KPMG

DAIHO CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2011 AND 2010
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

KPMG AZSA LLC
June 2011

KPMG

Independent Auditors' Report

To the Shareholders and Board of Directors of
DAIHO CORPORATION :

We have audited the accompanying consolidated balance sheets of DAIHO CORPORATION and its consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of DAIHO CORPORATION and its consolidated subsidiaries as of March 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

Tokyo, Japan
June 29, 2011

DAIHO CORPORATION
CONSOLIDATED BALANCE SHEETS
March 31, 2011 and 2010

ASSETS	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 1) 2011
Current assets:			
Cash and time deposits (Notes 13 and 17)	¥ 19,155	¥ 19,369	$ 230,367
Receivables:			
Trade notes and accounts receivable (Notes 5 and 17)	46,496	45,045	559,182
Short-term loans receivable (Note 17)	30	71	361
Allowance for doubtful accounts	(288)	(253)	(3,464)
Costs on uncompleted construction contracts and other (Notes 5 and 7)	3,369	10,968	40,517
Deferred tax assets (Note 11)	321	341	3,860
Other current assets	4,999	6,265	60,121
Total current assets	74,082	81,806	890,944
Property and equipment:			
Land (Notes 5 and 16)	6,809	4,659	81,888
Buildings and structures (Notes 5 and 16)	4,804	4,417	57,775
Machinery and equipment (Note 16)	9,184	10,172	110,451
Lease assets	25	—	301
	20,822	19,248	250,415
Accumulated depreciation	(11,039)	(11,560)	(132,760)
Net property and equipment	9,783	7,688	117,655
Investments and other non-current assets:			
Investment securities (Notes 3, 5 ,10 and 17)	3,075	3,427	36,981
Long-term loans receivable (Note 17)	740	818	8,900
Deferred tax assets (Note 11)	611	607	7,348
Claims provable in bankruptcy, claims provable in rehabilitation and other (Note 17)	1,050	1,884	12,628
Other non-current assets	1,809	1,777	21,756
Allowance for doubtful accounts	(1,348)	(1,836)	(16,212)
Total investments and other non-current assets	5,937	6,677	71,401
Total assets	¥ 89,802	¥ 96,171	$ 1,080,000

See accompanying notes.

DAIHO CORPORATION
CONSOLIDATED BALANCE SHEETS
March 31, 2011and 2010

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Current liabilities:			
Bank loans (Notes 6 and 17)	¥ 7,005	¥ 8,917	$ 84,245
Commercial papers	—	997	—
Trade notes and accounts payable (Note 17)	39,020	35,258	469,272
Advances received on uncompleted contracts	4,964	10,538	59,699
Income taxes payable (Note 11)	258	141	3,103
Allowance for losses on construction contracts (Note 7)	1,189	956	14,300
Deposits received (Note 17)	3,810	4,904	45,821
Accrued and other current liabilities	976	2,093	11,738
Total current liabilities	57,222	63,804	688,178
Long-term liabilities:			
Deferred tax liabilities (Note 11)	311	440	3,740
Employees' severance and retirement benefits (Note 8)	7,287	7,344	87,637
Allowance for losses on litigation	101	69	1,215
Other long-term liabilities	2,375	2,229	28,563
Total long-term liabilities	10,074	10,082	121,155
Contingent liabilities (Notes 9 and 17)			
Net assets (Note 12):			
Shareholders' equity:			
Common stock			
Authorized - 160,000,000 shares			
Issued - 67,170,143 shares	5,100	5,100	61,335
Capital surplus	3,688	3,689	44,353
Retained earnings	13,974	13,547	168,058
Less:Treasury stock, at cost	(651)	(651)	(7,829)
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities, net of tax	249	453	2,994
Deferred gains or losses on hedges, net of tax	(2)	—	(24)
Minority interests:	148	147	1,780
Total net assets	22,506	22,285	270,667
Total liabilities and net assets	¥ 89,802	¥ 96,171	$ 1,080,000

