the Fukuda Group has focused on the establishment and rigorous progress management of a detailed management plan while fully utilizing its management resources. The Group has also strived to further deepen the collaboration among group companies by promoting information exchange and business collaboration. As a result, the consolidated business results for the fiscal year under review were as follows.

Net sales rose 5.4% over the previous fiscal year to more than ¥154.0 billion thanks to the balance carried forward from last year and the increase in orders received, as well as the efficient progress made in construction works for which orders have already been received. In terms of profit, gross profit increased by 30.1% year on year to more than ¥17.2 billion, attributable to the improvement of the order environment in the construction business, the shortening of work processes in major construction works, the reduction of costs in conjunction with lower crude oil prices and lower fixed costs due to increases in construction projects earnings, as well as the brisk sales of real estate held for sale. Although general and administrative expenses rose due to the increase in labor costs, operating income increased 44.1% year on year to more than ¥8.1 billion. Additionally, as there were no major extraordinary gains or losses in the fiscal year under review such as impairment losses reported in the previous fiscal year, net income rose 52.8% year on year to more than ¥8.5 billion.

## Outlook for the next fiscal year

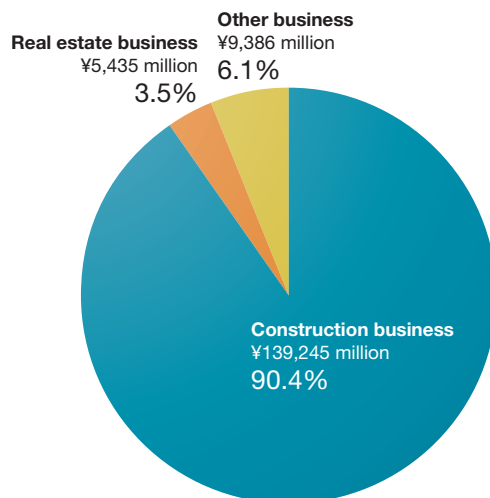
Going forward, the Japanese economy is expected to further head toward a recovery trend mainly in the urban areas against the background of improvements in corporate profitability and government-led measures to boost personal consumption. Nonetheless, continued restraint in capital investments is anticipated in regional areas due to the declining population and the uncertain economic outlook.

In the construction industry, the order environment is expected to continue improving in anticipation of the moderate recovery in capital investment by the private sector and public investments in construction in the Tokyo metropolitan area prior to the Tokyo Olympics in 2020. In terms of revenue, however, the outlook still lacks optimism due to the continued presence of potential factors that may put a downward pressure on profits, including the upsurge in prices of raw materials due to the increase in construction demand and the rise in labor costs caused by a shortage of construction workers.

In view of these circumstances, we expect consolidated business results for the fiscal year ending December 2016 to yield net sales of ¥167.0 billion, operating income of ¥7.0 billion, ordinary income of ¥6.6 billion and net income attributable to owners of the parent of ¥6.5 billion.

In regard to the Company's non-consolidated business results for the next fiscal year, we anticipate orders of ¥100.0 billion, net sales of ¥109.0 billion, operating income of ¥5.0 billion, ordinary income of ¥5.0 billion and net income of ¥5.0 billion.

## Ratio of net sales by consolidated business



# Completed Work

## Main projects completed in the fiscal year under review

### Construction



**Healthcoop Shirone**  
Shirone Kensei Hospital Relocation & Construction Project  
(Niigata Prefecture)



**Akiyoshi Matsuda**  
Akiyoshi Matsuda Residence Construction Project  
(Aichi Prefecture)



**Kyoritsu Estate Co., Ltd.**  
Tentative name: La Vista Fuji-Kawaguchiko Construction Project  
(Yamanashi Prefecture)



**Kikoukai Social Welfare Service Corporation**  
Tentative name: Tatsumiminami General Rehabilitation Facility Yume-no-hako  
Construction Project (Osaka Prefecture)



