Consolidated Financial Statements

Asanuma Corporation

Years ended March 31, 2013 and 2012
with Independent Auditor's Report

Asanuma Corporation

Consolidated Financial Statements

Years ended March 31, 2013 and 2012

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Independent Auditor's Report

The Board of Directors
Asanuma Corporation

We have audited the accompanying consolidated financial statements of Asanuma Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statements of operations, comprehensive loss, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Asanuma Corporation and consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

June 27, 2013
Osaka, Japan

Asanuma Corporation

Consolidated Balance Sheets

March 31, 2013 and 2012

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2013	2012	**2013**
Assets			
Current assets:			
Cash and cash deposits *(Notes 10 and 18)*	**¥ 28,905**	¥ 28,530	**$ 307,336**
Receivables:			
Notes receivable *(Notes 7 and 18)*	**1,806**	4,259	**19,203**
Accounts receivable on completed construction contracts *(Note 18)*	**45,897**	57,817	**488,006**
Other accounts receivable	**3,766**	2,004	**40,042**
Allowance for doubtful accounts	**(336)**	(272)	**(3,573)**
	51,133	63,808	**543,678**
Inventories:			
Cost of uncompleted construction contracts	**6,851**	9,822	**72,844**
Real estate held for sale	**625**	804	**6,646**
Raw materials and supplies	**43**	45	**457**
	7,519	10,671	**79,947**
Deferred income taxes *(Note 11)*	**1**	1	**11**
Other current assets	**968**	294	**10,293**
Total current assets	**88,526**	103,304	**941,265**
Property, plant and equipment, at cost:			
Land *(Notes 8 and 10)*	**5,267**	6,594	**56,002**
Buildings and structures *(Notes 8 and 10)*	**10,680**	14,549	**113,557**
Machinery, equipment and vehicles	**870**	1,112	**9,250**
Tools, furniture and fixtures	**1,063**	1,214	**11,302**
Leased assets	**3**	57	**32**
Less accumulated depreciation	**(8,378)**	(11,479)	**(89,080)**
Construction in progress	**72**	–	**766**
Property, plant and equipment, net	**9,577**	12,047	**101,829**
Investments and other assets:			
Investments in securities *(Notes 9, 10 and 18)*	**6,535**	5,955	**69,484**
Investments in an unconsolidated subsidiary and affiliates *(Note 18)*	**86**	81	**914**
Long-term loans receivable *(Note 10)*	**366**	426	**3,892**
Intangible assets	**444**	423	**4,721**
Other assets	**2,758**	2,800	**29,325**
Allowance for doubtful accounts	**(1,182)**	(874)	**(12,568)**
Total investments and other assets	**9,007**	8,811	**95,768**
Total assets	**¥ 107,110**	**¥ 124,162**	**$ 1,138,862**

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2013	2012	**2013**
Liabilities			
Current liabilities:			
Short-term bank loans *(Notes 10 and 18)*	**¥ 20,701**	¥ 22,514	**$ 220,106**
Current portion of long-term debt *(Notes 10 and 18)*	**1,695**	1,314	**18,022**
Payables *(Note 18)*:			
Notes payable *(Note 7)*	**5,961**	5,752	**63,381**
Accounts payable on construction contracts	**22,635**	30,163	**240,670**
Other accounts payable	**8,580**	15,363	**91,228**
	37,176	51,278	**395,279**
Advances received on uncompleted construction contracts	**10,908**	9,040	**115,981**
Deposits received	**1,436**	2,494	**15,268**
Accrued expenses	**2,390**	1,698	**25,412**
Consumption taxes on advances received	**1,795**	1,629	**19,086**
Accrued income taxes *(Note 11)*	**102**	178	**1,085**
Consumption taxes payable	**219**	1,277	**2,329**
Deferred income taxes *(Note 11)*	**7**	11	**74**
Provision for compensation for completed construction	**826**	778	**8,783**
Provision for bonuses	**—**	6	**—**
Provision for loss on construction contracts	**1,623**	2,271	**17,257**
Other current liabilities	**3**	15	**31**
Total current liabilities	**78,881**	94,503	**838,713**
Long-term liabilities:			
Long-term debt *(Notes 10 and 18)*	**12,950**	10,208	**137,693**
Accrued retirement benefits for employees *(Note 12)*	**3,703**	4,112	**39,373**
Deferred income taxes *(Note 11)*	**1,508**	1,280	**16,034**
Other long-term liabilities	**1,395**	2,743	**14,832**
Total long-term liabilities	**19,556**	18,343	**207,932**
Total liabilities	**98,437**	112,846	**1,046,645**
Net assets			
Shareholders' equity *(Note 13)*:			
Common stock:			
Authorized – 293,565,000 shares			
Issued – 77,386,293 shares in 2013 and 2012	**8,419**	8,419	**89,516**
Capital surplus	**970**	4,641	**10,314**
Retained earnings (Deficit)	**(2,080)**	(2,331)	**(22,116)**
Less treasury stock, at cost	**(136)**	(136)	**(1,446)**
Total shareholders' equity	**7,173**	10,593	**76,268**
Accumulated other comprehensive income:			
Net unrealized holding gain on securities *(Note 9)*	**1,429**	672	**15,194**
Total accumulated other comprehensive income	**1,429**	672	**15,194**
Minority interests	**71**	51	**755**
Total net assets	**8,673**	11,316	**92,217**
Total liabilities and net assets	**¥ 107,110**	¥ 124,162	**$ 1,138,862**

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Consolidated Statements of Operations

Years ended March 31, 2013 and 2012

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2013	2012	**2013**
Net sales *(Note 22)*:			
Completed construction contracts	**¥ 118,978**	¥ 137,161	**$ 1,265,051**
Other	**2,215**	3,301	**23,551**
	121,193	140,462	**1,288,602**
Cost of sales *(Note 14)*:			
Completed construction contracts	**117,082**	138,473	**1,244,892**
Other	**1,899**	2,708	**20,191**
	118,981	141,181	**1,265,083**
Gross profit:			
Completed construction contracts	**1,896**	(1,312)	**20,159**
Other	**316**	593	**3,360**
	2,212	(719)	**23,519**
Selling, general and administrative expenses *(Note 15)*	**6,065**	6,505	**64,487**
Operating loss *(Note 22)*	**(3,853)**	(7,224)	**(40,968)**
Other income (expenses):			
Interest and dividends income	**323**	396	**3,434**
Foreign exchange gain, net	**56**	0	**595**
Interest expenses	**(685)**	(654)	**(7,283)**
Guarantee fees	**(34)**	(25)	**(361)**
Gain on sales of property, plant and equipment, net	**846**	230	**8,995**
Special retirement benefits	**(240)**	—	**(2,552)**
Loss on impairment of fixed assets *(Notes 8 and 22)*	**(236)**	(259)	**(2,509)**
Gain on sales of investments in securities	**213**	–	**2,265**
Gain on sales of investments in a subsidiary	**472**	–	**5,019**
Provision of allowance for doubtful accounts	**—**	(21)	**—**
Loss on construction contracts	**—**	(825)	**—**
Other, net	**(330)**	(83)	**(3,509)**
Loss before income taxes and minority interests	**(3,468)**	(8,465)	**(36,874)**
Income taxes *(Note 11)*:			
Current	**142**	162	**1,510**
Deferred	**(210)**	(147)	**(2,233)**
	(68)	15	**(723)**
Loss before minority interests	**(3,400)**	(8,480)	**(36,151)**
Minority interests	**20**	16	**213**
Net loss	**¥ (3,420)**	¥ (8,496)	**$ (36,364)**

