

# **Consolidated Financial Statements**

**Meisei Industrial Co., Ltd.  
and Consolidated Subsidiaries**

*Years ended March 31, 2009 and 2008  
with Report of Independent Auditors*

# Meisei Industrial Co., Ltd. and Consolidated Subsidiaries

## Consolidated Financial Statements

*Years ended March 31, 2009 and 2008*

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## Meisei Industrial Co., Ltd. and Consolidated Subsidiaries

### Financial Highlights

*(Millions of yen, except for per share amounts)*

	2009	2008	2007	2006	2005
<b>For the Year:</b>					
Construction orders awarded	¥48,111	¥45,681	¥47,351	¥43,178	¥40,815
Net sales	47,288	48,335	48,692	45,536	38,970
Operating income	5,082	6,021	4,648	4,962	3,324
Net income (loss)	4,263	4,248	3,947	(4,682)	2,602
<b>Per Share (yen):</b>					
Net income (loss) – basic	69.21	64.87	59.61	(71.92)	43.29
Net income – diluted	–	–	–	–	43.15
Cash dividends	6.00	6.00	3.00	–	–
<b>At the Year End:</b>					
Total assets	50,596	50,439	53,796	52,596	62,147
Common stock	6,889	6,889	6,889	6,889	6,089
Net assets	26,102	23,772	21,124	16,230	18,682
Net assets per share (yen)	428.43	361.08	307.34	244.95	306.83
Interest-bearing debt	8,353	10,685	14,930	16,903	20,183
<b>General:</b>					
Number of subsidiaries	10	10	10	9	10
Number of employees	646	616	623	623	596

*(Thousands of U.S. dollars, except for per share amounts)*

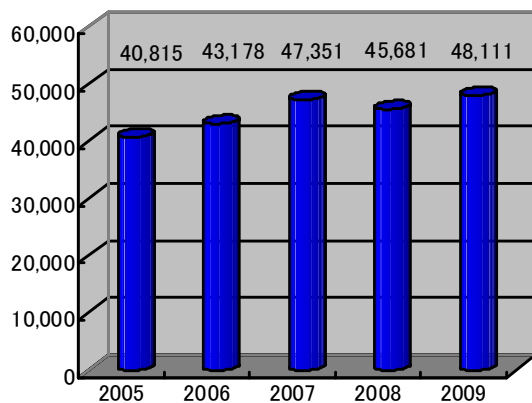
	2009	2008	2007	2006	2005
<b>For the Year:</b>					
Construction orders awarded	\$ 489,779	\$ 465,041	\$ 482,042	\$ 439,560	\$ 415,504
Net sales	481,401	492,059	495,694	463,565	396,722
Operating income	51,736	61,295	47,318	50,514	33,839
Net income (loss)	43,398	43,245	40,181	(47,664)	26,489
<b>Per Share (dollars):</b>					
Net income (loss) – basic	0.70	0.66	0.61	(0.73)	0.44
Net income – diluted	–	–	–	–	0.44
Cash dividends	0.06	0.06	0.03	–	–
<b>At the Year End:</b>					
Total assets	515,077	513,479	547,653	535,437	632,668
Common stock	70,131	70,131	70,131	70,131	61,987
Net assets	265,723	242,003	215,046	165,224	190,186
Net assets per share (dollars)	4.36	3.68	3.13	2.49	3.12
Interest-bearing debt	85,036	108,775	151,990	172,076	205,467

# Meisei Industrial Co., Ltd. and Consolidated Subsidiaries

## Financial Highlights

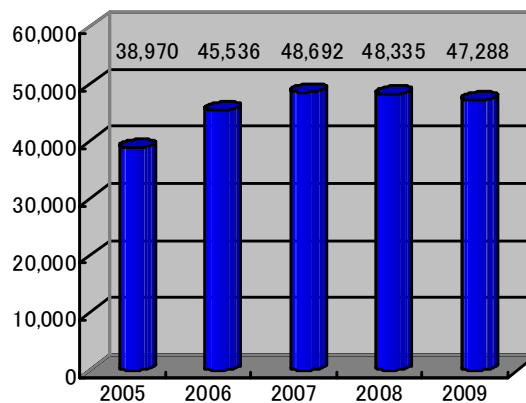
### Construction Orders Awarded

Millions of yen



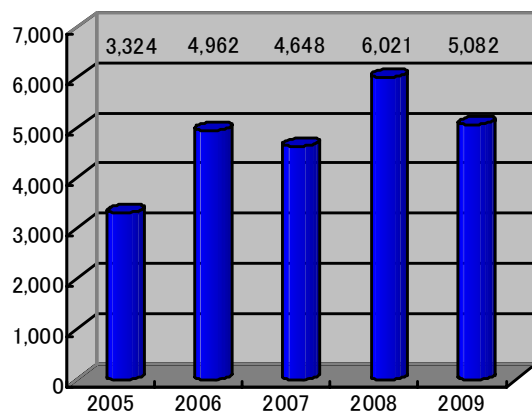
### Net Sales

Millions of yen



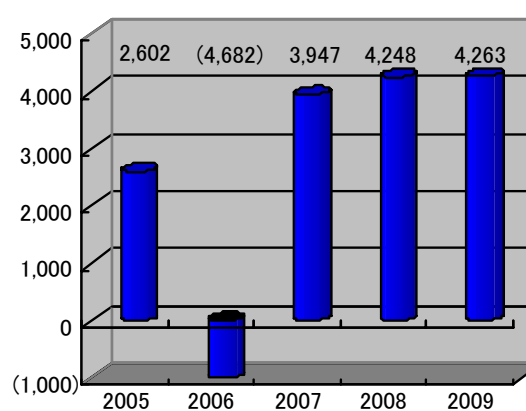
### Operating Income

Millions of yen



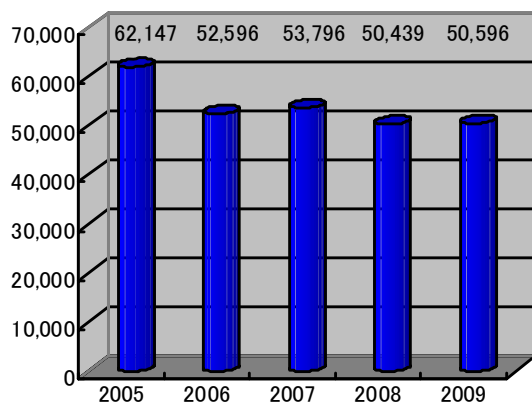
### Net Income (Loss)