**Houraikan, Ltd.**  
Houraikan Extension and Improvement Project  
(Iwate Prefecture)



**LANDIC ASSOCIATES Co., LTD.**  
Tentative name: ASSOCIA FUKUMA Condominium Construction Project  
(Fukuoka Prefecture)



## Civil Engineering



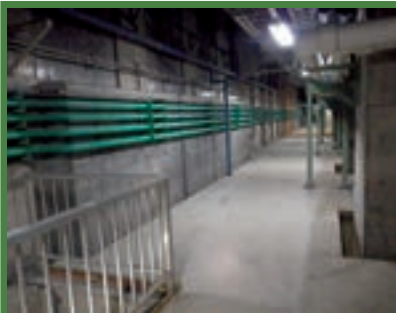
Ministry of Land, Information, Transport and Tourism  
Kakigawa Drainage Canal Sluice Construction  
Project (Niigata Prefecture)



Ministry of Land, Information, Transport and Tourism  
Shinano River Downstream Imonoshigoya River  
Channel No. 5 Drilling Project (Niigata Prefecture)



Niigata Prefecture  
2012 East Photovoltaic Power 2-7, Niigata East Photovoltaic  
Power Plant (3 Series Construction) Project (Niigata Prefecture)



Tokyo Metropolitan Government  
Nakano Water Reclamation Center Seismic Reinforcement  
of Water Processing Facility No. 2 (Tokyo)



Niigata Prefecture  
National Route 403 Government Grant Road Improvement Project  
Tentative name: Shin-Okura Tunnel Construction (Niigata Prefecture)



Chiba Prefecture  
Social Infrastructure Improvement Government Grant  
Project (U-shaped retaining wall) (Chiba Prefecture)

## Main orders and completed projects for the fiscal year under review

### Orders

- AEON TOWN Co., Ltd.  
AEON TOWN Yukarigaoka (B Block and pedestrian bridge) Construction Project
- Yodobashi Camera Co., Ltd.  
New Yodobashi Assembly Center Kawasaki Construction Project
- Japan Post Co., Ltd.  
New Niigata Postal Processing Facility Construction Project
- Ministry of Land, Infrastructure, Transport and Tourist, Kinki Regional Development Bureau  
Nabetani Pass Nabetani Tunnel (Osaka side) Construction Project

### Completed projects

- Healthcoop Shirone  
Shirone Kensei Hospital Relocation & Construction Project
- Kyoritsu Estate Co., Ltd.  
La Vista Fuji-Kawaguchiko Construction Project
- Ministry of Land, Infrastructure, Transport and Tourist, Kyushu Regional Development Bureau  
Hirao Tunnel Construction Project
- Bureau of Public Enterprise of Niigata Prefectural Government  
Photovoltaic Power Plant Construction Project (3 Series Construction) in Eastern Niigata

# Consolidated Financial Statements

## Consolidated Balance Sheet

(Unit: Million yen, rounded down to the nearest million yen)

	89 <sup>th</sup> term (as of December 31, 2015)	88 <sup>th</sup> term (as of December 31, 2014)
<b>● Assets</b>		
<b>Current assets</b>	<b>78,957</b>	<b>72,096</b>
<b>Non-current assets</b>	<b>31,693</b>	<b>28,400</b>
Property, plant and equipment	22,677	21,103
Intangible assets	1,660	779
Investments and other assets	7,354	6,516
<b>Total assets</b>	<b>110,651</b>	<b>100,496</b>
<b>● Liabilities</b>		
<b>Current liabilities</b>	<b>56,400</b>	<b>55,001</b>
<b>Non-current liabilities</b>	<b>7,260</b>	<b>7,489</b>
<b>Total liabilities</b>	<b>63,661</b>	<b>62,490</b>
<b>● Net assets</b>		
<b>Shareholders' equity</b>	<b>45,551</b>	<b>37,313</b>
Capital stock	5,158	5,158
Capital surplus	6,048	5,996
Retained earnings	34,527	26,281
Treasury shares	△ 183	△ 123
<b>Accumulated other comprehensive income</b>	<b>927</b>	<b>385</b>
Valuation difference on available-for-sale securities	1,227	818
Revaluation reserve for land	△ 46	△ 144
Remeasurements of defined benefit plans	△ 253	△ 288
<b>Minority interests</b>	<b>511</b>	<b>307</b>
<b>Total net assets</b>	<b>46,990</b>	<b>38,006</b>
<b>Total liabilities and net assets</b>	<b>110,651</b>	<b>100,496</b>

## Consolidated Statement of Income

(Unit: Million yen, rounded down to the nearest million yen)