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Consolidated Statements of Comprehensive Loss

Years ended March 31, 2013 and 2012

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2013	2012	**2013**
Loss before minority interests	**¥ (3,400)**	¥ (8,480)	**$ (36,151)**
Other comprehensive income *(Note 16)*:			
Net unrealized holding gain on securities	**757**	204	**8,049**
Total other comprehensive income	**¥757**	¥204	**8,049**
Comprehensive loss	**¥ (2,643)**	¥ (8,276)	**$ (28,102)**
Comprehensive (loss) gain attributable to:			
Shareholders of the Company	**¥ (2,662)**	¥ (8,292)	**$ (28,304)**
Minority interests	**19**	16	**202**

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2013 and 2012

	Millions of yen						
	Shareholders' equity				**Accumulated other comprehensive income**		
	Common stock	**Capital surplus**	**Retained earnings (Deficit)**	**Treasury stock, at cost**	**Net unrealized holding gain on securities**	**Minority interests**	**Total net assets**
Balance at April 1, 2011	¥ 8,419	¥ 4,641	¥ 6,317	¥ (136)	¥ 468	¥ 35	¥ 19,744
Net loss for the year	–	–	(8,496)	–	–	–	(8,496)
Cash dividends	–	–	(152)	–	–	–	(152)
Sales of treasury stock	–	(0)	–	1	–	–	1
Increase in treasury stock	–	–	–	(1)	–	–	(1)
Net change in items other than shareholders' equity	–	–	–	–	204	16	220
Balance at April 1, 2012	**¥ 8,419**	**¥ 4,641**	**¥ (2,331)**	**¥ (136)**	**¥ 672**	**¥ 51**	**¥ 11,316**
Net loss for the year	**–**	**–**	**(3,420)**	**–**	**–**	**–**	**(3,420)**
Deficit disposition	**–**	**(3,671)**	**3,671**	**–**	**–**	**–**	**–**
Sales of treasury stock	**–**	**(0)**	**–**	**0**	**–**	**–**	**0**
Increase in treasury stock	**–**	**–**	**–**	**(0)**	**–**	**–**	**(0)**
Transfers of loss on sales of treasury stock	**–**	**0**	**(0)**	**–**	**–**	**–**	**–**
Net change in items other than shareholders' equity	**–**	**–**	**–**	**–**	**757**	**20**	**777**
Balance at March 31, 2013	**¥ 8,419**	**¥ 970**	**¥ (2,080)**	**¥ (136)**	**¥1,429**	**¥ 71**	**¥ 8,673**

	Thousands of U.S. dollars (Note 2)						
	Shareholders' equity				**Accumulated other comprehensive income**		
	Common stock	**Capital surplus**	**Retained earnings (Deficit)**	**Treasury stock, at cost**	**Net unrealized holding gain on securities**	**Minority interests**	**Total net assets**
Balance at April 1, 2012	**$ 89,516**	**$49,346**	**$ (24,784)**	**$ (1,446)**	**$ 7,145**	**$ 542**	**$ 120,319**
Net loss for the year	**–**	**–**	**(36,364)**	**–**	**–**	**–**	**(36,364)**
Deficit disposition	**–**	**(39,032)**	**39,032**	**–**	**–**	**–**	**–**
Sales of treasury stock	**–**	**(0)**	**–**	**0**	**–**	**–**	**0**
Increase in treasury stock	**–**	**–**	**–**	**(0)**	**–**	**–**	**(0)**
Transfers of loss on sales of treasury stock	**–**	**0**	**(0)**	**–**	**–**	**–**	**–**
Net change in items other than shareholders' equity	**–**	**–**	**–**	**–**	**8,049**	**213**	**8,262**
Balance at March 31, 2013	**$ 89,516**	**$10,314**	**$ (22,116)**	**$ (1,446)**	**$15,194**	**$ 755**	**$ 92,217**

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Consolidated Statements of Cash Flows

Years ended March 31, 2013 and 2012

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2013	2012	**2013**
Cash flows from operating activities:			
Loss before income taxes and minority interests	**¥ (3,468)**	¥ (8,465)	**$ (36,874)**
Adjustments for:			
Depreciation and amortization	**499**	572	**5,306**
Loss on impairment of fixed assets	**236**	259	**2,509**
Increase in allowance for doubtful accounts	**372**	150	**3,955**
Decrease in provision for bonuses	**(6)**	(317)	**(64)**
(Decrease) increase in provision for loss on construction contracts	**(648)**	1,356	**(6,890)**
(Decrease) increase in accrued retirement benefits for employees	**(408)**	492	**(4,338)**
Interest and dividends income	**(323)**	(396)	**(3,434)**
Interest expenses	**685**	654	**7,283**
Foreign exchange gain, net	**(56)**	(0)	**(595)**
(Gain) loss on sales of investments in securities, net	**(209)**	0	**(2,222)**
Gain on sales of investments in a subsidiary	**(472)**	–	**(5,019)**
Gain on sales of property, plant and equipment, net	**(846)**	(230)	**(8,995)**
Decrease (increase) in notes and accounts receivable on completed construction contracts	**14,360**	(417)	**152,685**
Decrease in inventories	**3,036**	3,150	**32,281**
(Decrease) increase in notes and accounts payable on construction contracts	**(7,273)**	3,588	**(77,331)**
(Decrease) increase in other accounts payable	**(6,800)**	262	**(72,302)**
Increase in advances received on uncompleted construction contracts	**1,868**	1,547	**19,862**
Other, net	**(4,119)**	2,315	**(43,797)**
Subtotal	**(3,572)**	4,520	**(37,980)**
Interest and dividends received	**318**	393	**3,381**
Interest paid	**(687)**	(693)	**(7,304)**
Income taxes paid	**(226)**	(180)	**(2,403)**
Net cash (used in) provided by operating activities	**(4,167)**	4,040	**(44,306)**
Cash flows from investing activities:			
Purchases of property, plant and equipment	**(247)**	(143)	**(2,626)**
Proceeds from sales of property, plant and equipment	**2,102**	276	**22,350**
Purchases of intangible assets	**(137)**	(109)	**(1,457)**
Purchases of investments in securities	**(3)**	(8)	**(32)**
Proceeds from sales of investments in securities	**754**	3	**8,017**
Loans receivable made	**(17)**	(30)	**(181)**
Collection of loans receivable	**82**	131	**872**
Proceeds from sales of a subsidiary's stock resulting in change in scope of consolidation *(Note 21)*	**628**	–	**6,677**
Other, net	**27**	35	**287**
Net cash provided by investing activities	**¥ 3,189**	¥ 155	**$ 33,907**