Millions of yen



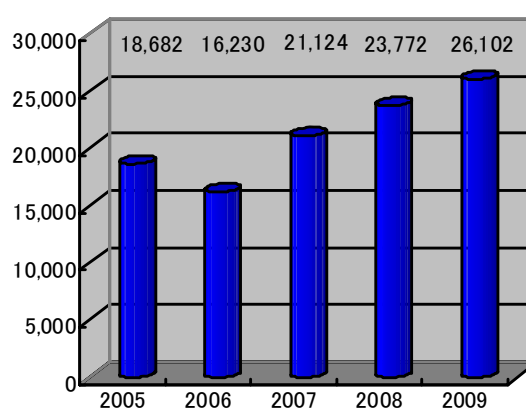
### Total Assets

Millions of yen



### Net Assets

Millions of yen



## Meisei Industrial Co., Ltd. and Consolidated Subsidiaries

### Consolidated Balance Sheets

	March 31,		
	2009	2008	2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars) (Note 2)</i>
<b>Assets</b>			
Current assets:			
Cash and time deposits <i>(Note 17)</i>	¥ 8,044	¥ 7,930	\$ 81,890
Notes and accounts receivable:			
Notes	2,398	2,546	24,412
Accounts	14,563	13,673	148,254
	16,961	16,219	172,666
Inventories <i>(Note 5)</i>	4,391	4,099	44,701
Deferred income taxes <i>(Note 10)</i>	848	945	8,633
Other current assets	89	448	906
Less: Allowance for doubtful receivables	(60)	(101)	(611)
Total current assets	30,273	29,540	308,185
Property, plant and equipment:			
Land	13,388	13,388	136,292
Buildings and structures	7,600	7,437	77,370
Machinery, equipment and construction in progress	5,278	4,947	53,731
	26,266	25,772	267,393
Accumulated depreciation	(9,145)	(8,901)	(93,098)
Property, plant and equipment, net	17,121	16,871	174,295
Investments and other assets:			
Investments in securities <i>(Note 4)</i>	1,720	2,338	17,510
Deferred income taxes <i>(Note 10)</i>	726	616	7,391
Other assets	922	1,269	9,386
Less: Allowance for doubtful receivables	(166)	(195)	(1,690)
Total investments and other assets	3,202	4,028	32,597
Total assets	¥ 50,596	¥ 50,439	\$ 515,077

See accompanying notes to consolidated financial statements.

## Meisei Industrial Co., Ltd. and Consolidated Subsidiaries

### Consolidated Balance Sheets

	March 31,		
	2009	2008	2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars) (Note 2)</i>
<b>Liabilities</b>			
Current liabilities:			
Short-term bank loans <i>(Note 7)</i>	¥ 1,641	¥ 680	\$ 16,706
Current portion of long-term debt <i>(Note 7)</i>	3,667	6,400	37,331
Notes and accounts payable:			
Notes	3,576	3,060	36,404
Accounts	4,215	4,583	42,910
	<u>7,791</u>	<u>7,643</u>	<u>79,314</u>
Advances received on uncompleted contracts	1,161	1,087	11,819
Income taxes payable <i>(Note 10)</i>	237	205	2,413
Allowance for compensation for completed construction	118	143	1,197
Accrued employees' bonuses	391	413	3,980
Allowance for bonuses to directors and corporate auditors	69	75	702
Allowance for losses on construction contracts	17	38	173
Other current liabilities	751	1,109	7,650
Total current liabilities	<u>15,843</u>	<u>17,793</u>	<u>161,285</u>
Long-term liabilities:			
Long-term debt <i>(Note 7)</i>	3,045	3,605	30,999
Accrued retirement benefits for employees <i>(Note 13)</i>	1,056	1,046	10,750
Accrued retirement benefits for directors and corporate auditors	254	223	2,586
Deferred income taxes <i>(Note 10)</i>	3,698	3,703	37,646
Negative goodwill	83	-	845
Other long-term liabilities	515	297	5,243
Total long-term liabilities	<u>8,651</u>	<u>8,874</u>	<u>88,069</u>
Contingent liabilities <i>(Note 6)</i>			
<b>Net assets</b>			
Shareholders' equity <i>(Note 11)</i> :			
Common stock:			
Authorized— 190,000,000 shares			
Issued — 66,386,718 shares at March 31, 2009 and 2008	6,889	6,889	70,131
Capital surplus	1,000	1,000	10,180
Retained earnings	18,308	14,422	186,379
Less: Treasury stock, at cost	(1,989)	(890)	(20,248)
Total shareholders' equity	<u>24,208</u>	<u>21,421</u>	<u>246,442</u>
Valuation and translation adjustments:			
Net unrealized holding gain on securities	161	482	1,639
Surplus arising from land revaluation <i>(Note 12)</i>	767	767	7,808
Foreign currency translation adjustments	187	295	1,904
Total valuation and translation adjustments	<u>1,115</u>	<u>1,544</u>	<u>11,351</u>
Minority interests in consolidated subsidiaries	779	807	7,930
Total net assets	<u>26,102</u>	<u>23,772</u>	<u>265,723</u>
Total liabilities and net assets	<u>¥ 50,596</u>	<u>¥ 50,439</u>	<u>\$ 515,077</u>

See accompanying notes to consolidated financial statements.

**Meisei Industrial Co., Ltd. and Consolidated Subsidiaries**  
Consolidated Statements of Income

	Years ended March 31,		
	2009	2008	2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 2)</i>
Net sales <i>(Notes 3(c), 14 and 18)</i>	¥ 47,288	¥ 48,335	\$ 481,401
Cost of sales <i>(Notes 3(c) and 8)</i>	38,116	38,132	388,028
<b>Gross profit</b>	9,172	10,203	93,373
Selling, general and administrative expenses <i>(Note 8)</i>	4,090	4,182	41,637
<b>Operating income</b> <i>(Note 18)</i>	5,082	6,021	51,736
Other income (expenses):			
Interest and dividend income	82	73	835
Rental income on real estate <i>(Note 3(c))</i>	192	200	1,954
Gain on cancellation of insurance contracts	57	–	580
Reversal of allowance for doubtful receivables	70	–	713
Foreign exchange loss	(311)	(197)	(3,166)
Interest expense	(195)	(274)	(1,985)
Cost of rent on real estate <i>(Note 3(c))</i>	(93)	(111)	(947)
Loss on devaluation of financial instruments	(14)	(101)	(143)
Loss on devaluation of securities	(94)	(111)	(957)
Loss on sales of investments in securities	(18)	–	(183)
Other, net	22	(20)	224
	(302)	(541)	(3,075)
<b>Income before income taxes and minority interests</b>	4,780	5,480	48,661
Income taxes <i>(Note 10)</i> :			
Current	254	355	2,585
Deferred	199	841	2,026
	453	1,196	4,611
<b>Income before minority interests</b>	4,327	4,284	44,050
Minority interests in earnings of consolidated subsidiaries	(64)	(36)	(652)
<b>Net income</b> <i>(Note 16)</i>	¥ 4,263	¥ 4,248	\$ 43,398

See accompanying notes to consolidated financial statements.