DAIHO CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
Years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Sales:	¥ 116,564	¥ 120,979	$ 1,401,852
Costs and expenses:			
Cost of sales	110,563	113,931	1,329,681
Selling, general and administrative expenses	4,717	4,786	56,729
	115,280	118,717	1,386,410
Operating income	1,284	2,262	15,442
Other income (expenses):			
Interest and dividend income	49	54	589
Interest expense	(252)	(382)	(3,031)
Provision for doubtful accounts	–	(787)	–
Gain on sale of investment securities (Note 3)	147	173	1,768
Gain and loss on sale and disposal of property and equipment	57	592	686
Loss on valuation of investment securities	–	(232)	–
Foreign exchange losses	(160)	(29)	(1,924)
Impairment loss on fixed assets (Notes 15 and 16)	(65)	(380)	(782)
Other, net	(37)	(151)	(445)
	(261)	(1,142)	(3,139)
Income before income taxes and minority interests	1,023	1,120	12,303
Income taxes (Note 11):			
Current	505	127	6,073
Prior periods	–	233	–
Deferred	26	110	313
Income before minority interests	492	650	5,917
Minority interests	2	25	24
Net income	¥ 490	¥ 625	$ 5,893

	Yen		U.S. dollars (Note 1)
Amounts per share of common stock:			
Net income (Note 18)	¥ 7.72	¥ 9.83	$ 0.09
Cash dividends applicable to the year	1.00	1.00	0.01

See accompanying notes.

DAIHO CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Income before minority interests	¥ 492	¥ 650	$ 5,917
Other comprehensive income:			
Valuation difference on available-for-sale securities, net of tax	(204)	228	(2,453)
Deferred gains or losses on hedges, net of tax	(2)	–	(24)
Total other comprehensive income	(206)	228	(2,477)
Comprehensive income	¥ 286	¥ 878	$ 3,440
Comprehensive income attribute to:			
Comprehensive income attributable to owners of the parent	¥ 284	¥ 853	$ 3,416
Comprehensive income attributable to minority interests	2	25	24

See accompanying notes.

DAIHO CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years ended March 31, 2011 and 2010

	Number of shares of common stock (Thousands)	Millions of yen Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities, net of tax	Deferred gains or losses on hedges, net of tax	Minority interests	Total
BALANCE AT MARCH 31, 2009	67,170	¥ 5,100	¥ 3,690	¥ 12,922	¥ (651)	¥ 225	¥ —	¥ 122	¥ 21,408
Net income	—	—	—	625	—	—	—	—	625
Sale of treasury stock	—	—	(1)	—	1	—	—	—	0
Acquisition of treasury stock	—	—	—	—	(1)	—	—	—	(1)
Net change of items other than shareholders' equity	—	—	—	—	—	228	—	25	253
BALANCE AT MARCH 31, 2010	67,170	¥ 5,100	¥ 3,689	¥ 13,547	¥ (651)	¥ 453	¥ —	¥ 147	¥ 22,285
Cash dividends paid (¥1.0 per share)	—	—	—	(63)	—	—	—	—	(63)
Net income	—	—	—	490	—	—	—	—	490
Sale of treasury stock	—	—	(1)	—	1	—	—	—	0
Acquisition of treasury stock	—	—	—	—	(1)	—	—	—	(1)
Net change of items other than shareholders' equity	—	—	—	—	—	(204)	(2)	1	(205)
BALANCE AT MARCH 31, 2011	67,170	¥ 5,100	¥ 3,688	¥ 13,974	¥ (651)	¥ 249	¥ (2)	¥ 148	¥ 22,506

	Thousands of U.S. dollars (Note 1) Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities, net of tax	Deferred gains or losses on hedges, net of tax	Minority interests	Total
BALANCE AT MARCH 31, 2010	$ 61,335	$ 44,365	$ 162,923	$ (7,829)	$ 5,448	$ —	$ 1,768	$ 268,010
Cash dividends paid ($0.01 per share)	—	—	(758)	—	—	—	—	(758)
Net income	—	—	5,893	—	—	—	—	5,893
Sale of treasury stock	—	(12)	—	12	—	—	—	0
Acquisition of treasury stock	—	—	—	(12)	—	—	—	(12)
Net change of items other than shareholders' equity	—	—	—	—	(2,454)	(24)	12	(2,466)
BALANCE AT MARCH 31, 2011	$ 61,335	$ 44,353	$ 168,058	$ (7,829)	$ 2,994	$ (24)	$ 1,780	$ 270,667

See accompanying notes.