Asanuma Corporation

Consolidated Statements of Cash Flows (continued)

Years ended March 31, 2013 and 2012

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2013	2012	**2013**
Cash flows from financing activities:			
Decrease in short-term bank loans, net	**¥ (1,432)**	¥ (3,484)	**$ (15,226)**
Proceeds from long-term debt	**7,156**	3,615	**76,087**
Repayment of long-term debt	**(4,415)**	(1,314)	**(46,943)**
Cash dividends paid	**(0)**	(152)	**(0)**
Repayments of lease obligations	**(12)**	(13)	**(127)**
Other, net	**(0)**	(1)	**(0)**
Net cash provided by (used in) financing activities	**1,297**	(1,349)	**13,791**
Effect of exchange rate changes on cash and cash equivalents	**56**	0	**595**
Net increase in cash and cash equivalents	**375**	2,846	**3,987**
Cash and cash equivalents at beginning of year	**28,530**	25,684	**303,349**
Cash and cash equivalents at end of year	**¥ 28,905**	¥ 28,530	**$ 307,336**

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Notes to Consolidated Financial Statements

Years ended March 31, 2013 and 2012

1. Basis of Preparation of Consolidated Financial Statements

The accompanying consolidated financial statements of Asanuma Corporation (the "Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and 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.

Certain reclassifications of previously reported amounts have been made to conform the consolidated financial statements for the year ended March 31, 2012 to the 2013 presentation. Such reclassifications had no effect on consolidated net income or net assets.

2. U.S. Dollar Amounts

The accompanying consolidated financial statements are stated in yen, the currency of the country in which the Company and its consolidated subsidiaries are incorporated and operate. The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at ¥94.05 = U.S.$1.00, the exchange rate prevailing on March 31, 2013. This translation should not be construed as a representation that yen can be converted into U.S. dollars at the above or any other rate.

3. Principles of Consolidation

At March 31, 2013 and 2012, the Company had 5 and 6 subsidiaries, respectively. The consolidated financial statements for the years ended March 31, 2013 and 2012 include the accounts of the Company and its 4 and 5 subsidiaries, respectively.

The Company applied the equity method to its investments in 3 affiliates, at March 31, 2013 and 2012 for the purpose of consolidated financial statements for the years then ended.

The accounts of the remaining subsidiary were not consolidated nor the equity method applied because its assets, retained earnings, net sales and net income in the aggregate were not material to the consolidated financial statements.

4. Summary of Significant Accounting Policies

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand, and short-term investments which are readily convertible to cash subject to an insignificant risk of any changes in their value and which were purchased with an original maturity of three months or less.

(b) Investments in securities

Investments in securities are classified into two categories: held-to-maturity debt securities or other securities. 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 accumulated other comprehensive income. Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

(c) Allowance for doubtful accounts

The Company and its consolidated subsidiaries provide an allowance for doubtful accounts at an amount calculated based on their historical experience of bad debts on ordinary receivables plus an additional estimate of probable specific bad debts from customers experiencing financial difficulties.

(d) Inventories

Cost of uncompleted construction contracts are stated at cost determined on an individual project basis. Real estate held for sale is stated at the lower of cost or net selling value, cost being determined on an individual project basis. Raw materials and supplies are stated at the lower of cost or net selling value, cost being determined by the period average method.

(e) Property, plant and equipment (Other than leased assets)

Property, plant and equipment is stated on the basis of cost. Depreciation is calculated by the declining-balance method over the estimated useful lives of the respective assets; however, the straight-line method is applied to buildings (except for structures attached to the buildings) acquired on or after April 1, 1998.

4. Summary of Significant Accounting Policies (continued)

(f) Intangible assets (Other than leased assets)

Amortization of intangible assets is calculated by the straight-line method over the estimated useful lives of the respective assets.

Expenditures related to computer software developed for internal use are charged to income when incurred, except if they are deemed to contribute to the generation of income or to future cost savings. Such expenditures are capitalized as intangible assets and amortized over an estimated useful life of 5 years.

(g) Leases

Leased assets held under finance leases that transfer ownership are depreciated by using the economic useful lives of leased assets. For finance leases that do not transfer ownership, depreciation expense is calculated based on the straight-line method over the leased period of the lease with a residual value of zero. In addition, 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 or its consolidated subsidiaries are accounted for in the same manner as operating leases.

(h) Provision for compensation for completed construction

A provision for compensation for completed construction is provided for anticipated future costs arising from warranties on completed construction based on the historical data on the compensation cost.

(i) Provision for bonuses

A provision for bonuses is provided at the estimated amount of bonuses to be paid as allocated to the current fiscal year.

(j) Provision for loss on construction contracts

A provision for loss on construction contracts is provided for anticipated future losses on uncompleted construction projects.

4. Summary of Significant Accounting Policies (continued)

(k) Accrued retirement benefits

Accrued retirement benefits for employees are provided at the retirement benefit obligation less the fair value of the pension plan assets as adjusted for unrecognized actuarial gain or loss. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated average remaining years of service of the eligible employees.

Prior service cost is credited or charged to income in the year in which the gain or loss is recognized.

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

(l) Income taxes

Income taxes are calculated based on taxable income and charged to income on an accrual basis. Deferred tax assets and liabilities are computed based on the temporary differences between financial reporting and the tax bases of the assets and liabilities which will result in taxable or deductible amounts in the future. The calculation of deferred tax assets and liabilities is based on the enacted tax laws. Valuation allowances are utilized to reduce deferred tax assets to the amount that management believes is more likely than not to be realized. In assessing the likelihood of realization, the Company considers all currently available evidence for future years, both positive and negative, supplemented by information regarding historical results for each tax jurisdiction.

(m) Hedge accounting

Gain or loss on derivatives positions designated as hedges is deferred until the loss or gain on the respective underlying hedged items is recognized. 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.