# Meisei Industrial Co., Ltd. and Consolidated Subsidiaries

## Consolidated Statements of Changes in Net Assets

Years ended March 31, 2009 and 2008

	Number of shares in issue	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on securities	Deferred loss on hedges	Surplus arising from land revaluation	Foreign currency translation adjustments	Minority Interests in consolidated subsidiaries	Total net assets
<i>Millions of yen</i>											
<b>Balance at March 31, 2007</b>	66,386,718	¥ 6,889	¥ 1,000	¥ 10,571	¥ (73)	¥ 928	¥ (27)	¥ 767	¥ 290	¥ 779	¥ 21,124
Net income for the year	-	-	-	4,248	-	-	-	-	-	-	4,248
Cash dividends	-	-	-	(397)	-	-	-	-	-	-	(397)
Acquisition of treasury stock	-	-	-	-	(817)	-	-	-	-	-	(817)
Disposal of treasury stock	-	-	0	-	0	-	-	-	-	-	0
Other changes	-	-	-	-	-	(446)	27	-	5	28	(386)
<b>Balance at March 31, 2008</b>	66,386,718	¥ 6,889	¥ 1,000	¥ 14,422	¥ (890)	¥ 482	¥ -	¥ 767	¥ 295	¥ 807	¥ 23,772
Net income for the year	-	-	-	4,263	-	-	-	-	-	-	4,263
Cash dividends	-	-	-	(377)	-	-	-	-	-	-	(377)
Acquisition of treasury stock	-	-	-	-	(1,100)	-	-	-	-	-	(1,100)
Disposal of treasury stock	-	-	(0)	-	1	-	-	-	-	-	1
Decrease in capital surplus resulting from exclusion of consolidated subsidiaries	-	-	-	(0)	-	-	-	-	-	-	(0)
Other changes	-	-	-	-	-	(321)	-	-	(108)	(28)	(457)
<b>Balance at March 31, 2009</b>	66,386,718	¥ 6,889	¥ 1,000	¥ 18,308	¥ (1,989)	¥ 161	¥ -	¥ 767	¥ 187	¥ 779	¥ 26,102

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on securities	Deferred loss on hedges	Surplus arising from land revaluation	Foreign currency translation adjustments	Minority Interests in consolidated subsidiaries	Total net assets
<i>Thousands of U.S. dollars (Note 2)</i>										
<b>Balance at March 31, 2008</b>	\$ 70,131	\$ 10,180	\$ 146,819	\$ (9,060)	\$ 4,907	\$ -	\$ 7,808	\$ 3,003	\$ 8,215	\$ 242,003
Net income for the year	-	-	43,398	-	-	-	-	-	-	43,398
Cash dividends	-	-	(3,838)	-	-	-	-	-	-	(3,838)
Acquisition of treasury stock	-	-	-	(11,198)	-	-	-	-	-	(11,198)
Disposal of treasury stock	-	(0)	-	10	-	-	-	-	-	10
Decrease in capital surplus resulting from exclusion of consolidated subsidiaries	-	-	(0)	-	-	-	-	-	-	(0)
Other changes	-	-	-	-	(3,268)	-	-	(1,099)	(285)	(4,652)
<b>Balance at March 31, 2009</b>	\$ 70,131	\$ 10,180	\$ 186,379	\$ (20,248)	\$ 1,639	\$ -	\$ 7,808	\$ 1,904	\$ 7,930	\$ 265,723

See accompanying notes to consolidated financial statements.

## Meisei Industrial Co., Ltd. and Consolidated Subsidiaries

### Consolidated Statements of Cash Flows

	Years ended March 31,		
	2009	2008	2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 2)</i>
<b>Cash flows from operating activities</b>			
Income before income taxes and minority interests	¥ 4,780	¥ 5,480	\$ 48,661
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	472	374	4,805
(Decrease) increase in allowance for losses on construction contracts	(21)	4	(214)
Increase (decrease) in accrued retirement benefits	41	(49)	417
(Decrease) increase in allowance for doubtful receivables	(70)	47	(712)
Interest and dividend income	(82)	(73)	(835)
Interest expense	195	274	1,985
Foreign exchange loss (gain)	9	(6)	92
Loss on devaluation of financial instruments	14	101	143
Loss on devaluation of securities	94	111	957
Loss on sales of investments in securities	18	-	183
Changes in operating assets and liabilities:			
Notes and accounts receivable	(742)	786	(7,554)
Inventories	(292)	213	(2,973)
Notes and accounts payable	297	(886)	3,024
Advances received on uncompleted contracts	74	(518)	753
Other, net	256	(427)	2,607
Subtotal	5,043	5,431	51,339
Interest and dividends received	84	67	855
Interest paid	(194)	(279)	(1,975)
Income taxes paid	(230)	(394)	(2,341)
Net cash provided by operating activities	4,703	4,825	47,878
<b>Cash flows from investing activities:</b>			
Decrease (increase) in time deposits, net	317	(101)	3,227
Increase in investments in securities	(136)	(106)	(1,385)
Proceeds from sales of investments in securities	89	20	906
Purchases of property, plant and equipment	(923)	(561)	(9,396)
Proceeds from distribution of residual property of investments	-	1,145	-
Other, net	11	(69)	112
Net cash (used in) provided by investing activities	(642)	328	(6,536)
<b>Cash flows from financing activities</b>			
Increase (decrease) in short-term bank loans, net	961	(2,600)	9,783
Proceeds from long-term debt	4,300	1,150	43,775
Repayment of long-term debt	(7,393)	(2,395)	(75,262)
Repayment of bonds	(200)	(400)	(2,036)
Payments under finance lease obligations	(29)	(115)	(295)
Cash dividends paid to shareholders of minority interests of consolidated subsidiaries	-	(8)	-
Increase in treasury stock	(1,100)	(817)	(11,198)
Cash dividends paid	(375)	(395)	(3,818)
Other, net	(5)	(0)	(51)
Net cash used in financing activities	(3,841)	(5,580)	(39,102)
Effect of exchange rate changes on cash and cash equivalents	(83)	19	(845)
Increase (decrease) in cash and cash equivalents	137	(408)	1,395
Cash and cash equivalents at beginning of year	7,622	8,030	77,593
Decrease in cash and cash equivalents resulting from exclusion of a subsidiary from consolidation	(6)	-	(61)
<b>Cash and cash equivalents at end of year (Note 17)</b>	¥ 7,753	¥ 7,622	\$ 78,927

See accompanying notes to consolidated financial statements.

## 1. Summary of Significant Accounting Policies

### (a) Basis of Preparation of Consolidated Financial Statements

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

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, certain notes included herein are not required under accounting principles generally accepted in Japan but are presented as additional information.

Certain reclassifications of previously reported amounts in the consolidated balance sheets and consolidated statements of cash flows have been made to conform the consolidated financial statements for the year ended March 31, 2008 to the 2009 presentation. Such reclassifications had no effect on consolidated net income or net assets.