DAIHO CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2011 and 2010

	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 1) 2011
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 1,023	¥ 1,120	$ 12,303
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	613	735	7,372
Impairment loss on fixed assets	65	380	782
Interest and dividend income	(49)	(54)	(589)
Interest expense	252	382	3,031
Increase in allowance for doubtful accounts	93	814	1,118
Increase (Decrease) in employees' severance and retirement benefits	(57)	340	(686)
Foreign exchange (gain) loss, net	45	(5)	541
Increase (Decrease) in allowance for losses on construction contracts	233	(172)	2,802
Gain and loss on sale and disposal of property and equipment	(57)	(592)	(686)
Gain on sale of investment securities	(147)	(161)	(1,768)
Loss on valuation of investment securities	—	242	—
Decrease in advances received on uncompleted contracts	(5,574)	(6,340)	(67,035)
Decrease (Increase) in receivables and other current assets	(1,580)	2,281	(19,002)
Decrease in inventories	5,055	13,037	60,794
Increase (Decrease) in payables and accrued expenses	3,760	(3,677)	45,219
Decrease in other assets	1,531	233	18,413
Increase (Decrease) in other liabilities	(2,025)	162	(24,354)
Other, net	(37)	(120)	(444)
Subtotal	3,144	8,605	37,811
Interest and dividend received	49	55	589
Interest paid	(253)	(344)	(3,043)
Income taxes paid	(289)	(340)	(3,475)
Income taxes refund	73	113	878
Compensation for damage paid	(19)	(39)	(228)
Net cash provided by operating activities	2,705	8,050	32,532
Cash flows from investing activities:			
Deposit in time deposits	(96)	(20)	(1,155)
Withdrawal from time deposits	20	30	241
Proceeds from sale of property and equipment	206	3,515	2,477
Payment for purchase of property and equipment	(289)	(789)	(3,476)
Proceeds from redemption of securities	10	—	120
Purchase of investment securities	(44)	(51)	(529)
Proceeds from sale of investment securities	214	561	2,574
Payment for loans receivable	(7)	(13)	(84)
Collection of loans receivable	29	23	349
Purchase of memberships	(5)	(7)	(60)
Proceeds from redemption of membership	8	44	96
Other, net	(28)	(22)	(337)
Net cash provided by investing activities	18	3,271	216
Cash flows from financing activities:			
Net decrease in short-term debt	(712)	(11,052)	(8,563)
Increase (Decrease) in commercial papers	(997)	997	(11,990)
Repayment of long-term debt	(1,200)	(300)	(14,432)
Purchase of treasury stock	(1)	(1)	(12)
Cash dividends paid	(63)	(0)	(758)
Cash dividends paid to minority interests	(1)	(1)	(12)
Other, net	(8)	(2)	(96)
Net cash used in financing activities	(2,982)	(10,359)	(35,863)
Effect of exchange rate changes on cash and cash equivalents	(31)	(8)	(373)
Net increase (decrease) in cash and cash equivalents	(290)	954	(3,488)
Cash and cash equivalents at beginning of year (Note 13)	19,349	18,395	232,700
Cash and cash equivalents at end of year (Note 13)	¥ 19,059	¥ 19,349	$ 229,212

See accompanying notes.

DAIHO CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2011 and 2010

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of DAIHO CORPORATION (the "Company") and its consolidated subsidiaries (together, the "Companies") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2011, which is ¥ 83.15 to U.S. $1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Significant accounting policies

(1) Principles of consolidation
The consolidated financial statements as of March 31, 2011 include the accounts of the Company and its 6 significant subsidiaries. Other 4 subsidiaries are not consolidated as they have no material effect on the accompanying consolidated financial statements. All significant inter-company transactions and accounts have been eliminated.

Investments in the other subsidiaries and affiliated companies are stated at costs since the Company's equity in net income or retained earnings in such companies is not material.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries.

(2) Inventories
Costs on uncompleted construction contracts and real estate inventories are stated at cost as determined on a specific basis. Real estate inventories are measured at the lower of cost or net realizable value.

As a result of the measurement, operating income and income before income taxes for the years ended March 31,2011 and 2010 decreased by ¥702 million ($8,443 thousand) and ¥458 million, respectively .

(3) Property, equipment and depreciation
Property and equipment are stated at cost. Depreciation is computed by the declining-balance method, except for the buildings acquired after March 31, 1998, which are depreciated using the straight-line method.

Estimated useful lives of the property and equipment are as follows:

	2010	2011
Buildings and structures	3 to 50 years	3 to 50 years
Machinery and equipment	2 to 20 years	2 to 20 years

(4) Accounting for certain lease transactions
Assets of finance leases that do not transfer ownership of lease property to the lessee is depreciated over the lease term using the straight-line method that residual value is zero.