4. Summary of Significant Accounting Policies (continued)

(n) Revenue recognition

The Company recognizes revenue by applying the percentage-of-completion method for the construction projects for which the outcome of the construction activity is deemed certain at the end of the reporting period. To estimate the progress of such construction projects, the Company measures the percentage of completion by comparing costs incurred to date with the most recent estimate of total costs required to complete the project (cost to cost basis). For other construction projects where the outcome cannot be reliably measured, the completed-contract method is applied.

Net sales related to construction contracts accounted for by the percentage-of-completion method totaled ¥114,150 million ($1,213,716 thousand) and ¥129,174 million for the years ended March 31, 2013 and 2012, respectively.

5. Accounting Standards Issued but Not Yet Effective

(Accounting Standard for Retirement Benefits)

- Accounting Standard for Retirement Benefits (Statement No. 26 issued by Accounting Standards Board of Japan ("ASBJ") on May 17, 2012)
- Guidance on Accounting Standard for Retirement Benefits (Guidance No. 25 issued by ASBJ on May 17, 2012)

(1) Summary

These accounting standards were amended from the viewpoint of improvements to financial reporting and international convergence, mainly focusing on how actuarial gains or losses and prior service costs should be accounted for, how retirement benefit obligations and current service costs should be determined, and enhancement of disclosures.

Under the revised accounting standard, unrecognized actuarial gains or losses and prior service cost shall be recognized within net assets (accumulated other comprehensive income (loss)), after adjusting for tax effects, and the deficit or surplus shall be recognized as a liability or asset. In addition, the retirement benefit obligation can be attributed to each period based on the plan's benefit formula or the straight-line method.

(2) Planned date of adoption

The Company will adopt these accounting standards from the end of the fiscal year ending March 31, 2014.

5. Accounting Standards Issued but Not Yet Effective (continued)

(3) Effect of adoption of these accounting standards

The effect of the adoption of these accounting standards is currently under assessment.

6. Change in Method of Accounting

In accordance with an amendment to the Corporation Tax Law in Japan effective April 1, 2012, the Company and its domestic consolidated subsidiaries have changed their depreciation method for property, plant and equipment acquired on or after April 1, 2012, other than certain buildings, to reflect the methods prescribed in the amended Corporation Tax Law in Japan. The impact of applying this accounting standard to operating loss and loss before income taxes and minority interests was immaterial for the year ended March 31, 2013.

7. Notes Receivable and Notes Payable

The balance sheet date for the years ended March 31, 2013 and 2012 fell on a bank holiday. Consequently, notes receivable of ¥282 million ($2,998 thousand) and ¥164 million with due dates of March 31, 2013 and 2012 were included in the balances in the consolidated balance sheets at March 31, 2013 and 2012, respectively, and were settled on the next business day. In addition, notes payable of ¥102 million ($1,085 thousand) with a due date of March 31, 2013 were included in the balance in the consolidated balance sheet at March 31, 2013 and were settled on the next business day.

8. Loss on Impairment of Fixed Assets

Aggregate losses on impairment of fixed assets of ¥236 million ($2,509 thousand) and ¥259 million were recorded for the years ended March 31, 2013 and 2012, respectively. Losses on impairment related to land in the amount of ¥113 million ($1,201 thousand) and buildings in the amount of ¥123 million ($1,308 thousand) for the year ended March 31, 2013 and land in the amount of ¥144 million and buildings in the amount of ¥115 million for the year ended March 31, 2012 are outlined as follows:

			Millions of yen	*Thousands of U.S. dollars*
Location	Main use	Class	**2013**	**2013**
Hokkaido Prefecture	Leasing	Buildings and land	**¥ 217**	**$ 2,307**
Nara Prefecture and other	Idle property	Buildings and land	**19**	**202**
Mie Prefecture	Investment	Land	**0**	**0**
			¥ 236	**$ 2,509**

			Millions of yen
Location	Main use	Class	2012
Ishikawa Prefecture and other	Leasing	Buildings and land	¥ 67
Chiba Prefecture and other	Idle property	Buildings and land	192
			¥259

The Company and its consolidated subsidiaries, in principle, group their fixed assets for operating purposes at each office but group their fixed assets for leasing purposes and idle properties individually. The affiliates group their fixed assets at each company. Due to a decline in market price of real estate during the years ended March 31, 2013 and 2012, the Company and its consolidated subsidiaries have reduced the carrying value of assets outlined above to their respective estimated recoverable amount.

The estimated recoverable amounts of the fixed assets for leasing purposes and idle properties have been measured at their estimated net selling prices based on the figures presented by government authorities and others.

9. Investments in Securities

At March 31, 2013 and 2012, marketable securities classified as held-to-maturity debt securities were as follows:

	Millions of yen					
	2013			**2012**		
	Carrying value	Estimated fair value	Unrealized gain	Carrying value	Estimated fair value	Unrealized gain
Held-to-maturity debt securities whose estimated fair value exceeds their carrying value:						
Government and municipal bonds	**¥ 30**	**¥ 30**	**¥ 0**	¥ 30	¥ 31	¥ 1
	¥ 30	**¥ 30**	**¥ 0**	¥ 30	¥ 31	¥ 1

	Thousands of U.S. dollars		
	2013		
	Carrying value	Estimated fair value	Unrealized gain
Held-to-maturity debt securities whose estimated fair value exceeds their carrying value:			
Government and municipal bonds	**$ 319**	**$ 319**	**$ 0**
	$ 319	**$ 319**	**$ 0**

At March 31, 2013 and 2012, marketable securities classified as other securities were as follows:

	Millions of yen					
	2013			**2012**		
	Acquisition costs	Carrying value	Unrealized gain (loss)	Acquisition costs	Carrying value	Unrealized gain (loss)
Other securities whose carrying value exceeds their acquisition costs:						
Equity securities	**¥ 3,253**	**¥ 5,403**	**¥ 2,150**	¥ 2,944	¥ 4,082	¥ 1,138
Other securities whose carrying value does not exceed their acquisition costs:						
Equity securities	**346**	**321**	**(25)**	1,185	1,031	(154)
	¥ 3,599	**¥ 5,724**	**¥ 2,125**	¥ 4,129	¥ 5,113	¥ 984

9. Investments in Securities (continued)

	Thousands of U.S. dollars		
	2013		
	Acquisition costs	Carrying value	Unrealized gain (loss)
Other securities whose carrying value exceeds their acquisition costs:			
Equity securities	**$ 34,588**	**$ 57,448**	**$ 22,860**
Other securities whose carrying value does not exceed their acquisition costs:			
Equity securities	**3,679**	**3,413**	**(266)**
	$ 38,267	**$ 60,861**	**$ 22,594**

Refer to Note 18 for the redemption schedule at March 31, 2013 for held-to-maturity debt securities.

For the years ended March 31, 2013 and 2012, the Company has recognized losses on impairment of equity securities classified as other securities of ¥18 million ($191 thousand) and ¥35 million, respectively.