	89 <sup>th</sup> term (January 1, 2015 - December 31, 2015)	88 <sup>th</sup> term (January 1, 2014 - December 31, 2014)
<b>Net sales</b>	<b>154,067</b>	<b>146,241</b>
<b>Cost of sales</b>	<b>136,799</b>	<b>132,969</b>
<b>Gross profit</b>	<b>17,268</b>	<b>13,272</b>
Selling, general and administrative expenses	9,101	7,604
<b>Operating income</b>	<b>8,166</b>	<b>5,667</b>
Non-operating income	441	1,074
Non-operating expenses	244	355
<b>Ordinary income</b>	<b>8,363</b>	<b>6,386</b>
Extraordinary income	813	318
Extraordinary losses	124	1,041
<b>Income before income taxes and minority interests</b>	<b>9,053</b>	<b>5,663</b>
Income taxes – current	792	595
Income taxes – deferred	△ 353	△ 579
<b>Income before minority interests</b>	<b>8,614</b>	<b>5,647</b>
Minority interests in income	40	36
<b>Net income</b>	<b>8,573</b>	<b>5,611</b>

## Consolidated Statement of Cash Flows

(Unit: Million yen, rounded down to the nearest million yen)

	89 <sup>th</sup> term (January 1, 2015 - December 31, 2015)	88 <sup>th</sup> term (January 1, 2014 - December 31, 2014)
<b>Cash flows from operating activities</b>	<b>16,978</b>	<b>513</b>
<b>Cash flows from investing activities</b>	<b>△ 1,723</b>	<b>3,031</b>
<b>Cash flows from financing activities</b>	<b>△ 4,642</b>	<b>△ 6,204</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>10,613</b>	<b>△ 2,659</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>13,585</b>	<b>16,255</b>
<b>Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation</b>	<b>—</b>	<b>△ 10</b>
<b>Cash and cash equivalents at end of period</b>	<b>24,198</b>	<b>13,585</b>

## Consolidated Statement of Changes in Equity (January 1, 2015 – December 31, 2015)

(Unit: Million yen, rounded down to the nearest million yen)

	Shareholders' equity					Accumulated other comprehensive income	Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity			
<b>Balance as of January 1, 2015</b>	<b>5,158</b>	<b>5,996</b>	<b>26,281</b>	<b>△ 123</b>	<b>37,313</b>	<b>385</b>	<b>307</b>	<b>38,006</b>
Cumulative effects of changes in accounting policies			△ 15		△ 15			△ 15
<b>Restated balance</b>	<b>5,158</b>	<b>5,996</b>	<b>26,266</b>	<b>△ 123</b>	<b>37,297</b>	<b>385</b>	<b>307</b>	<b>37,990</b>
<b>Changes of items during the period</b>								
Dividends of surplus			△ 312		△ 312			△ 312
<b>Net income</b>			<b>8,573</b>		<b>8,573</b>			<b>8,573</b>
Purchase of treasury shares				△ 89	△ 89			△ 89
Disposal of treasury shares		52		29	82			82
Net changes of items during the period other than shareholders' equity						541	204	745
<b>Total changes of items during the period</b>	<b>—</b>	<b>52</b>	<b>8,261</b>	<b>△ 60</b>	<b>8,253</b>	<b>541</b>	<b>204</b>	<b>8,999</b>
<b>Balance as of December 31, 2015</b>	<b>5,158</b>	<b>6,048</b>	<b>34,527</b>	<b>△ 183</b>	<b>45,551</b>	<b>927</b>	<b>511</b>	<b>46,990</b>

# Non-Consolidated Financial Statements

## Balance Sheet

(Unit: Million yen, rounded down to the nearest million yen)

	89 <sup>th</sup> term (as of December 31, 2015)	88 <sup>th</sup> term (as of December 31, 2014)
● <b>Assets</b>		
<b>Current assets</b>	<b>51,394</b>	<b>45,062</b>
<b>Non-current assets</b>	<b>16,745</b>	<b>15,795</b>
Property, plant and equipment	7,803	8,123
Intangible assets	85	94
Investments and other assets	8,856	7,577
<b>Total assets</b>	<b>68,140</b>	<b>60,858</b>
● <b>Liabilities</b>		
<b>Current liabilities</b>	<b>38,584</b>	<b>36,989</b>
<b>Non-current liabilities</b>	<b>2,711</b>	<b>3,514</b>
<b>Total liabilities</b>	<b>41,295</b>	<b>40,503</b>
● <b>Net assets</b>		
<b>Shareholders' equity</b>	<b>25,290</b>	<b>19,162</b>
Capital stock	5,158	5,158
Capital surplus	6,048	5,996
Retained earnings	14,266	8,131
Treasury shares	△ 183	△ 123
<b>Valuation and translation adjustments</b>	<b>1,554</b>	<b>1,192</b>
Valuation difference on available-for-sale securities	896	590
Revaluation reserve for land	658	601
<b>Total net assets</b>	<b>26,844</b>	<b>20,355</b>
<b>Total liabilities and net assets</b>	<b>68,140</b>	<b>60,858</b>