### (b) Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its 10 majority-owned subsidiaries (collectively, the "Companies") for the years ended March 31, 2009 and 2008, respectively. All significant intercompany transactions and accounts have been eliminated in consolidation.

The overseas consolidated subsidiaries are consolidated on the basis of fiscal periods ending December 31, which differs from the balance sheet date of the Company. As a result, adjustments have been made for any significant intercompany transactions which took place during the period between the year ends of these overseas subsidiaries and the year end of the Company.

Negative goodwill is amortized using the straight-line method over the respective determinable useful life or a period of five years if the useful life is indeterminable.

### (c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks and other highly liquid investments with maturities of three months or less when purchased.

### (d) Investments in Securities

Securities are classified into three categories: trading securities, held-to-maturity debt securities, or other securities. Trading securities, consisting of debt and marketable equity securities, are stated at fair value. Gain or loss, both realized and unrealized, is charged or credited to income. Held-to-maturity debt securities are stated at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized

holding gain or loss, net of the applicable income taxes, reported as a separate component of net assets. Non-marketable securities classified as other securities are carried at cost.

If the fair value of other securities declines significantly and the impairment in value is not deemed temporary, these securities are written down to fair value and the resulting loss is charged to income as incurred.

### (e) Inventories

Construction projects in progress are stated at the lower of cost or net selling value, cost being determined by the specific identification method.

Materials and supplies are mainly stated at the lower of cost or net selling value, cost being determined by the moving average method.

#### *(Change in accounting policy)*

Effective the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries adopted "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan ("ASBJ") Statement No. 9 issued on July 5, 2006). The effect of this change on operating results was immaterial for the year ended March 31, 2009.

### (f) Property, Plant and Equipment (other than leased assets)

Property, plant and equipment are stated at cost. For the Company and its domestic consolidated subsidiaries, depreciation is computed at rates based on the estimated useful lives of the respective assets by the declining-balance method, except for buildings (other than structures attached to the buildings) acquired on or subsequent to April 1, 1998 to which the straight-line method is applied.

At the overseas consolidated subsidiaries, fixed assets are depreciated at rates based on their respective estimated useful lives by the straight-line method.

#### *(Change in accounting policy)*

Effective the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries changed their method of accounting for depreciation of property, plant and equipment acquired on or after April 1, 2007. This change was made based on an amendment to the Corporation Tax Law. The effect of this change on operating results was immaterial for the year ended March 31, 2008.

#### *(Supplementary information)*

Effective the year ended March 31, 2009, based on the revision of the Corporation Tax Law, the Company and its domestic consolidated subsidiaries have changed the useful lives of certain tangible fixed assets, principally machinery and equipment, to reflect more realistic useful lives. The effect of this change on operating results was immaterial for the year ended March 31, 2009.

## 1. Summary of Significant Accounting Policies (continued)

### (f) Property, Plant and Equipment (other than leased assets) (continued)

Effective the year ended March 31, 2008, depreciation expense for property, plant and equipment acquired before April 1, 2007 was computed based on the salvage value of 5% of acquisition cost, and the amount between the salvage value and memorandum value was depreciated from the year following the year in which the book value of an asset reaches 5% of its acquisition cost by the straight-line method over a period of 5 years. This change was made based on an amendment to the Corporation Tax Law. The effect of this change on operating results was immaterial for the year ended March 31, 2008.

### (g) Leased Assets

Leased assets arising from finance lease transactions which do not transfer ownership to the lessee are depreciated to a residual value of zero by the straight-line method using the contract term as the useful life. Finance lease transactions which do not transfer ownership to lessee, starting on or before March 31, 2008, are accounted for as operating leases.

### (h) Allowance for Doubtful Receivables

The allowance for doubtful receivables has been provided based on the Company's and its consolidated subsidiaries' historical experience with respect to write-offs and on an estimate of the amount of specific uncollectible accounts.

### (i) Allowance for Compensation for Completed Construction

Allowance for compensation for completed construction is provided for anticipated future costs arising from warranties on completed construction.

### (j) Accrued Employees' Bonuses

The Company and its domestic consolidated subsidiaries provide for accrued employees' bonuses at an estimate of the amounts to be paid.

### (k) Allowance for Bonuses to Directors and Corporate Auditors

The Company and its domestic consolidated subsidiaries provide for allowance for bonuses to directors and corporate auditors at an estimate of the amounts to be paid.

### (l) Allowance for Losses for Construction Contracts

Allowance for losses on construction contracts is provided based on an estimate of the losses expected to be incurred subsequent to the balance sheet date.

### (m) Retirement Benefits

The Company and its domestic consolidated subsidiaries have non-contributory defined benefit pension plans and retirement allowances plans. The overseas consolidated subsidiaries also have retirement benefit plans.

The employees' retirement benefit plans provide for a lump-sum payment to employees' upon retirement determined by reference to their current rate of pay, length of service and the conditions under which termination occurs.

To provide for the payment of retirement benefits and pension plan payments to their employees, the Company and certain consolidated subsidiaries record a reserve equivalent to the amount recognized as required at the end of the year based on the estimated retirement benefit obligation and the fair value of the pension plan assets at the end of the year.

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized principally by the straight-line method over a period of 10 years, which is within the estimated average remaining years of service of the eligible employees.

Prior service cost is amortized by the straight-line method over a period of 10 years, which is within the estimated average remaining years of service of the eligible employees.

In addition, directors and corporate auditors of the Company and certain domestic consolidated subsidiaries are customarily entitled to lump-sum payments under their respective unfunded retirement allowances plans. Accrued retirement benefits for directors and corporate auditors have been made at an estimated amount.

### (n) Foreign Currency Translation

The financial statements of the overseas consolidated subsidiaries are translated into Japanese yen at the rates of exchange in effect at the balance sheet date of the respective overseas consolidated subsidiaries except that the components of net assets excluding minority interests are translated at their historical exchange rates. Differences resulting from translating the financial statements of the overseas consolidated subsidiaries are not included in the determination of net income but are reported as foreign currency translation adjustments and minority interests in separate components of net assets in the accompanying consolidated balance sheets at March 31, 2009 and 2008.

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the rates of exchange in effect at the balance sheet date and the resulting gain or loss is credited or charged to income.

Revenue and expense items arising from transactions denominated in foreign currencies are generally translated into Japanese yen at the rates in effect at the respective transaction dates.

### (o) Revenue Recognition and Construction Contracts

Revenues from, and the related costs of, the construction contracts of the Company and its domestic subsidiaries are recorded by the completed-contract method; however, if the construction work takes longer than one year and the contract amount exceeds ¥500 million (\$5,090 thousand), the percentage-of-completion method is applied. Revenues from, and the related costs of, the construction contracts of the overseas consolidated subsidiaries are recognized by the percentage-of-completion method.

During the construction period, accumulated costs on uncompleted contracts are included in inventories. These costs are not offset against advances received on uncompleted contracts which are included in current liabilities.