The Company recognizes loss on impairment of marketable securities classified as other securities if the market value of a security at year end declines by more than 30% compared with its carrying value.

Proceeds from and realized gain (loss) on sales of other securities for the years ended March 31, 2013 and 2012 are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2013	2012	**2013**
Proceeds	**¥ 754**	¥ 3	**$ 8,017**
Realized gain	**213**	–	**2,265**
Realized loss	**(4)**	(0)	**(43)**

10. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans from banks had average interest rates of 1.97% at March 31, 2013 and 1.67% at March 31, 2012.

Long-term debt at March 31, 2013 and 2012 is summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2013	2012	**2013**
Unsecured loans from banks, payable in yen, at rates ranging from 2.44% to 3.56%	**¥ 82**	¥ 87	**$ 872**
Secured loans from insurance companies, payable in yen at rates ranging from 1.53% to 2.56%	**14,563**	11,435	**154,843**
Total	**14,645**	11,522	**155,715**
Less current portion included in current liabilities	**(1,695)**	(1,314)	**(18,022)**
	¥ 12,950	¥10,208	**$ 137,693**

The aggregate annual maturities of long-term debt subsequent to March 31, 2013 are summarized as follows:

Year ending March 31,	*Millions of yen*	*Thousands of U.S. dollars*
2014	**¥ 1,695**	**$ 18,022**
2015	**5,028**	**53,461**
2016	**1,710**	**18,182**
2017 and thereafter	**6,212**	**66,050**
	¥ 14,645	**$ 155,715**

Assets pledged at March 31, 2013 as collateral for loans of the Company are summarized as follows:

	Millions of yen	*Thousands of U.S. dollars*
Cash and cash deposits	**¥ 438**	**$ 4,657**
Buildings and structures	**3,349**	**35,609**
Land	**4,013**	**42,669**
Investments in securities	**4,871**	**51,791**
	¥ 12,671	**$ 134,726**

All assets of the consolidated subsidiaries engaged in the PFI business were pledged as collateral for their loans under the project finance agreements. Assets pledged at March 31, 2013 amounted to ¥12,184 million ($129,548 thousand) as collateral for loans of ¥11,226 million ($119,362 thousand).

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

Assets pledged at March 31, 2013 as collateral for loans of affiliates engaged in a PFI business are summarized as follows:

	Millions of yen	*Thousands of U.S. dollars*
Investments in securities	**¥ 63**	**$ 670**
Long-term loans receivable	**136**	**1,446**
	¥ 199	**$ 2,116**

In order to achieve more efficient financing, the Company has concluded line-of-credit agreements with certain financial institutions. The status of these line of credit at March 31, 2013 was as follows:

	Millions of yen	*Thousands of U.S. dollars*
	2013	**2013**
Lines of credit	**¥ 5,000**	**$ 53,163**
Credit utilized	**–**	**–**
Available credit	**¥ 5,000**	**$ 53,163**

11. Income Taxes

Income taxes applicable to the Company and its consolidated subsidiaries comprise corporation, inhabitants' and enterprise taxes which, in the aggregate, resulted in statutory tax rates of approximately 38.3% and 40.8% for the years ended March 31, 2013 and 2012, respectively.

A reconciliation of the statutory tax rates and the effective tax rates for the years ended March 31, 2013 and 2012 as a percentage of loss before income taxes and minority interests is summarized as follows:

	2013	2012
Statutory tax rates	**38.3 %**	40.8 %
Permanently non-tax-deductible expenses	**(1.9)**	(1.0)
Permanently non-taxable income	**0.5**	0.2
Per capita portion of inhabitants' taxes	**(3.8)**	(1.6)
Valuation allowance	**(31.5)**	(39.6)
Deferred tax effect of change in statutory tax rates	**–**	1.6
Unrecognized deferred income taxes relating to excess of cost over equity in net assets of subsidiaries and other	**0.1**	0.1
Other	**0.3**	(0.6)
Effective tax rates	**2.0 %**	(0.2) %

11. Income Taxes (continued)

The significant components of deferred tax assets and liabilities of the Company and its consolidated subsidiaries at March 31, 2013 and 2012 are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2013	2012	**2013**
Deferred tax assets:			
Allowance for doubtful accounts	**¥ 549**	¥ 622	**$ 5,837**
Provision for bonuses	—	0	**—**
Provision for compensation for completed construction	**316**	298	**3,360**
Inventories	**93**	59	**989**
Provision for loss on construction contracts	**621**	869	**6,603**
Accrued retirement benefits for employees	**1,321**	1,444	**14,046**
Assets transferred to defined contribution pension plans	**574**	838	**6,103**
Loss on impairment of fixed assets	**1,327**	1,668	**14,110**
Loss on revaluation of investments in securities	**112**	136	**1,191**
Tax loss carryforwards	**4,339**	2,408	**46,135**
Unrealized profit on intercompany transactions	**—**	49	**—**
Other	**1,024**	957	**10,887**
Gross deferred tax assets	**10,276**	9,348	**109,261**
Less valuation allowance	**(10,275)**	(9,297)	**(109,250)**
Total deferred tax assets	**1**	51	**11**
Deferred tax liabilities:			
Unrealized holding gain on securities	**(699)**	(312)	**(7,432)**
Deferred capital gains on property	**(814)**	(1,025)	**(8,655)**
Other	**(2)**	(4)	**(21)**
Total deferred tax liabilities	**(1,515)**	(1,341)	**(16,108)**
Net deferred tax liabilities	**¥ (1,514)**	¥ (1,290)	**$ (16,097)**

12. Retirement Benefits

The Company and its certain consolidated subsidiary have defined benefit pension plans covering substantially all employees who are entitled to lump-sum or pension payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. In addition to the retirement benefit plans described above, the Company and its certain consolidated subsidiary pay additional retirement benefits under certain conditions. In addition, the Company transferred a certain portion of defined benefit pension plans to a defined contribution pension plan on October 1, 2010.

The following table sets forth the funded and accrued status of the plans and the amounts recognized in the accompanying consolidated balance sheets at March 31, 2013 and 2012 for the Company's and its consolidated subsidiaries' defined benefit pension plans:

	Millions of yen		*Thousands of U.S. dollars*
	2013	2012	**2013**
Retirement benefit obligation	**¥ (12,593)**	¥ (12,875)	**$ (133,897)**
Plan assets at fair value	**6,727**	6,722	**71,526**
Unfunded retirement benefit obligation	**(5,866)**	(6,153)	**(62,371)**
Unrecognized actuarial loss	**2,163**	2,041	**22,998**
Accrued retirement benefits for employees	**¥ (3,703)**	¥ (4,112)	**$ (39,373)**

The components of retirement benefit expenses for the years ended March 31, 2013 and 2012 are outlined as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2013	2012	**2013**
Service cost	**¥ 431**	¥ 391	**$ 4,583**
Interest cost	**139**	266	**1,478**
Expected return on plan assets	**(134)**	(143)	**(1,425)**
Amortization of unrecognized actuarial loss	**427**	580	**4,540**
Contributions to defined contribution pension plan	**192**	198	**2,041**
Retirement benefit expenses	**¥ 1,055**	¥ 1,292	**$ 11,217**

In addition, the Company recorded special retirement benefits of ¥240 million ($2,552 thousand) in the accompanying consolidated statements of operations for the year ended March 31, 2013, which includes ¥198 million ($2,105 thousand) of early retirement premium expenses.