The method of accounting for finance leases that do not transfer ownership of leased property to the lessee changed from treating such leases as rental transactions to treatment as sale / purchase transactions, recognizing them as lease assets.

Under the existing accounting standards, finance leases, commenced prior to April 1, 2008, which do not transfer ownership of leased property to the lessee are permitted to be accounted for in the same manner as operating leases if certain "as if capitalized" information is disclosed in a note to the Information on Certain Lease as Lessee (See Note 14).

(5) Foreign currency translation
Receivables and payables denominated in foreign currencies are translated into Japanese yen at the year-end rates.

(6) Revenue recognition
Prior to the year ended March 31, 2010, the domestic Companies accounted for revenues and costs of construction contracts whose contract values exceeded ¥300 million and for which the construction periods exceeded one year by using the percentage-of-completion method. All other construction contracts were accounted for using the completed-contract method. Effective from the year ended March 31, 2010, the domestic companies adopted the "Accounting Standard for Construction Contracts" ASBJ Statement No.15, issued on December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No.18, issued on December 27, 2007). Accordingly, when the outcome of individual contracts can be estimated reliably, the domestic companies apply the percentage-of-completion method to work commencing during the year ended March 31, 2010, otherwise the completed-contract method is applied. The percentage of completion at the end of the reporting period is measured by the proportion of the cost incurred to the estimated total cost.

Construction revenues recognized by the percentage-of-completion method amounted to ¥81,320 million ($977,992 thousand) and ¥80,892 million for the years ended March 31, 2011 and 2010, respectively.

(7) Marketable securities and investment securities
The Companies did not have trading securities or held-to-maturity debt securities. Equity securities issued by subsidiaries, which are not consolidated or accounted for using the equity method, are stated at moving-average cost. Available-for-sale securities with available fair market values are stated at fair market value and unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets via the Consolidated Statements of Comprehensive Income. Realized gains and losses on sale of such securities are computed using moving-average cost. Available-for-sale securities with no available fair market value are stated at moving-average cost.

Investment in a silent partnership is recorded under the equity method, which is based on the latest financial statements available on the reportable date under the partnership contracts.

(8) Software costs
Software for its own use is amortized over the estimated useful life (five years) using the straight-line method.

(9) Allowance for doubtful accounts

The Companies provide allowance for doubtful accounts principally at an amount computed based on the historical bad debt ratio during a certain reference period, plus an estimated uncollectible amount based on the analysis of certain individual accounts, including claims in bankruptcy.

(10) Employees' severance and retirement benefits

The Company provides two types of severance and retirement benefit plans, defined contribution pension plans and severance lump-sum payment plans based on the point. The consolidated subsidiaries provide unfunded lump-sum payment plans.

The Company provide allowance for employees' severance and retirement benefits at year-end based on the estimated amounts of projected benefit obligation. Prior service costs are recognized as expenses using the straight-line method over 10 years, which falls within the average of the estimated remaining service lives of the employees. Actuarial difference are recognized as expenses using the straight-line method over 10 years, which falls within the average of the estimated remaining service lives of the employees commencing with the succeeding period.

(11) Allowance for losses on construction contracts

The Companies provide allowance for losses on uncompleted construction contracts at the fiscal year-end when losses are certainly anticipated for the next fiscal year and later and such losses can be reasonably estimated.

(12) Allowance for losses on litigation

In order to prepare for losses on litigation, the estimated amount of loss based on the progress of the litigation is accounted for.

(13) Income taxes

Income taxes comprise corporation, enterprise and inhabitant taxes. The Companies recognize tax effects of temporary differences between the financial statement basis and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income included in the statements of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(14) Derivatives and hedging activities

The Company use derivative financial instruments to manage their exposures to fluctuations in foreign exchange.
Foreign exchange forward contracts are utilized by the Company to reduce foreign currency exchange. The Company does not enter into derivatives for trading purposes or speculative purposes.
Receivables and payables denominated in foreign currencies, for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations, are translated at the contracted rate if the forward contracts qualify for specific hedge accounting.

(15) Change in Accounting Policies—Accounting Standard for Asset retirement obligations

Effective from April 1, 2010, the Companies adopted "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan ("ASBJ") Statement No.18, issued on March 31, 2008) and "Guidance on Accounting Standard for Assets Retirement Obligations" (ASBJ Guidance No.21, issued on March 31, 2008).