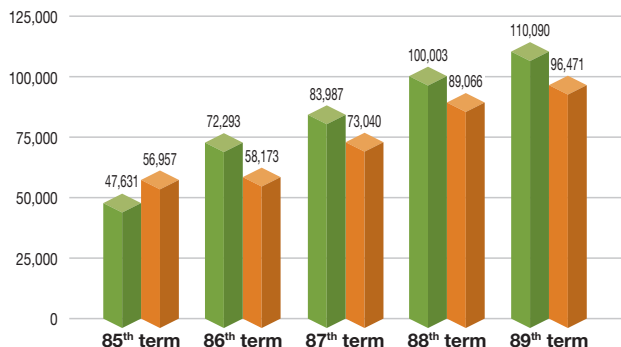
## Statement of Income

(Unit: Million yen, rounded down to the nearest million yen)

	89 <sup>th</sup> term (January 1, 2015 - December 31, 2015)	88 <sup>th</sup> term (January 1, 2014 - December 31, 2014)
<b>Net sales</b>	<b>96,471</b>	<b>89,066</b>
Net sales of completed construction contracts	92,556	83,980
Net sales on real estate business	3,915	5,086
<b>Cost of sales</b>	<b>86,982</b>	<b>82,685</b>
Cost of sales on completed construction contracts	84,584	78,158
Cost of sales on real estate business	2,398	4,526
<b>Gross profit</b>	<b>9,488</b>	<b>6,381</b>
Gross profit on completed construction contracts	7,971	5,821
Gross profit on real estate business	1,517	559
Selling, general and administrative expenses	<b>4,087</b>	<b>3,350</b>
<b>Operating income</b>	<b>5,401</b>	<b>3,031</b>
Non-operating income	624	1,146
Non-operating expenses	162	329
<b>Ordinary income</b>	<b>5,863</b>	<b>3,847</b>
Extraordinary income	288	97
Extraordinary losses	156	1,081
Income before income taxes and minority interests	<b>5,996</b>	<b>2,863</b>
Income taxes – current	△ 112	△ 203
Income taxes – deferred	△ 337	△ 521
<b>Net income</b>	<b>6,446</b>	<b>3,588</b>

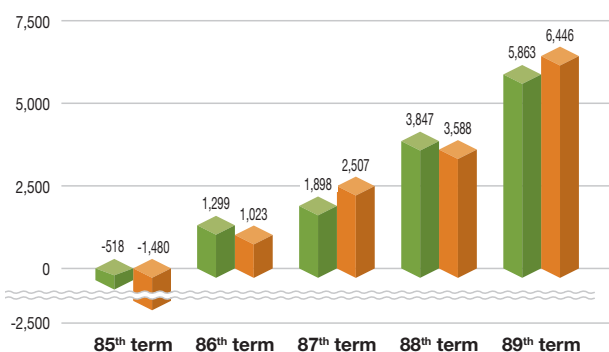
## Orders/Net sales (Unit: Million yen)

Orders ■ /Net sales ■



## Ordinary income/Net income (Unit: Million yen)

Ordinary income ■ /Net income ■



## Medium-Term Business Strategy

In terms of the business environment, while a certain level of demand is anticipated in the short-term, the order environment in the medium- to long-term is expected to become increasingly harsh due partly to the uncertainty surrounding the future of the Japanese economy as a result of the economic slowdown in China and the other emerging countries, as well as the waning appetite for capital expenditures stemming from factors including the declining population.