12. Retirement Benefits (continued)

The assumptions used in accounting for the defined benefit pension plans for the years ended March 31, 2013 and 2012 were as follows:

	2013	**2012**
Discount rates	**1.0%**	2.0%
Expected rate of return on plan assets	**2.0%**	2.0%

As a result of reviewing the appropriateness of discount rate, it was determined that the movement of the discount rate has a significant impact on the projected benefit obligation. Therefore, the discount rate as at March 31, 2013 has been changed to 1.0%, while the discount rate as at April 1, 2012 was 2.0%.

13. Shareholders' Equity

The Companies Act (the "Act") 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.

The Company's legal reserve included in retained earnings at March 31, 2012 amounted to ¥2,104 million.

Under the Act, 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.

13. Shareholders' Equity (continued)

Movements in shares of common stock in issue and treasury stock during the years ended March 31, 2013 and 2012 are summarized as follows:

	Number of shares			
	2013			
	April 1, 2012	Increase	Decrease	March 31, 2013
Shares of common stock in issue	**77,386,293**	**–**	**–**	**77,386,293**
Treasury stock	**1,276,525**	**6,219**	**2,841**	**1,279,903**

	Number of shares			
	2012			
	April 1, 2011	Increase	Decrease	March 31, 2012
Shares of common stock in issue	77,386,293	–	–	77,386,293
Treasury stock	1,270,197	8,867	2,539	1,276,525

The increases of treasury stock were due to purchases of shares of less than one voting unit and the decreases of treasury stock were due to sales of shares at requests of shareholders owning less than one voting unit for the years ended March 31, 2013 and 2012.

14. Provision for Loss on Construction Contracts

Provision for loss on construction contracts included in cost of sales for the years ended March 31, 2013 and 2012 amounted to ¥1,623 million ($17,257 thousand) and ¥2,271 million, respectively.

15. Research and Development Costs

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2013 and 2012 amounted to ¥126 million ($1,340 thousand) and ¥137 million, respectively.

16. Other Comprehensive Income

The following table presents reclassification adjustments and tax effects allocated to components of other comprehensive income for the years ended March 31, 2013 and 2012:

	Millions of yen		*Thousands of U.S. dollars*
	2013	2012	**2013**
Unrealized holding gain on investments in securities:			
Gains arising during the year	**¥ 1,345**	¥ 191	**$ 14,301**
Reclassification adjustments for (gain) loss realized in the statement of operations	**(204)**	33	**(2,169)**
Before tax effect	**1,141**	224	**12,132**
Tax effect	**(384)**	(20)	**(4,083)**
Unrealized holding gain on investments in securities, net	**757**	204	**8,049**
Total other comprehensive income	**¥ 757**	¥ 204	**$ 8,049**

17. Leases

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 consolidated subsidiaries are accounted for in the same manner as operating leases.

Future minimum lease payments subsequent to March 31, 2013 for financial lease accounted for as operating lease are summarized as follow:

Year ending March 31,	*Millions of yen*	*Thousands of U.S. dollars*
2014	¥ 119	$ 1,265
2015 and thereafter	119	1,265

The following *pro forma* amounts represent the acquisition costs, accumulated depreciation and net book value of the leased property as of March 31, 2012, which would have been reflected in the accompanying consolidated balance sheets if finance lease accounting had been applied to the finance leases under which the Company and its consolidated subsidiaries are lessees and which are currently accounted for as operating leases:

	Millions of yen		
	2012		
	Acquisition costs	Accumulated depreciation	Net book value
Tools, furniture and fixtures	¥ 18	¥ 17	¥ 1

Lease payments related to finance leases accounted for as operating leases, depreciation and interest expense, which have not been reflected in the accompanying consolidated statements of operations for the year ended March 31, 2012, was as follows:

	Millions of yen
	2012
Lease payments	¥ 4
Depreciation	4
Interest expense	0

18. Financial Instruments

(1) Policy for financial instruments

The Company and its consolidated subsidiaries manage their funds by investing only in short-term deposits, and primarily raise funds by borrowings from banks. The purpose of entering into derivative transactions is to mitigate fluctuation risk related to interest rates with respect to borrowings from banks, and derivative transactions are not carried out for speculative purposes.

(2) Types of financial instruments, related risk and risk management for financial instruments

Notes and accounts receivable on completed construction contracts are subject to the credit risk of customers. Regarding this risk, the Company and its consolidated subsidiaries monitor due dates and outstanding balances by individual customer, and the credit worthiness of their main customers regularly.

For investments in securities, the Company and consolidated subsidiaries review the fair values of such financial instruments every quarter.

Notes and accounts payable on construction contracts are operating obligations and mostly are payable within one year.

Short-term bank loans and long-term debt are mainly utilized for business operations. Long-term debt with variable interest rates is exposed to interest rate fluctuation risk. However, to reduce such risk and fix interest expense for a certain long-term debt bearing interest at variable rates, the Company utilizes interest rate swaps as a hedging instrument. In addition, the Company has established internal policies which include procedures and authorization processes governing derivatives and complies fully with these guidelines.

(3) Supplementary explanation of the market value of financial instruments

The market value of financial instruments is based on the market price, and when no market price exists, a rationally calculated amount is used. These calculations include variable factors, so the resulting amount may change if different underlying assumptions are applied.

18. Financial Instruments (continued)

The carrying value, estimated fair value and resulting differences as of March 31, 2013 and 2012 are as follows. Financial instruments for which fair value is deemed extremely difficult to determine are not included.