The change had no material impact on the consolidated financial statements.

(16) Change in Accounting Policies—Accounting Standard for Presentation of Comprehensive income
Effective for the year ended March 31, 2011, the Companies adopted "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No.25, issued on June 30, 2010) and "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, revised on June 20, 2010).

(17) Amounts per share of common stock
Net income per share is computed using the weighted-average number of shares of common stock outstanding during the year. Diluted net income per share is not disclosed because potentially dilute securities are not issued. Cash dividends per share represent dividends declared as applicable to the respective years.

(18) Cash and cash equivalents
In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturities of not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(19) Appropriations of retained earnings
Appropriations of retained earnings are reflected in the accompanying consolidated financial statements for the following year upon the shareholders' meeting approval.

(20) Reclassifications
Certain prior year amounts have been reclassified and restated to conform to the 2011 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

3. Market value information for securities

(A) The following tables summarize acquisition costs and book values of securities with available fair values as of March 31, 2011 and 2010:

Available-for-sale securities:

(1) Securities with book values exceeding acquisition costs

	Millions of yen		
	2011		
Type	Acquisition cost	Book value	Difference
Equity securities	¥ 1,142	¥ 1,688	¥ 546
Bonds	–	–	–
Others	–	–	–
Total	¥ 1,142	1,688	546

	Millions of yen		
	2010		
Type	Acquisition cost	Book value	Difference
Equity securities	¥ 1,134	¥ 1,954	¥ 820
Bonds	10	10	0
Others	–	–	–
Total	¥ 1,144	1,964	820

	Thousands of U.S. dollars		
	2011		
Type	Acquisition cost	Book value	Difference
Equity securities	$ 13,734	$ 20,301	$ 6,567
Bonds	–	–	–
Others	–	–	–
Total	$ 13,734	20,301	6,567

(2) Securities with book values not exceeding acquisition costs

	Millions of yen		
	2011		
Type	Acquisition cost	Book value	Difference
Equity securities	¥ 603	¥ 474	¥ (129)
Bonds	10	10	(0)
Others	–	–	–
Total	¥ 613	484	(129)

	Millions of yen		
	2010		
Type	Acquisition cost	Book value	Difference
Equity securities	¥ 620	¥ 558	¥ (62)
Bonds	–	–	–
Others	–	–	–
Total	¥ 620	558	(62)

	Thousands of U.S. dollars		
	2011		
Type	Acquisition cost	Book value	Difference
Equity securities	$ 7,252	$ 5,701	$ (1,551)
Bonds	120	120	(0)
Others	–	–	–
Total	$ 7,372	5,821	(1,551)

(B) The following tables summarize book values of securities with no available fair values as of March 31, 2011 and 2010:

Available-for-sale securities:

	Millions of yen		Thousands of U.S. dollars
	Book value		Book value
Type	2011	2010	2011
Unlisted equity securities	¥ 898	¥ 900	$ 10,800

(C) Available-for-sale securities sold, and the related gains and losses

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Total sales of available-for-sale securities sold	¥ 212	¥ 561	$ 2,550
Gain on sale of available-for-sale securities	147	173	1,768
Loss on sale of available-for-sale securities	—	12	—

4. Derivatives

(A) Derivative transactions to which hedge accounting is not applied as of March 31, 2010 and 2011.
Not applicable.

(B) Derivative transactions to which hedge accounting is applied as of March 31, 2011.
Currency related transaction

			Millions of Yen		
Hedge accounting method	Sort	Hedged item	Contract amount	Contract over one year	Fair Value
Deferral hedge accounting	Foreign exchange forward contracts				
	Buying:				
	U.S. Dollar	Accounts payable	¥ 176	¥ —	¥ (2)
			¥ 176	¥ —	¥ (2)

			Thousands of U.S. dollars		
Hedge accounting method	Sort	Hedged item	Contract amount	Contract over one year	Fair Value
Deferral hedge accounting	Foreign exchange forward contracts				
	Buying:				
	U.S. Dollar	Accounts payable	$ 2,117	$ —	$ (24)
			$ 2,117	$ —	$ (24)

The fair values are based on the quoted forward foreign exchange rates.

5. Pledged assets

As of March 31, 2011, the following assets of the Company are in pledged to short-term loans payable.