Under these circumstances, the Fukuda Group has formulated the “Long-term Vision 2025,” which embodies the ideal image to be targeted over the long term, and the three-year action plan, “Medium-Term Business Plan 2018,” which commenced from the current fiscal year. In the “Long-term Vision 2025” we have envisioned a company capable of sustained and stable growth as the ideal image to be targeted in the next ten years, with the basic measure of “transcending the conventional framework of a regional general contractor and expanding our operations nationwide through robust consolidated management.” Furthermore, each group company will aim to grow by individually implementing strategies to increase profit levels while the Group as a whole will aim for further growth by aggressively promoting the fusion of each company’s know-how and technology.



### Main measures in the Medium-term Business Plan

- (i) Build a “stable revenue base” in the existing businesses
- (ii) Look ahead to the future and prepare for “the diversification of the revenue base”
- (iii) Secure sales and profits through Group cooperation
- (iv) Secure and nurture talent
- (v) Become the FUKUDA Group trusted by society

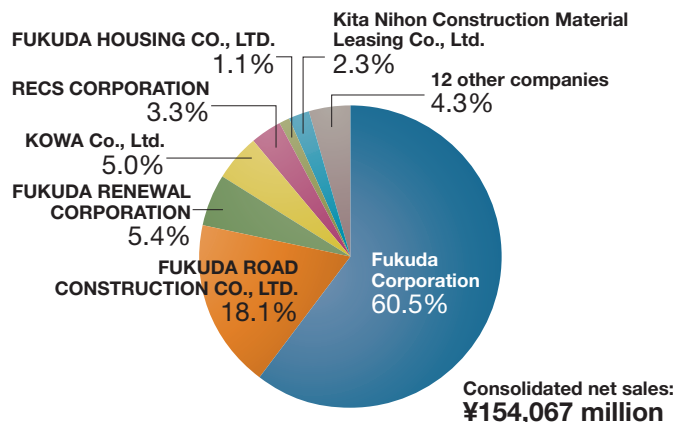
Guided by the above five items as its basic policy, the Group will build a solid management base in the next three years, as the first step toward achieving the “Long-term Vision 2025.”



## Group Information

### Corporate Group

The Fukuda Corporate Group consists of the Company, 30 subsidiaries and five affiliates, and its mainstay businesses are the construction business and the real estate business. Other business encompasses services other than construction.



### Construction business

In addition to the construction orders and projects undertaken by the Company, FUKUDA ROAD CONSTRUCTION CO., LTD. and 23 other subsidiaries, and TAKAKEN CO., LTD. and four other affiliates are also engaged in construction orders and projects, as well as the rental and manufacturing/sales of construction-related materials and equipment, some of which are ordered by the Company.

### Real estate business

In addition to the business undertaken by the Company in real estate sales, leasing and development, FUKUDA ASSET & SERVICE CO., LTD. and five other subsidiaries, and an affiliate, TAKAKEN CO., LTD., are also engaged in the real estate business.

### Other business

FUKUDA ROAD CONSTRUCTION CO., LTD. and five other subsidiaries are engaged in the lease, manufacture and sale of products other than those related to construction projects, and the Company purchases and leases products from those companies. Another subsidiary, Design Workshop Co., Ltd., is engaged in the management of welfare facilities.

## RECS CORPORATION

<http://www.kk-recs.co.jp/>

- Head office: 12-10 Minami-Nagata, Chuo-ku, Niigata City
- Branches: Niigata City, Nagaoka City and Joetsu City
- Business offices: 13 locations in Niigata Prefecture
- Business activities:
  - Road environment maintenance services (road patrol, snowplowing, inspections, etc.)
  - Construction of traffic safety facilities (road markings, signs, guardrails, etc.)
  - Bridge maintenance and repair, and sewer maintenance and repairs
  - Repairs of concrete structures
  - Rental and sales of crossing guard equipment

Tel: 025-287-6811



Bridge inspection vehicle



Yoneyama Ohashi Repainting Project, ordered by the Ministry of Land, Information, Transport and Tourism

RECS CORPORATION, as a "comprehensive maintenance and management company of the regional environment," is engaged in the maintenance and repairs of infrastructures, namely the roads, bridges and the sewer system of Niigata Prefecture.

During the fiscal year under review, we, together with the Group's TAKAKEN CO., LTD., adopted the "bridge inspection vehicle." We will continue to leverage the comprehensive strengths of the Fukuda Group while cooperating with the individual companies and focus on conducting surveys, inspections and repairs on bridges.