	Millions of yen		
	2013		
	Carrying value	Estimated fair value	Difference
Cash and cash deposits	**¥ 28,905**	**¥ 28,905**	**¥ –**
Notes and accounts receivable on completed construction contracts	**47,702**	**48,360**	**658**
Investments in securities	**5,754**	**5,754**	**0**
Total assets	**¥ 82,361**	**¥ 83,019**	**¥ 658**
Short-term bank loans	**¥ 22,396**	**¥ 22,396**	**¥ –**
Notes and accounts payable on construction contracts	**28,596**	**28,596**	**–**
Other accounts payable	**8,580**	**8,580**	**–**
Long-term debt	**12,950**	**13,282**	**332**
Total liabilities	**¥ 72,522**	**¥ 72,854**	**¥332**

	Millions of yen		
	2012		
	Carrying value	Estimated fair value	Difference
Cash and cash deposits	¥ 28,530	¥ 28,530	¥ –
Notes and accounts receivable on completed construction contracts	62,076	62,469	393
Investments in securities	5,142	5,143	1
Total assets	¥ 95,748	¥ 96,142	¥ 394
Short-term bank loans	¥ 23,828	¥ 23,828	¥ –
Notes and accounts payable on construction contracts	35,915	35,915	–
Other accounts payable	15,363	15,363	–
Long-term debt	10,208	10,293	85
Total liabilities	¥ 85,314	¥ 85,399	¥ 85

18. Financial Instruments (continued)

	Thousands of U.S. dollars		
	2013		
	Carrying value	Estimated fair value	Difference
Cash and cash deposits	**$ 307,336**	**$ 307,336**	**$ –**
Notes and accounts receivable on completed construction contracts	**507,199**	**514,195**	**6,996**
Investments in securities	**61,180**	**61,180**	**0**
Total assets	**$ 875,715**	**$ 882,711**	**$ 6,996**
Short-term bank loans	**$ 238,128**	**$ 238,128**	**$ –**
Notes and accounts payable on construction contracts	**304,051**	**304,051**	**–**
Other accounts payable	**91,228**	**91,228**	**–**
Long-term debt	**137,693**	**141,223**	**3,530**
Total liabilities	**$ 771,100**	**$ 774,630**	**$ 3,530**

Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions:

Cash and cash deposits

Since these items are settled in a short period of time, their carrying values approximate the fair value.

Notes and accounts receivable on completed construction contracts

For the valuation of notes and accounts receivable on completed construction contracts, the Company and its consolidated subsidiaries use the present value based on assumptions such as the collection term of each receivable and discount rates reflected in each credit risk.

Investments in securities

The estimated fair values of equity securities are based on quoted market prices. The estimated fair value of debt securities are based on the price provided by the financial institutions making markets in these securities.

Notes and accounts payable on construction contracts, other accounts payable and short-term bank loans

Since these items are settled in a short period of time, their carrying values approximate the fair value.

18. Financial Instruments (continued)

Long-term debt

The estimated fair values of long-term debt are based on present value of the total amount including principal and interest, discounted by the expected interest rate in the case of new borrowings of the same loan as in the amount of the balance as of the end of the period. Floating interest rates for long-term loans were hedged by interest-rate swap agreements and accounted for as loans with fixed interest rates. The estimated fair value of those long-term loans is reasonably based on the present value of the total of principals, interests and net cash flows of swap agreements discounted by the interest rates, estimated reasonably, applicable to loans made under similar circumstances.

Derivatives transactions

Refer to the Note 19 for fair value information at March 31, 2013 of derivative transactions.

Financial instruments for which it is extremely difficult to determine the fair value: Unlisted equity securities of ¥867 million ($9,218 thousand) and ¥894 million reflected in the consolidated balance sheets at March 31, 2013 and 2012, respectively, are based neither on market value nor estimated future cash flow, and it is difficult to determine the estimated fair value. Therefore, they are not included in the above table.

The redemption schedule for receivables and marketable securities with maturity dates at March 31, 2013 is summarized as follows:

	Millions of yen		
	Within 1 year	Over 1 year within 5 years	Over 5 years
Cash deposits	**¥ 28,899**	**¥ –**	**¥ –**
Notes and accounts receivable on completed construction contracts	**38,042**	**5,569**	**4,091**
Investments in securities			
Held-to-maturity debt securities	**30**	**–**	**–**
Total assets	**¥ 66,971**	**¥ 5,569**	**¥ 4,091**

	Thousands of U.S. dollars		
	Within 1 year	Over 1 year within 5 years	Over 5 years
Cash deposits	**$ 307,273**	**$ –**	**$ –**
Notes and accounts receivable on completed construction contracts	**404,487**	**59,213**	**43,499**
Investments in securities			
Held-to-maturity debt securities	**319**	**–**	**–**
Total assets	**$ 712,079**	**$ 59,213**	**$ 43,499**

18. Financial Instruments (continued)

The redemption schedule for short term bank loans, long-term and lease obligations debt at March 31, 2013.

	Millions of yen					
	Within 1 year	Over 1 year within 2 years	Over 2 year within 3 years	Over 3 year within 4 years	Over 4 year within 5 years	Over 5 years
Short-term bank loans	¥ 22,396	¥ –	¥ –	¥ –	¥ –	¥ –
Long-term debt	–	5,028	1,710	1,053	1,047	4,112
Lease obligations	1	0	0	0	0	–
Total	¥ 22,397	¥ 5,028	¥ 1,710	¥ 1,053	¥ 1,047	¥ 4,112

	Thousands of U.S. dollars					
	Within 1 year	Over 1 year within 2 years	Over 2 year within 3 years	Over 3 year within 4 years	Over 4 year within 5 years	Over 5 years
Short-term bank loans	$ 238,128	$ –	$ –	$ –	$ –	$ –
Long-term debt	–	53,461	18,182	11,196	11,132	43,722
Lease obligations	11	0	0	0	0	–
Total	$ 238,139	$ 53,461	$ 18,182	$ 11,196	$ 11,132	$ 43,721

19. Derivatives

Derivative transactions to which hedge accounting is applied

Interest-rate related transactions

		Millions of yen		
		2013		
Method of hedge accounting	Transaction	Notional amount	(Including portion in excess of one year)	Estimated fair value
Swap rate applied to underlying debt	Interest rate swap: Receive / floating and pay / fixed	**¥ 4,436**	**¥ 3,697**	**(*)**
	Total	**¥ 4,436**	**¥ 3,697**	**(*)**

		Millions of yen		
		2012		
Method of hedge accounting	Transaction	Notional amount	(Including portion in excess of one year)	Estimated fair value
Swap rate applied to underlying debt	Interest rate swap: Receive / floating and pay / fixed	¥ 361	¥ —	(*)
	Total	¥ 361	¥ —	(*)

		Thousands of U.S. dollars		
		2013		
Method of hedge accounting	Transaction	Notional amount	(Including portion in excess of one year)	Estimated fair value
Swap rate applied to underlying debt	Interest rate swap: Receive / floating and pay / fixed	**$47,166**	**$39,309**	**(*)**
	Total	**$47,166**	**$39,309**	**(*)**

*Because interest rate swap agreements are accounted for as if the interest rates applied to the swaps had originally applied to the underlying long-term loans payable, their fair values were included in long-term debt.