	Millions of yen	Thousands of U.S. dollars
Costs on uncompleted construction contracts and other	¥ 25	$ 301
Buildings and structures	1,643	19,760
Land	5,988	72,014
	¥ 7,656	$ 92,075

As of March 31, 2011, the following assets of the Company are in pledged to guarantee money for construction.

	Millions of yen	Thousands of U.S. dollars
Investment securities	¥ 385	$ 4,630

6. Bank loans and long-term debt

Bank loans consisted mainly of bank overdrafts from banks. The weighted average interest rates at March 31, 2011 and 2010 are 2.6 % and 2.8% per annum, respectively.

Long-term debt as of March 31, 2011 and 2010 comprises of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Unsecured long-term borrowing from banks	¥ —	¥ 1,200	$ —
Less amount due within one year	—	1,200	$ —
Long-term debt	¥ —	¥ —	$ —

7. Allowance for losses on construction contracts

"Costs on uncompleted construction contracts" for which a construction loss is anticipated and "Allowance for losses on construction contracts" are presented without being offset.

The amount of "Costs on uncompleted construction contracts," for which a construction loss is anticipated, matching with "Allowance for losses on construction contracts" are ¥86 million ($1,034 thousand) and ¥237 million for the year ended March 31, 2011 and 2010, respectively.

8. Employees' severance and retirement benefits

The liabilities for severance and retirement benefits included in the liability section of the consolidated balance sheets as of March 31, 2011 and 2010 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Projected benefit obligation	¥ 7,288	¥ 7,362	$ 87,649
Unrecognized actuarial differences	146	158	1,756
Unrecognized prior service costs	(147)	(176)	(1,768)
	¥ 7,287	¥ 7,344	$ 87,637

Included in the consolidated statements of operations for the years ended March 31, 2011 and 2010 are severance and retirement benefit expenses comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Service costs – benefits earned during the year	¥ 484	¥ 586	$ 5,821
Interest cost on projected benefit obligation	135	138	1,624
Amortization of actuarial differences	(20)	(10)	(241)
Amortization of prior service costs	30	30	361
Defined contribution pension plans premium	167	113	2,008
Other	3	6	36
Severance and retirement benefit expenses	¥ 799	¥ 863	$ 9,609

The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years. The discount rate used by the Companies is 2.0%.

9. Contingent liabilities

As of March 31, 2011, the Companies are contingently liable as a guarantor of indebtedness of customers aggregating ¥289 million ($3,476 thousand).

10. Investment securities loaned out under marketable securities loan contracts

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Investment securities loaned	¥ 1,535	¥ 1,765	$ 18,461

11. Income taxes

The Companies are subject to a number of taxes based on income, which, in the aggregate, indicate the rate in Japan is approximately 40.2% for the years ended March 31, 2011 and 2010. The following table summarizes the main differences between the statutory tax rate and the Companies' effective tax rate for the years ended March 31, 2011 and 2010.

	2011	2010
Statutory tax rate	40.2 %	40.2 %
Permanent differences:		
Non-deductible expenses	5.8	5.1
Non-taxable income	(8.5)	(7.7)
Per capita inhabitant taxes	13.0	9.9
Increase in valuation allowance	0.8	17.2
Elimination of inter-company dividends	7.9	7.6
Tax loss carry forwards	(35.2)	(49.1)
Prior periods income taxes	−	20.8
Differences in effective overseas tax rates	27.0	−
Other	0.9	(2.0)
Effective tax rate	51.9 %	42.0 %

Main components of the Companies' deferred tax assets and liabilities as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Deferred tax assets:			
Employees' severance and retirement benefits	¥ 3,046	¥ 2,953	$ 36,633
Allowance for doubtful accounts	390	506	4,690
Allowance for losses on construction contracts	479	386	5,761
Accrued bonuses	81	78	974
Enterprise taxes payable	33	30	397
Impairment loss on fixed assets	247	222	2,971
Tax loss carry forwards	857	1,217	10,307
Write-down of inventories	470	195	5,652
Non-deductible construction costs under the percentage-of-completion method	257	691	3,091
Other	510	446	6,133
Subtotal	6,370	6,724	76,609
Valuation allowance	(5,393)	(5,716)	(64,859)
Total deferred tax assets	977	1,008	11,750
Deferred tax liabilities:			
Unrealized gain on securities	(207)	(316)	(2,490)
Deferred gains on property and equipment	(96)	(128)	(1,155)
Temporary differences about assets acquired through transfer of business	(43)	(56)	(517)
Other	(14)	−	(168)
Total deferred tax liabilities	(360)	(500)	(4,330)
Net deferred tax assets	¥ 617	¥ 508	$ 7,420

12. Net assets

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Japanese Corporate Law ("the Law"), companies were required to set aside an amount equal to at least 10% of the aggregate amount of cash dividends and other cash appropriations as legal earnings reserve until the total of legal earnings reserve and additional paid-in capital equaled 25% of common stock.