We intend to offer the know-how and technology, which it has acquired in the past 40 years since its founding, in addressing the growing need to maintain and manage as well as to extend the life of "aging social infrastructures," and ultimately their renewal. Moreover, acting in the capacity of a "general hospital for the regional environment," we will continue to support the safe and secure lives of the residents and the economic activities of the region.

## Company with Excellent Record of Construction Projects Certification

Awarded "Excellent Record of Construction Projects Certification" from the Ministry of Land, Information, Transport and Tourism for the Third Consecutive Year



The Company received certification and an award as a Company with Excellent Record of Construction Projects for Fiscal 2015 from the Hokuriku Regional Development Bureau of the Ministry of Land, Information, Transport and Tourism. This certification system selects and certifies companies with an excellent rating in construction project completions for civil engineering projects completed within the past two years, and has recognized the Company's high level of technical capabilities in regard to construction and quality control for the third consecutive year.

The Company also received the Excellence in Construction Award (fifth consecutive year) and the Excellence in Technology Award (third consecutive year) from the Director of the Hokuriku Regional Development Bureau of the Ministry of Land, Information, Transport and Tourism.

Encouraged by these certification and awards, the Company is committed to further contribute to the development of the social infrastructures of the region.



◀ These awards recognize excellent records of construction projects for fiscal 2014, or construction projects and technical experts showing remarkable achievements partly as a result of the Company overcoming difficulties and making efforts in creative originality.

## Support and Cooperation in the Kanto and Tohoku Torrential Rain Disaster

In accordance with the disaster agreement concluded with the Hokuriku Regional Development Bureau of the Ministry of Land, Information, Transport and Tourism, the Company has in place a framework of readiness to execute prompt and precise measures in the event of an emergency.

During the Kanto and Tohoku Torrential Rain Disaster, which occurred in September 2015, our disaster response team, upon receiving a mobilization request, headed to Ibaraki prefecture to conduct drainage as part of disaster relief efforts. Setting up the drainage pump vehicle to drain the flood water at the flood site is an extremely dangerous task and the handling of such pump vehicles requires specialized skills. In order to be ready to provide prompt and precise disaster relief activities in the event of disasters, the Company periodically conducts procedural training and makes efforts to fulfill its mission as a construction company of protecting the safety and security of the community on a daily basis.



## Embankment Breaks on Kinugawa Flowing through Ibaraki Prefecture. We were Mobilized to Provide Emergency Disaster Support.



▲ Breaks in the embankment and flooding conditions (Photo courtesy of Kanto Regional Development Bureau of the Ministry of Land, Information, Transport and Tourism)

◀ Commenced drainage operations near the Yamato Bridge in Mitsukaido-Fuchigashiramachi, Joso City, Ibaraki Prefecture. Water pumped from Kinugawa was drained into Kokaigawa, which flows in the opposite direction as Kinugawa. Operations were conducted throughout the night.

## Corporate Data

### Company Profile

(as of December 31, 2015)

**Established:** January 1902  
**Founded:** December 1927  
**Capital:** 5,158,408,496 yen  
**Employees:** 817  
**Consolidated subsidiaries:** 18 (including FUKUDA ROAD CONSTRUCTION CO., LTD.)  
**Main offices:** ● **Head office**  
 3-10 Ichibanboridoricho, Chuo-ku, Niigata  
 Tel: 025-266-9111 (Main line)  
 ● **Main Branch & Branches**  
 Niigata Main Branch (Chuo-ku, Niigata),  
 Tokyo Main Branch (Chiyoda-ku, Tokyo),  
 Tohoku Branch (Aoba-ku, Sendai), Nagoya  
 Branch (Naka-ku, Nagoya), Osaka Branch  
 (Kita-ku, Osaka), Kyushu Branch (Hakata-ku,  
 Fukuoka), Chuetsu Branch (Nagaoka, Niigata  
 Prefecture), Hokkaido Branch (Sapporo,  
 Hokkaido)  
 ● **Sales Offices**  
 Morioka, Chiba, Yokohama, Murakami,  
 Jouetsu, Hiroshima and five other locations



### Directors and Executive Officers

(as of March 29, 2016)