20. Amounts per Share

Amounts per share at March 31, 2013 and 2012 and for the years then ended were as follows:

	Yen		*U.S. dollars*
	2013	2012	**2013**
Net assets	**¥ 113.03**	¥ 148.00	**$ 1.20**
Net loss	**(44.92)**	(111.63)	**(0.48)**

Information used in the computation of net loss per share for the years ended March 31, 2013 and 2012 is presented as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2013	**2012**	**2013**
Net loss	**¥ (3,420)**	¥(8,496)	**$ (36,364)**
Net loss not applicable to common shareholders	**–**	–	–
Net loss used in the calculation of net loss per share	**¥ (3,420)**	¥(8,496)	**$ (36,364)**

	Thousands of shares	
	2013	**2012**
Weighted-average number of shares used in the calculation of net loss per share	**76,107**	76,113

Net assets per share are based on the number of shares of common stock outstanding at the year end.

Net loss per share is computed based on the net loss attributable to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year. Diluted amounts per share have not been presented for the years ended March 31, 2013 and 2012 since neither the Company nor any of the consolidated subsidiaries had any potentially dilutive shares at March 31, 2013 and 2012.

21. Supplementary Cash Flow Information

In February 2013, the assets and liabilities of Nara Manyo Country Club were excluded from consolidation due to the sale of its shares. The following table summarizes the assets and liabilities excluded from consolidation and the proceeds from the sale of shares for the year ended March 31, 2013:

	Millions of yen	*Thousands of U.S. dollars*
	2013	**2013**
Current assets	**¥ 86**	**$ 914**
Property, plant and equipment, net and investments and other assets	**1,557**	**16,555**
Current liabilities	**(77)**	**(818)**
Long-term liabilities	**(1,340)**	**(14,248)**
Gain on sales of investments of securities	**472**	**5,018**
Gross proceeds from sale of shares	**698**	**7,421**
Cash and equivalents	**(70)**	**(744)**
Net proceeds from sale of shares	**¥ 628**	**$ 6,677**

22. Segment Information

a. Segment Information

(1) Overview of reporting segments

The reporting segments of the Company and its consolidated subsidiaries are components for which discrete financial information is available and whose operating results are regularly reviewed by the Company's Board of Directors to make decisions about resource allocation and assess their performance.

The Company and its consolidated subsidiaries mainly operate in the construction business and have two reporting segments, which are the Building Construction Segment and the Civil Engineering Segment.

22. Segment Information (continued)

(2) Method of calculating sales and income (loss) in reporting segments

The method of accounting for reporting segments is, in principle, the same as stated in Note 4 "Summary of Significant Accounting Policies." The income (loss) of reporting segments are calculated on the basis of operating income (loss). Intersegment sales are recorded based on current market prices.

	Millions of yen						
	2013						
	Reporting Segments						
	Building Construction	**Civil Engineering**	**Total**	**Others**	**Sub total**	**Adjustments**	**Total**
Net sales and income (loss):							
Sales to third parties	**¥ 98,859**	**¥ 20,119**	**¥ 118,978**	**¥ 2,215**	**¥ 121,193**	**¥ –**	**¥121,193**
Intersegment sales	**7**	**–**	**7**	**113**	**120**	**(120)**	**–**
Net sales	**98,866**	**20,119**	**118,985**	**2,328**	**121,313**	**(120)**	**121,193**
Segment income (loss)	**¥ 743**	**¥ 1,117**	**¥ 1,860**	**¥ 93**	**¥ 1,953**	**¥ (5,806)**	**¥ (3,853)**

	Millions of yen						
	2012						
	Reporting Segments						
	Building Construction	**Civil Engineering**	**Total**	**Others**	**Sub total**	**Adjustments**	**Total**
Net sales and income (loss):							
Sales to third parties	¥ 119,193	¥ 17,968	¥ 137,161	¥ 3,301	¥ 140,462	¥ –	¥ 140,462
Intersegment sales	30	–	30	127	157	(157)	–
Net sales	119,223	17,968	137,191	3,428	140,619	(157)	140,462
Segment (loss) income	¥ (1,793)	¥ 450	¥ (1,343)	¥ 313	¥ (1,030)	¥ (6,194)	¥ (7,224)

	Thousands of U.S. dollars						
	2013						
	Reporting Segments						
	Building Construction	**Civil Engineering**	**Total**	**Others**	**Sub total**	**Adjustments**	**Total**
Net sales and income (loss):							
Sales to third parties	**$ 1,051,132**	**$ 213,919**	**$1,265,051**	**$ 23,551**	**$ 1,288,602**	**$ –**	**$ 1,288,602**
Intersegment sales	**74**	**–**	**74**	**1,202**	**1,276**	**(1,276)**	**–**
Net sales	**1,051,206**	**213,919**	**1,265,125**	**24,753**	**1,289,878**	**(1,276)**	**1,288,602**
Segment income (loss)	**$ 7,900**	**$ 11,877**	**$ 19,777**	**$ 989**	**$ 20,766**	**$ (61,734)**	**$ (40,968)**

22. Segment Information (continued)

b. Related information

(1) Information by products and services

Disclosure of information by products and services for the years ended March 31, 2013 and 2012 has been omitted as the Company classifies such information in the same way as it does its reporting segments.

(2) Information by geographical segment

Disclosure of sales and property, plant and equipment by geographical area for the years ended and as of March 31, 2013 and 2012 has been omitted as sales to domestic customers were in excess of 90% of consolidated net sales, and the balance of property, plant and equipment in Japan was in excess of 90% of consolidated property, plant and equipment.

(3) Information by major customers

Disclosure of information by major customers for years ended March 31, 2013 and 2012 has been omitted as sales to each customer were less than 10% of consolidated net sales.

c. Loss on impairment of fixed assets by reporting segment

	Millions of yen					
	2013					
	Reporting Segments					
	Building Construction	**Civil Engineering**	**Total**	**Other**	**Elimination and corporate**	**Total**
Loss on impairment of fixed assets	**¥ –**	**¥ –**	**¥ –**	**¥ 217**	**¥ 19**	**¥ 236**

	Millions of yen					
	2012					
	Reporting Segments					
	Building Construction	**Civil Engineering**	**Total**	**Other**	**Elimination and corporate**	**Total**
Loss on impairment of fixed assets	¥ –	¥ –	¥ –	¥ 67	¥ 192	¥ 259

	Thousands of U.S. dollars					
	2013					
	Reporting Segments					
	Building Construction	**Civil Engineering**	**Total**	**Other**	**Elimination and corporate**	**Total**
Loss on impairment of fixed assets	**$ –**	**$ –**	**$ –**	**$ 2,307**	**$ 202**	**$ 2,509**