Under the Japanese Commercial Code ("the Code") , legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or could be capitalized by a resolution of the Board of Directors. Under the Law, both of these appropriations generally require a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, on condition that the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock, they were available for distribution by resolution of the shareholders' meeting. Under the Law, all additional paid-in-capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the annual shareholders' meeting held on June 29, 2011, the shareholders approved cash dividends amounting to ¥63 million ($ 758 thousand). Such appropriations were not accrued in the consolidated financial statements as of March 31, 2011. Such appropriations were recognized in the period in which they were resolved.

13. Cash and cash equivalents

Reconciliations of cash and time deposits shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Cash and time deposits	¥ 19,155	¥ 19,369	$ 230,367
Less: Time deposits with maturities exceeding three months	(96)	(20)	(1,155)
Cash and cash equivalents	¥ 19,059	¥ 19,349	$ 229,212

14. Information on certain leases as lessee

Finance leases accounted for as operating leases

(1)As discussed in Note 2 (4), finance leases commenced prior to April 1, 2008, which do not transfer ownership of leased assets to lessees, are accounted for as operating leases. Equivalent amounts of acquisition cost and accumulated depreciation at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
Machinery and equipment:	2011	2010	2011
Acquisition cost equivalent	¥ 25	¥ 25	$ 301
Accumulated depreciation equivalent	(18)	(13)	(217)
Net book value	¥ 7	¥ 12	$ 84

(2)Lease commitments (including the interest portion thereon):

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Due within one year	¥ 4	¥ 4	$ 48
Due after one year	3	8	36
Total	¥ 7	¥ 12	$ 84

(3)Lease expenses and depreciation equivalent

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Lease expenses	¥ 4	¥ 5	$ 48
Depreciation equivalent	4	5	48

(4)Calculation of depreciation equivalent

Depreciation equivalent is computed using the straight-line method over the lease terms of each lease with no residual value.

There is no impairment loss on finance leases.

15. Segment information

In March 2008, the ASBJ revised ASBJ Statement No.17 "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No.20 "Guidance on Accounting Standard for Segment Information Disclosures". Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. 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. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.
The segment information for the year ended March 31, 2010 under the revised accounting standard is also disclosed hereunder as required.

(1) General information about reportable segments
The Companies' reportable segments are include items in the constituent units of business, for which separately financial information is available, and those items to be reviewed regularly by the Board of Directors to determine the distribution of management resources and evaluate business results. Therefore, the Companies categorizes its operating activities into "Civil engineering", "Building construction" and "Other" businesses as reportable segments.

(2) Methods of measurement for the amounts of sales, profit (loss), assets and other items for each reportable segment
The accounting policies of each reportable segment are consistent to those disclosed in Note 2,"Summary of Significant Accounting Policies".
Segment income (loss) is operating income of consolidated statement of income

(3) Information about sales, profit (loss), assets and other items is as follows:

Year ended March 31, 2011	Millions of yen					
	Civil engineering	Building construction	Other	Total	Reconciliations (#1)	Consolidated (#2)
Sales:						
Outside customers	¥ 59,997	¥ 52,413	¥ 4,154	¥ 116,564	¥ —	¥ 116,564
Inter-segment	—	30	744	774	(774)	—
Total	59,997	52,443	4,898	117,338	(774)	116,564
Segment income (loss)	¥ 1,366	¥ (175)	¥ 117	¥ 1,308	¥ (24)	¥ 1,284
Identifiable assets	¥ 48,183	¥ 39,631	¥ 2,936	¥ 90,750	¥ (948)	¥ 89,802
Depreciation and amortization	478	98	52	628	(15)	613
Impairment loss on fixed assets	8	57	—	65	—	65
Capital expenditures	254	91	2	347	(29)	318