Chairman & Representative Director Chairman of the Board	Katsuyuki Fukuda	Senior Executive Officer	Kuniyoshi Koike
President & Representative Director President of the Board	Toyohiko Ota	Executive Officer	Shoichi Takakuwa
Representative Director & Vice President of the Board	Kenichi Takasaka	Executive Officer	Tsugio Yuasa
Director & Senior Executive Officer	Wataru Ishikawa	Executive Officer	Hiroshi Miya
Director & Executive Officer	Masahiro Masuko	Executive Officer	Shinichi Otsuka
Director & Executive Officer	Ryoichi Soma	Executive Officer	Takeshi Yamamoto
Director & Executive Officer	Fumio Uchiyama	Executive Officer	Satoshi Iwakawa
Outside Director	Hajime Fukuda	Full-Time Audit & Supervisory Board Member	Koichi Yakuwa
Outside Director	Kenichi Yazawa	Outside Audit & Supervisory Board Member	Tetsuya Sunada
Senior Executive Officer	Chihiro Oiwa	Outside Audit & Supervisory Board Member	Michiaki Miyajima
Senior Executive Officer	Masanori Araaki		

#### Notes:

- Messrs. Hajime Fukuda and Kenichi Yazawa are Outside Directors pursuant to Article 2, Paragraph 15 of the Companies Act.
- Messrs. Tetsuya Sunada and Michiaki Miyajima are Outside Audit & Supervisory Board Members pursuant to Article 2, Paragraph 16 of the Companies Act

### Stock Information

(as of December 31, 2015)

Total Number of Shares  
 Authorized to be Issued: ..... 100,000,000 shares  
 Total Number of Shares Outstanding  
 (excluding treasury shares): ..... 44,632,578 shares  
 Number of Shareholders: ..... 4,260

Major Shareholders	Name of shareholder	Number of shares held (thousands)	Shareholding ratio (%)
	(Public Interest Incorporated Foundation) Fukuda Ikueikai	3,343	7.5
	THE DAISHI BANK, LTD.	2,198	4.9
	Naomi Fukuda	2,158	4.8
	Fuji Fukuda	1,633	3.7
	Kazuko Ozawa	1,607	3.6

Note: Shareholding ratio is calculated after deducting the number of treasury shares (307,979 shares).

## Information for Shareholders

### ● Fiscal Year:

From January 1 to December 31

### ● Ordinary General Meeting of Shareholders:

March

### ● Record Date

Ordinary General Meeting of Shareholders: December 31

Year-End Dividend: December 31

Interim Dividend: June 30

### ● Stock Transfer Agent / Account Management Institution for Special Accounts:

Mitsubishi UFJ Trust and Banking Corporation

Contact Information / Addressee:

Mitsubishi UFJ Trust and Banking Corporation

Stock Transfer Agency Department

7-10-11 Higashi Suna, Koto-ku, Tokyo 137-8081

Tel: 0120-232-711 (Toll-free)

### ● Number of Shares Per Unit:

1,000

### ● Listed on:

First Section of Tokyo Stock Exchange

### ● Method of Public Notice:

Public notices will be made electronically. However, when electronic public notices cannot be made due to circumstances beyond our control, we will post a notice in the *Nihon Keizai Shimbun*.

URL for Public Notices: <http://www.fkd.co.jp/>

### Note:

In regard to procedures for matters such as change of address of shareholders and requests for purchase of shares, please contact the securities company or other institution that established the account. These procedures are not handled by the Stock Transfer Agent (Mitsubishi UFJ Trust and Banking Corporation). Unclaimed dividends shall be paid at the main branch of Mitsubishi UFJ Trust and Banking Corporation.

## Shareholder Benefit Program

To express our gratitude for the constant support of our shareholders and with the aim of encouraging shareholders to maintain their shareholding over a long period, the Company has introduced a Shareholder Benefit Program.

1. Start date: Shareholders listed in the Shareholders' Register as of December 31, 2014
2. Method of presentation: Once a year to shareholders holding 1,000 shares or more as of December 31
3. Benefits: A ¥5,000 QUO card for all shareholders  
\*Eligible shareholders will all receive the same standard benefit.
4. Presentation period: Scheduled to be sent in late March each year



URL <http://www.fkd.co.jp/>



# FUKUDA

Head office:  
3-10 Ichibanboridori, Chuo-ku, Niigata  
Tel: 025-266-9111 (Main line)