Consolidated Financial Statements

KYUDENKO CORPORATION

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

KYUDENKO

Report of Independent Auditors

The Board of Directors
KYUDENKO CORPORATION

We have audited the accompanying consolidated balance sheets of KYUDENKO CORPORATION and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations, 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 KYUDENKO CORPORATION 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 3.

Fukuoka, Japan
June 25, 2009

Ernst & Young ShinNihon LLC

KYUDENKO CORPORATION and Consolidated Subsidiaries

Consolidated Balance Sheets

	March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Assets			
Current assets:			
Cash and cash equivalents	¥ 12,813	¥ 13,572	$ 130,439
Short-term investments *(Note 14)*	2,230	2,258	22,702
Trade notes and accounts receivable	68,189	62,620	694,177
Less: Allowance for doubtful receivables	(997)	(831)	(10,150)
Inventories *(Note 4)*	30,868	33,259	314,242
Deferred tax assets *(Note 8)*	3,313	2,794	33,727
Other current assets	2,600	3,324	26,468
Total current assets	119,016	116,996	1,211,605
Property, plant and equipment *(Note 5)*:			
Land	26,782	26,776	272,646
Buildings and structures	53,847	53,005	548,173
Machinery and equipment	15,038	59,952	153,090
Construction in progress	3,426	17	34,877
	99,093	139,750	1,008,786
Accumulated depreciation	(32,675)	(63,129)	(332,638)
Property, and equipment, net	66,418	76,621	676,148
Investments and other assets:			
Investment securities *(Note 14)*	13,985	16,199	142,370
Long-term loans receivable	776	3,112	7,900
Investments in unconsolidated subsidiaries and affiliates	7,084	7,247	72,117
Deferred tax assets *(Note 8)*	11,642	14,135	118,518
Other	10,004	12,132	101,842
Less: Allowance for doubtful receivables	(5,050)	(6,672)	(51,410)
Total investments and other assets	38,441	46,153	391,337
Total assets	¥223,875	¥239,770	$2,279,090

	March 31,		
	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Liabilities and net assets			
Current liabilities:			
Short-term bank loans and current portion of long-term debt *(Note 6)*	¥ 15,018	¥ 24,615	$ 152,886
Trade notes and accounts payable	44,061	51,456	448,549
Advances received on construction contracts in progress	23,274	19,452	236,934
Accrued expenses	2,040	2,110	20,768
Accrued income taxes *(Note 8)*	602	2,202	6,128
Other current liabilities *(Notes 6 and 8)*	4,791	4,942	48,772
Total current liabilities	89,786	104,777	914,037
Long-term liabilities:			
Long-term debt *(Note 6)*	15,343	15,873	156,195
Long-term accounts payable	2,817	—	28,678
Accrued employees' retirement benefits *(Note 9)*	26,819	27,940	273,022
Accrued directors' retirement benefits	199	224	2,026
Payables relating to defined contribution plans	–	3,944	–
Other *(Notes 6 and 8)*	2,581	2,484	26,275
Total long-term liabilities	47,759	50,465	486,196
Total liabilities	137,545	155,242	1,400,233
Contingent liabilities *(Note 13)*			
Net assets:			
Shareholders' equity *(Note 7)*:			
Common stock, with no par value:			
Authorized – 250,000,000 shares			
Issued – 83,005,819 shares in 2009 and 2008	7,902	7,902	80,444
Capital surplus	7,890	7,890	80,322
Retained earnings	73,517	73,371	748,418
Treasury stock, at cost	(3,758)	(3,710)	(38,258)
Total shareholders' equity	85,551	85,453	870,926
Valuation, translation adjustments and others:			
Net unrealized gain (loss) on other securities	2	(1,824)	21
Translation adjustments	(78)	11	(794)
Total valuation, translation adjustments and others	(76)	(1,813)	(773)
Minority interests	855	888	8,704
Total net assets	86,330	84,528	878,857
Total liabilities and net assets	¥223,875	¥239,770	$2,279,090

See notes to consolidated financial statements.

KYUDENKO CORPORATION and Consolidated Subsidiaries

Consolidated Statements of Operations

	Year ended March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Net sales	¥245,388	¥236,206	2,498,096
Cost of sales *(Note 10)*	221,386	212,892	2,253,751
Gross profit	24,002	23,314	244,345
Selling, general and administrative expenses *(Note 10)*	16,987	16,376	172,931
Operating income	7,015	6,938	71,414
Other income (expenses):			
Interest and dividend income	392	449	3,991
Interest expense	(182)	(277)	(1,853)
Loss on devaluation of investment securities	(5,824)	(186)	(59,289)
Gain (loss) on sales of property and equipment	(10)	55	(102)
Gain (loss) on sales of investment securities	(31)	83	(316)
Additional retirement allowances paid	(236)	(426)	(2,403)
Provision of allowance for investment loss	(363)	–	(3,695)
Other, net	1,603	878	16,319
Income before income taxes and minority interests	2,364	7,514	24,066
Income taxes *(Note 8)*:			
Current	734	2,696	7,473
Deferred	707	1,395	7,197
	1,441	4,091	14,670
Minority interests	(24)	(54)	(244)
Net income *(Note 11)*	¥ 899	¥ 3,369	$ 9,152

See notes to consolidated financial statements.