## 2. U.S. Dollar Amounts

The translation of Japanese yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at ¥98.23 = U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2009. This translation should not be construed as a representation that Japanese yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

## 3. Changes in Accounting Policy

### (a) Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Effective the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries adopted "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, May 17, 2006).

There was no effect on operating results as a result of adoption of this accounting standard.

### (b) Application of Accounting Standards for Leases

Previously, finance lease transactions which do not transfer ownership to the lessee were accounted for in the same manner as operating lease transactions. However, effective the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries applied "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13; Business Accounting Council Committee No.1, June 17, 1993; revised March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No.16; the Japanese Institute of Certified Public Accounts, Accounting Committee, January 18, 1994; revised March 30, 2007). Such transactions are now accounted for as ordinary sale and purchase transactions.

Finance lease transactions commencing on or before March 31, 2008 other than those in which the ownership of the leased assets is transferred to the Company and its domestic consolidated subsidiaries are accounted for in the same manner as operating leases.

There was no effect on operating results as a result of adoption of this accounting standard.

### (c) Rental Income and Cost of Rent on Real Estate

Up to the year ended March 31, 2007, the Company and its domestic consolidated subsidiaries presented rental income on real estate and its related cost as components of net sales and cost of sales, respectively. Effective the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries reclassified such income and cost as components of other income and expenses. This change was made to present the operating results of the Company and its domestic consolidated subsidiaries more accurately considering business transactions resulting from a transfer of assets within the Company's group.

As a result of this change, net sales decreased by ¥200 million and cost of sales decreased by ¥111 million for the year ended March 31, 2008 from the corresponding amounts which would have been recorded under the method applied in the previous year; however, the change had no effect on income before income taxes and minority interests for the year ended March 31, 2008.

## 4. Investments in Securities

Marketable securities classified as held-to-maturity debt securities and other securities at March 31, 2009 and 2008 are summarized as follows:

### Marketable held-to-maturity debt securities

	2009		
	Carrying value	Estimated fair value	Unrealized loss
	(Millions of yen)		
Securities whose estimated fair value exceeds their carrying value:			
National government bonds	¥ -	¥ -	¥ -
Subtotal	-	-	-
Securities whose carrying value exceeds their estimated fair value:			
National government bonds	10	10	(0)
Subtotal	10	10	(0)
Total	¥ 10	¥ 10	¥ (0)

	2009		
	Carrying value	Estimated fair value	Unrealized loss
	(Thousands of U.S. dollars)		
Securities whose estimated fair value exceeds their carrying value:			
National government bonds	\$ -	\$ -	\$ -
Subtotal	-	-	-
Securities whose carrying value exceeds their estimated fair value:			
National government bonds	102	102	(0)
Subtotal	102	102	(0)
Total	\$ 102	\$ 102	\$ (0)

### Marketable other securities

	2009		
	Acquisition cost	Carrying value	Unrealized gain (loss)
	(Millions of yen)		
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	¥ 266	¥ 625	¥ 358
Subtotal	266	625	358
Securities whose acquisition cost exceeds their carrying value:			
Equity securities	446	382	(64)
Corporate bonds	202	197	(5)
Other bonds	71	71	-
Other	72	54	(18)
Subtotal	791	704	(87)
Total	¥ 1,057	¥ 1,329	¥ 272

#### 4. Investments in Securities (continued)

##### Marketable other securities (continued)

	2008		
	Acquisition cost	Carrying value	Unrealized gain (loss)
	(Millions of yen)		
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	¥ 668	¥ 1,478	¥ 810
Other	53	63	10
Subtotal	721	1,541	820
Securities whose acquisition cost exceeds their carrying value:			
Equity securities	132	125	(7)
Corporate bonds	101	99	(2)
Other bonds	192	192	—
Subtotal	425	416	(9)
Total	¥ 1,146	¥ 1,957	¥ 811

	2009		
	Acquisition cost	Carrying value	Unrealized gain (loss)
	(Thousands of U.S. dollars)		
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	\$ 2,708	\$ 6,362	\$ 3,654
Subtotal	2,708	6,362	3,654
Securities whose acquisition cost exceeds their carrying value:			
Equity securities	4,540	3,889	(651)
Corporate bonds	2,056	2,005	(51)
Other bonds	723	723	—
Other	733	550	(183)
Subtotal	8,052	7,167	(885)
Total	\$ 10,760	\$ 13,529	\$ 2,769

The proceeds from sales of, and gross realized gain and loss on, other securities for the years ended March 31, 2009 and 2008 were summarized as follows:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Proceeds from sales	¥ 89	¥ 20	\$906
Gross realized gain	0	0	0
Gross realized loss	18	—	183

A breakdown of other securities whose market value was not determinable at March 31, 2009 and 2008 was summarized as follows:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Unlisted equity securities	¥ 381	¥ 381	\$ 3,879

The redemption schedule for held-to-maturity debt securities and debt securities classified as other securities at March 31, 2009 is summarized as follows:

	Millions of yen		
	National government bonds	Corporate bonds	Other
Due in one year or less	¥ —	¥ —	¥ 19
Due after one year but within five years	10	—	52
Due after five years but within ten years	—	99	—
	Thousands of U.S. dollars		
	National government bonds	Corporate bonds	Other
Due in one year or less	\$ —	\$ —	\$ 193
Due after one year but within five years	102	—	529
Due after five years but within ten years	—	1,008	—

The Company recorded a loss on impairment of marketable other securities of ¥94 million (\$957 thousand) and ¥111 million for the years ended March 31, 2009 and 2008, respectively.

#### 5. Inventories

Inventories at March 31, 2009 and 2008 were as follows:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Construction projects in progress	¥ 3,996	¥ 3,556	\$ 40,680
Materials and supplies	395	543	4,021
	¥ 4,391	¥ 4,099	\$ 44,701

#### 6. Contingent Liabilities

At March 31, 2009, the Company and its consolidated subsidiaries were contingently liable for guarantees to the PT. TERAS TEKNIK PERDANA / PT. MEISEI INDONESIA joint operation in the aggregate amount of ¥148 million (\$1,507 thousand).

#### 7. Short-Term Bank Loans and Long-Term Debt

Average interest rates on short-term bank loans outstanding at March 31, 2009 and 2008 were 1.33% and 1.48%, respectively.

Long-term debt at March 31, 2009 and 2008 consisted of the following:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
0.67% bonds due August 2010	¥ 500	¥ 700	\$ 5,090
Loans from banks payable in yen, at rates ranging from 1.19% to 2.495%, due through March 2011	6,212	9,305	63,240
	6,712	10,005	68,330
Less current portion	(3,667)	(6,400)	(37,331)
	¥ 3,045	¥ 3,605	\$ 30,999

## 7. Short-Term Bank Loans and Long-Term Debt (continued)

The aggregate annual maturities of long-term debt subsequent to March 31, 2009 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	¥ 3,667	\$ 37,331
2011	1,812	18,447
2012	1,233	12,552
	¥ 6,712	\$ 68,330

At March 31, 2009, the Company had a line-of-credit commitment for short-term financing arrangements of ¥4,000 million (\$40,721 thousand), of which ¥3,000 million (\$30,541 thousand) was available at March 31, 2009.