KYUDENKO CORPORATION and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets

		Shareholders' equity					Valuation, translation adjustments and others				
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain (loss) on other securities	Translation adjustments	Total valuation, translation adjustments and others	Minority interests	Total net assets
	(Thousands)					*(Millions of yen)*					
Balance at March 31, 2007	83,005	¥7,902	¥7,890	¥70,741	¥(3,681)	¥82,852	¥1,354	¥(7)	¥1,347	¥863	¥85,062
Cash dividends paid	–	–	–	(745)	–	(745)	–	–	–	–	(745)
Decrease due to inclusion of subsidiaries in consolidation	–	–	–	6	–	6	–	–	–	–	6
Net income	–	–	–	3,369	–	3,369	–	–	–	–	3,369
Purchases of treasury stock	–	–	–	–	(29)	(29)	–	–	–	–	(29)
Net changes in items other than those in shareholders' equity during the year	–	–	–	–	–	–	(3,178)	18	(3,160)	25	(3,135)
Balance at March 31, 2008	83,005	7,902	7,890	73,371	(3,710)	85,453	(1,824)	11	(1,813)	888	84,528
Cash dividends paid	–	–	–	(744)	–	(744)	–	–	–	–	(744)
Decrease due to inclusion of subsidiaries in consolidation	–	–	–	(9)	–	(9)	–	–	–	–	(9)
Net income	–	–	–	899	–	899	–	–	–	–	899
Purchases of treasury stock	–	–	–	–	(48)	(48)	–	–	–	–	(48)
Net changes in items other than those in shareholders' equity during the year	–	–	–	–	–	–	1,826	(89)	1,737	(33)	1,704
Balance at March 31, 2009	83,005	¥7,902	¥7,890	¥73,517	¥(3,758)	¥85,551	¥2	¥(78)	¥(76)	¥855	¥86,330

		Shareholders' equity					Valuation, translation adjustments and others				
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain (loss) on other securities	Translation adjustments	Total valuation, translation adjustments and others	Minority interests	Total net assets
	(Thousands)					*(Thousands of U.S. dollars)*					
Balance at March 31, 2008	83,005	$80,444	$80,322	$746,932	$(37,768)	$869,930	$(18,569)	$112	$(18,457)	$9,041	$860,514
Cash dividends paid	–	–	–	(7,574)	–	(7,574)	–	–	–	–	(7,574)
Decrease due to inclusion of subsidiaries in consolidation	–	–	–	(92)	–	(92)	–	–	–	–	(92)
Net income	–	–	–	9,152	–	9,152	–	–	–	–	9,152
Purchases of treasury stock	–	–	–	–	(490)	(490)	–	–	–	–	(490)
Net changes in items other than those in shareholders' equity during the year	–	–	–	–	–	–	18,590	(906)	17,684	(337)	17,347
Balance at March 31, 2009	83,005	$80,444	$80,322	$748,418	$(38,258)	$870,926	$21	$(794)	$(773)	$8,704	$878,857

See notes to consolidated financial statements.

KYUDENKO CORPORATION and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

	Year ended March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Operating activities			
Income before income taxes and minority interests	¥ 2,364	¥ 7,514	$ 24,066
Depreciation and amortization	2,479	8,666	25,237
Provision for retirement benefits, net of payments	(1,145)	(2,048)	(11,656)
Interest and dividend income	(392)	(449)	(3,991)
Interest expense	181	277	1,843
Unrealized loss on securities	5,824	186	59,289
Loss (gain) on sales of securities	31	(83)	316
Loss on sales and disposal of property and equipment, net	18	1,379	183
Trade notes and accounts receivable	8,604	24,463	87,589
Inventories	2,390	(4,535)	24,331
Trade notes and accounts payable	(7,393)	(15,595)	(75,262)
Payables relating to defined contribution plan	–	(1,450)	–
Advances received on construction contracts in progress	3,823	4,617	38,919
Long-term accounts payable	(1,522)	–	(15,494)
Other	2,727	(3,014)	27,761
	17,989	19,928	183,131
Interest and dividends received	392	449	3,991
Interest paid	(181)	(277)	(1,843)
Income taxes paid	(3,193)	(1,607)	(32,505)
Income taxes refunded	219	–	2,230
Net cash provided by operating activities	15,226	18,493	155,004
Investing activities			
Purchases of marketable and investment securities	(741)	(3,032)	(7,544)
Proceeds from sales of marketable and investment securities	1,337	1,808	13,611
Purchases of property and equipment	(3,993)	(7,951)	(40,649)
Proceeds from sales of property and equipment	81	483	825
(Increase) decrease in time deposits	(1,568)	104	(15,963)
Decrease (increase) in long-term loans receivable	36	(2,316)	366
Other	(223)	(2,080)	(2,270)
Net cash used in investing activities	(5,071)	(12,984)	(51,624)
Financing activities			
Decrease in short-term bank loans	(10,062)	(6,826)	(102,432)
(Decrease) increase in long-term debt	(65)	2,659	(661)
Cash dividends paid	(744)	(746)	(7,574)
Purchases of treasury stock	(48)	(29)	(490)
Other	(3)	(3)	(31)
Net cash used in financing activities	(10,922)	(4,945)	(111,188)
Effect of exchange rate changes on cash and cash equivalents	(9)	(20)	(92)
Net (decrease) increase in cash and cash equivalents	(776)	544	(7,900)
Cash and cash equivalents at beginning of year	13,572	12,981	138,166
Increase due to inclusion of subsidiaries in consolidation	17	47	173
Cash and cash equivalents at end of year	¥ 12,813	¥ 13,572	$ 130,439