Assets pledged as collateral for short-term debt of ¥3,900 million (\$39,703 thousand), long-term debt of ¥2,350 million (\$23,923 thousand), including the current portion thereof, and for guarantees (such as guarantees for bonds) of ¥500 million (\$5,090 thousand) at March 31, 2009 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Property, plant and equipment, at net book value, in the form of fixed mortgages	¥ 11,809	\$ 120,218

## 8. Research and Development Expenses

Research and development expenses, which were included in cost of sales and selling, general and administrative expenses, for the years ended March 31, 2009 and 2008 amounted to ¥124 million (\$1,262 thousand) and ¥128 million, respectively.

## 9. Leases

The following *pro forma* amounts represent the acquisition costs (including the interest portion thereon), accumulated depreciation and net book value of the leased assets as of March 31, 2008, which would have been reflected in the accompanying consolidated balance sheets if finance lease accounting had been applied to the finance leases accounted for as operating leases:

	2008		
	Acquisition costs	Accumulated depreciation	Net book value
	(Millions of yen)		
Machinery and vehicles	¥ 7	¥ 6	¥ 1
Tools, furniture and fixtures	44	29	15
	¥ 51	¥ 35	¥ 16

Lease payments and depreciation equivalents relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements was summarized as follows:

	2008
	(Millions of yen)
Lease payments	¥ 15
Depreciation equivalents	15

The details of the *pro forma* amounts at March 31, 2009, such as disclosed in the above table have been omitted because the related the acquisition costs, accumulated depreciation and net book value of the leased assets were immaterial.

## 10. Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries consist of corporation, inhabitants' and enterprise taxes. The statutory tax rate in Japan for the years ended March 31, 2009 and 2008 was, in the aggregate, approximately 40.6%.

A reconciliation of the statutory tax rate to the effective tax rates for the years ended March 31, 2009 and 2008 were presented as follows:

	2009	2008
Statutory tax rate	40.6 %	40.6 %
Effect of:		
Expenses not deductible from taxable income	1.6	1.1
Per capita portion of inhabitants' taxes	1.1	1.0
Valuation allowance	(33.9)	(24.3)
Other	0.1	3.4
Effective tax rates	9.5%	21.8%

Deferred income taxes reflect the net tax effect of the temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts reported for income tax purposes. Significant components of the deferred tax assets and liabilities of the Company and its consolidated subsidiaries at March 31, 2009 and 2008 were summarized as follows:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Tax loss carryforwards	¥ 2,899	¥ 4,884	\$ 29,512
Allowance for doubtful receivables	72	76	733
Accrued bonuses	159	168	1,619
Accrued retirement benefits for employees	428	423	4,357
Accrued retirement benefits for directors and corporate auditors	103	90	1,049
Other	733	576	7,463
Gross deferred tax assets	4,394	6,217	44,733
Less valuation allowance	(2,709)	(4,328)	(27,578)
Total deferred tax assets	1,685	1,889	17,155
Deferred tax liabilities:			
Difference on revaluation of land	(3,056)	(3,060)	(31,111)
Surplus arising from land revaluation	(642)	(642)	(6,536)
Net unrealized holding gain on securities	(111)	(329)	(1,130)
Other	(0)	-	(0)
Total deferred tax liabilities	(3,809)	(4,031)	(38,777)
Net deferred tax liabilities	¥(2,124)	¥(2,142)	\$ (21,622)

## 11. Shareholders' Equity

The Corporation Law of Japan (the "Law") provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

## 11. Shareholders' Equity (continued)

The Company's legal reserve included in retained earnings at March 31, 2009 and 2008 amounted to ¥103 million (\$1,049 thousand) and ¥66 million, respectively.

Under the Law, upon the issuance and sale of new shares of common stock, the entire amount of the proceeds is required to be accounted for as common stock, although a company may, by resolution of the Board of Directors, account for an amount not exceeding one-half of the proceeds of the sale of new shares as additional paid-in capital included in capital surplus.

Movements in treasury stock during the years ended March 31, 2009 and 2008 were summarized as follows:

	Number of shares			
	2009			
	March 31, 2008	Increase	Decrease	March 31, 2009
Treasury stock	2,784,676	4,500,944	4,127	7,281,493

	Number of shares			
	2008			
	March 31, 2007	Increase	Decrease	March 31, 2008
Treasury stock	189,823	2,596,849	1,996	2,784,676

## 12. Land Revaluation

Effective March 31, 2002, the Company revalued its land held for business use in accordance with the "Land Revaluation Law" and the "Amended Land Revaluation Law." As a result, the Company recognized a gain on land revaluation and recorded deferred income tax liabilities related to this gain. The resulting gain, net of the relevant tax effect, has been accounted for under net assets as surplus arising from land revaluation. The method followed for this land revaluation was determined in accordance with the "Land Valuation Tax Law" as stipulated in the "Enforcement Act Concerning Land Revaluation" and other regulations. The fair values of the revalued land at March 31, 2009 and 2008 were less than its corresponding carrying value by ¥950 million (\$9,671 thousand) and ¥898 million, respectively.

## 13. Accrued Retirement Benefits for Employees

The following table sets forth the funded and accrued status, and the amounts recognized in the accompanying consolidated balance sheets at March 31, 2009 and 2008 for the Company's and its consolidated subsidiaries' retirement benefit plans:

	2009	2008	2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Retirement benefit obligation at end of year	¥(2,319)	¥(2,434)	\$ (23,608)
Fair value of plan assets at end of year	826	1,095	8,409
Unfunded retirement benefit obligation	(1,493)	(1,339)	(15,199)
Unrecognized actuarial loss	349	188	3,553
Unrecognized prior service cost	88	105	896
Accrued retirement benefits for employees	¥(1,056)	¥(1,046)	\$ (10,750)

The components of retirement benefit expenses for the years ended March 31, 2009 and 2008 were outlined as follows:

	2009	2008	2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Service cost	¥ 152	¥ 137	\$ 1,547
Interest cost	38	40	387
Expected return on plan assets	(19)	(24)	(193)
Amortization of actuarial loss	35	20	356
Amortization of prior service cost	17	17	173
Total retirement benefit expenses	¥ 223	¥ 190	\$ 2,270

Information on the multi-employer pension plans, contributions to which are reported as retirement benefit expenses, is as follows:

(i) Funded status of pension plans (as of March 31, 2008)

	Millions of yen	Thousands of U.S. dollars
	Plan assets	¥ 15,392
Retirement benefit obligation	13,621	138,664
Net balance	¥ 1,771	\$ 18,029

(ii) The number of participating employees of the Company and its domestic subsidiaries represent approximately 11.6% of the total participants in the plan (as of March 31, 2008).

The assumptions used in accounting for the defined benefit pension plans for the years ended March 31, 2009 and 2008 were as follows:

	2009	2008
	Discount rate	2.0%
Expected rate of return on plan assets	2.5%	2.5%

## 14. Sales Calculated by the Percentage-of-Completion Method

Estimated sales recognized with respect to construction contracts accounted for by the percentage-of-completion method for the years ended March 31, 2009 and 2008 were as follows:

	2009	2008	2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Estimated sales	¥ 5,799	¥ 8,553	\$ 59,035

## 15. Derivative Financial Instruments

Derivative financial instruments are utilized by the Company and its consolidated subsidiaries principally to reduce the risk arising from fluctuation in interest rates and foreign exchange rates. The Company also utilized compound financial instruments that contain embedded derivatives (e.g., exchangeable bonds) with creditworthiness to hedge financial risks. Compound financial instruments are utilized by the Company principally in order to manage surplus funds. The Companies have established a control environment which includes policies and procedures for risk assessment and for the approval, reporting and monitoring of transactions involving derivatives. The Companies do not hold or issue derivatives for speculative trading purposes.

## 15. Derivative Financial Instruments (continued)

The Companies are exposed to certain market risk arising from their open forward foreign exchange contracts and swap positions. The Companies are also exposed to the risk of credit loss in the event of non-performance by the counterparties to their foreign currency and interest-rate swap contracts; however, nonperformance by any of these counterparties, all of whom are financial institutions with high credit ratings, is not anticipated. Compound financial instruments are exposed to the risk of a decrease in value of the underlying principal due to fluctuation in stock and foreign exchange markets.

Interest-rate swaps which meet certain conditions are accounted for as if the interest rates applied to the swaps had originally applied to the underlying debt.

The notional amounts and the estimated fair value of the derivative instruments outstanding which did not qualify for deferral hedge accounting at March 31, 2009 and 2008 were as follows:

	2009		
	Notional amounts	Estimated fair value	Unrealized loss
	(Millions of yen)		
Currency option transactions:			
Sell foreign currency (EUR)	¥ 710	¥ 47	¥ (7)
Buy foreign currency (EUR)	2,197	(456)	(369)
Buy foreign currency (US\$)	51	(0)	(0)
Total	¥ 2,958	¥ (409)	¥ (376)

	2008		
	Notional amounts	Estimated fair value	Unrealized gain (loss)
	(Millions of yen)		
Currency option transactions:			
Sell foreign currency (EUR)	¥ 847	¥ 74	¥ 4
Buy foreign currency (EUR)	2,673	(207)	(117)
Total	¥ 3,520	¥ (133)	¥ (113)

	2009		
	Notional amounts	Estimated fair value	Unrealized loss
	(Thousands of U.S. dollars)		
Currency option transactions:			
Sell foreign currency (EUR)	\$ 7,228	\$ 478	\$ (71)
Buy foreign currency (EUR)	22,366	(4,642)	(3,757)
Buy foreign currency (US\$)	519	(0)	(0)
Total	\$ 30,113	\$ (4,164)	\$ (3,828)

## 16. Amounts per Share

	2009	2008	2009
	(Yen)		(U.S. dollars)
Basic net income	¥ 69.21	¥ 64.87	\$ 0.70
Net assets	428.43	361.08	4.36

Diluted net income per share has not been disclosed because no potentially dilutive securities were outstanding at March 31, 2009 and 2008.

Basic net income per share has been computed based on the net income attributable to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year. The amounts per share of net assets have been computed based on the number of shares of common stock outstanding at the year end.

The financial data utilized in the computation of net income per share for the years ended March 31, 2009 and 2008 were summarized as follows:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Information on net income – basic:			
Net income	¥ 4,263	¥ 4,248	\$ 43,398
Deductions from net income	—	—	—
Adjusted net income allocated to common stock	¥ 4,263	¥ 4,248	\$ 43,398
Weighted-average number of shares of common stock outstanding during the year	61,591 thousand shares	65,495 thousand shares	61,591 thousand shares

	2009	2008	2009
	(Yen)		(U.S. dollars)
Cash dividends applicable to the year	¥ 6.00	¥ 6.00	\$ 0.06

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective fiscal years together with the interim cash dividends paid.

## 17. Supplemental Information on Statements of Cash Flows

A reconciliation between cash and cash equivalents in the accompanying consolidated statements of cash flows and cash and time deposits in the accompanying consolidated balance sheets as of March 31, 2009 and 2008 were presented as follows:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Cash and time deposits	¥ 8,044	¥ 7,930	\$ 81,890
Time deposits with original maturities in excess of three months	(291)	(308)	(2,963)
Cash and cash equivalents	¥ 7,753	¥ 7,622	\$ 78,927

## 18. Segment Information

The Company and its consolidated subsidiaries are primarily engaged in the construction of integrated thermal insulation systems in engineering projects for industrial plants ("construction"), and in the design, engineering and construction of industrial boilers ("manufacturing machinery and fixtures") in Japan and overseas.

### Business Segments

The business segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2009 and 2008 was outlined as follows:

	Year ended March 31, 2009				
	Construction	Manufacturing machinery and fixtures	Total	Eliminations/corporate assets	Consolidated
	<i>(Millions of yen)</i>				
<b>I. Sales and operating income:</b>					
Sales to third parties	¥ 42,612	¥ 4,676	¥ 47,288	¥ -	¥ 47,288
Intergroup sales and transfers	72	654	726	(726)	-
Net sales	42,684	5,330	48,014	(726)	47,288
Operating expenses	37,910	5,061	42,971	(765)	42,206
Operating income	¥ 4,774	¥ 269	¥ 5,043	¥ 39	¥ 5,082
<b>II. Total assets, depreciation and capital expenditures:</b>					
Total assets	¥ 38,117	¥ 4,333	¥ 42,450	¥ 8,146	¥ 50,596
Depreciation and amortization	457	15	472	-	472
Capital expenditures	740	20	760	-	760

	Year ended March 31, 2008				
	Construction	Manufacturing machinery and fixtures	Total	Eliminations/corporate assets	Consolidated
	<i>(Millions of yen)</i>				
<b>I. Sales and operating income:</b>					
Sales to third parties	¥ 43,390	¥ 4,945	¥ 48,335	¥ -	¥ 48,335
Intergroup sales and transfers	50	51	101	(101)	-
Net sales	43,440	4,996	48,436	(101)	48,335
Operating expenses	37,761	4,685	42,446	(132)	42,314
Operating income	¥ 5,679	¥ 311	¥ 5,990	¥ 31	¥ 6,021
<b>II. Total assets, depreciation and capital expenditures:</b>					
Total assets	¥ 38,275	¥ 4,314	¥ 42,589	¥ 7,850	¥ 50,439
Depreciation and amortization	359	15	374	-	374
Capital expenditures	880	-	880	-	880

	Year ended March 31, 2009				
	Construction	Manufacturing machinery and fixtures	Total	Eliminations/corporate assets	Consolidated
	<i>(Thousands of U.S. dollars)</i>				
<b>I. Sales and operating income:</b>					
Sales to third parties	\$ 433,798	\$ 47,603	\$ 481,401	\$ -	\$ 481,401
Intergroup sales and transfers	733	6,658	7,391	(7,391)	-
Net sales	434,531	54,261	488,792	(7,391)	481,401
Operating expenses	385,931	51,522	437,453	(7,788)	429,665
Operating income	\$ 48,600	\$ 2,739	\$ 51,339	\$ 397	\$ 51,736
<b>II. Total assets, depreciation and capital expenditures:</b>					
Total assets	\$ 388,038	\$ 44,111	\$ 432,149	\$ 82,928	\$ 515,077
Depreciation and amortization	4,652	153	4,805	-	4,805
Capital expenditures	7,533	204	7,737	-	7,737

## 18. Segment Information (continued)

### Geographical Segments

The geographical segment information of the Company and consolidated subsidiaries for the years ended March 31, 2009 and 2008 was outlined as follows:

	Year ended March 31, 2009				
	Japan	Asia and Africa	Total	Eliminations/ corporate assets	Consolidated
	<i>(Millions of yen)</i>				
<b>I. Sales and operating income:</b>					
Sales to third parties	¥ 45,947	¥ 1,341	¥ 47,288	¥ –	¥ 47,288
Intergroup sales and transfers	207	8	215	(215)	–
Net sales	46,154	1,349	47,503	(215)	47,288
Operating expenses	41,109	1,216	42,325	(119)	42,206
Operating income	¥ 5,045	¥ 133	¥ 5,178	¥ (96)	¥ 5,082
<b>II. Total assets</b>	¥ 41,291	¥ 692	¥ 41,983	¥ 8,613	¥ 50,596

	Year ended March 31, 2008				
	Japan	Asia and Africa	Total	Eliminations/ corporate assets	Consolidated
	<i>(Millions of yen)</i>				
<b>I. Sales and operating income:</b>					
Sales to third parties	¥ 46,758	¥ 1,577	¥ 48,335	¥ –	¥ 48,335
Intergroup sales and transfers	116	11	127	(127)	–
Net sales	46,874	1,588	48,462	(127)	48,335
Operating expenses	41,106	1,514	42,620	(306)	42,314
Operating income	¥ 5,768	¥ 74	¥ 5,842	¥ 179	¥ 6,021
<b>II. Total assets</b>	¥ 41,690	¥ 693	¥ 42,383	¥ 8,056	¥ 50,439

	Year ended March 31, 2009				
	Japan	Asia and Africa	Total	Eliminations/ corporate assets	Consolidated
	<i>(Thousands of U.S. dollars)</i>				
<b>I. Sales and operating income:</b>					
Sales to third parties	\$ 467,749	\$ 13,652	\$ 481,401	\$ –	\$ 481,401
Intergroup sales and transfers	2,108	81	2,189	(2,189)	–
Net sales	469,857	13,733	483,590	(2,189)	481,401
Operating expenses	418,498	12,379	430,877	(1,212)	429,665
Operating income	\$ 51,359	\$ 1,354	\$ 52,713	\$ (977)	\$ 51,736
<b>II. Total assets</b>	\$ 420,350	\$ 7,045	\$ 427,395	\$ 87,682	\$ 515,077

### Overseas Sales

Overseas sales, which include export sales of the Company and its domestic subsidiaries and sales (other than exports to Japan) of the overseas subsidiaries, for the years ended March 31, 2009 and 2008 are summarized as follows:

	Year ended March 31, 2009			
	Asia	Africa	Other	Total
	<i>(Millions of yen)</i>			
Overseas sales	¥ 2,748	¥ 384	¥ 69	¥ 3,201
Overseas sales as a percentage of consolidated net sales	5.8%	0.8%	0.2%	6.8%

	Year ended March 31, 2008			
	Asia	Africa	Other	Total
	<i>(Millions of yen)</i>			
Overseas sales	¥ 1,495	¥ 1,967	¥ 389	¥ 3,851
Overseas sales as a percentage of consolidated net sales	3.1%	4.1%	0.8%	8.0%

	Year ended March 31, 2009			
	Asia	Africa	Other	Total
	<i>(Thousands of U.S. dollars)</i>			
Overseas sales	\$27,975	\$ 3,909	\$703	\$32,587

## Report of Independent Auditors

The Board of Directors  
Meisei Industrial Co., Ltd.

We have audited the accompanying consolidated balance sheets of Meisei Industrial Co., Ltd. and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Meisei Industrial Co., Ltd. and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated 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, 2009 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 2.

*Ernst & Young ShinNihon LLC*

Osaka, Japan  
June 12, 2009

## Outline of Meisei Industrial Co., Ltd.

(As of March 31, 2009)

<i>Established</i>	July 2, 1947
<i>Capital</i>	¥6,889,326,595
<i>Number of Employees</i>	305
<i>Head Office</i>	1-8-5 Kyomachibori, Nishi-ku, Osaka, 550-0003 Japan Tel : 81-6-6447-0271 Fax : 81-6-6448-5321
<i>Stock Listing</i>	Osaka Securities Exchange

### Main Consolidated Subsidiaries

#### (Domestic) **Yoshimine Co., Ltd.**

1-8-5 Kyomachibori, Nishi-ku, Osaka, 550-0003 Japan

#### **Meisei Kenko Co., Ltd.**

2-13-22 Nagata, Joutou-ku, Osaka, 536-0022 Japan

#### **Nippon Keikal Limited**

2020 Nakagawa, Hosoe-cho, Kita-ku, Hamamatsu, Shizuoka, 431-1304 Japan

#### (Overseas) **Meisei International Pte Ltd.**

2 International Business Park, #10-05, Tower 1 of The Strategy, Singapore 609930

Tel : 65-6861-2440

Fax : 65-6861-1840

#### **Meisei International Co., Ltd.**

32/29 Sino-Thai Tower, 8th Flr. Zone B Unit C, Sukhumvit 21 (Asoke) Rd.,

Kwaeng, Klongtoey-Nua, Khet Wattana, Bangkok 10110 Thailand

Tel : 66-2-259-4042

Fax : 66-2-259-4044

#### **P.T. Meisei Indonesia**

Wisma TTP 2<sup>nd</sup> floor, Jl Sultan Iskandar, Muda No.33, Kebayoran Lama, Jakarta, 12240

Tel : 62-21-726-9985

Fax : 62-21-722-7723

#### **Meisei Nigeria Ltd.**

81, Evo Road, G.R. A. Phase 2, Port Harcourt, Rivers State, Nigeria

Tel : 234-84-238495