See notes to consolidated financial statements.

KYUDENKO CORPORATION

Notes to Consolidated Financial Statements

March 31, 2009

1. Basis of Presentation

KYUDENKO CORPORATION (the "Company") and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its foreign subsidiaries maintain their books of account in conformity with those of their countries of domicile.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required under the Financial Instruments and Exchange Law of Japan and, accordingly, have been prepared 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.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

2. Summary of Significant Accounting Policies

(a) Basis of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and significant companies controlled directly or indirectly by the Company. Significant companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions have been eliminated in consolidation.

The excess of cost over underlying net assets at fair value as of the dates of acquisition is amortized over a period of 5 years on a straight-line basis.

Investments in companies which are not consolidated or accounted for by the equity method are carried at cost.

(b) Cash equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

2. Summary of Significant Accounting Policies (continued)

(c) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates in effect at the balance sheet date. All other assets and liabilities denominated in foreign currencies are translated at their historical rates. All revenues and expenses associated with foreign currencies are translated at the rates of exchange prevailing when such transactions were made. The resulting exchange losses and gains are charged or credited to income.

Revenue and expense accounts of the foreign consolidated subsidiaries are translated at the average rate during the year and, except for the components of net assets excluding minority interests, the balance sheet accounts are translated into yen at the exchange rates in effect at the balance sheet date. The components of net assets excluding minority interests are translated at their historical exchange rates.

(d) Securities

Securities other than those of subsidiaries and affiliates are classified into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and held-to-maturity securities are carried 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, included directly in net assets. In cases where an embedded derivative in a compound financial instrument is unable to be separately measured, the entire compound financial instrument is measured at fair value with changes in value charged or credited to income. Non-marketable securities classified as other securities are carried at cost except for investments in limited partnerships that are accounted for by the equity method. Cost of securities sold is determined by the moving average method.

(e) Allowance for doubtful receivables

The allowance for doubtful receivables is provided at an amount determined based on the historical experience of bad debt with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers which are experiencing financial difficulties.

(f) Inventories

Construction contracts in progress are stated at cost by the specific identification method.
Real estate construction in progress is stated at cost by the specific identification method. Materials and supplies are chiefly stated at cost by the average method.
The balance sheet amounts of inventories are calculated at the lower of cost or net selling value by decreasing the book value based on any declines in profitability.

2. Summary of Significant Accounting Policies (continued)

(Change in valuation method for inventories)

Effective the year ended March 31, 2009, the Company adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9 issued on July 5, 2006). The effect of the change on operating income and income before income taxes and minority interests is negligible.

The effect of this change on segment information is explained in Note 16.

(g) Property and equipment and depreciation

Property, plant and equipment is stated at cost.

Depreciation of property and equipment is computed by the declining-balance method, except for buildings on which depreciation is computed by the straight-line method, based on the estimated useful lives of the respective assets. Depreciation of leased assets (lessees' accounting) and property for lease (lessors' accounting) is computed by the straight-line method over the respective lease terms.

Significant renewals and additions are capitalized at cost. Maintenance, repairs and minor renewals are charged to income as incurred.

(Changes in method of depreciation of tangible fixed assets)

In accordance with the revision made to the Corporate Tax Law of Japan (the "Tax Law") which went into effect on April 1, 2007, effective the year ended March 31, 2008, the Company and domestic consolidated subsidiaries have adopted the new method prescribed in the revised Tax Law for depreciating tangible fixed assets acquired on or after April 1, 2007. The effect of this change on the Company's operating results was immaterial for the year ended March 31, 2008.

In addition to the above adoption, effective the year ended March 31, 2008, these companies depreciate the difference between 5% of acquisition cost and the nominal value by the straight-line method over a period of five years from the year following the year in which the accumulated depreciation has reached 95% of acquisition cost with respect to the tangible fixed assets acquired on or before March 31, 2007. As a result, operating income, and income before income taxes and minority interests both decreased by ¥98 million ($997 thousand) for the year ended March 31, 2008 from the corresponding amounts which would have been reported under the previous method.

The effect of this change on segment information is explained in Note 16.

2. Summary of Significant Accounting Policies (continued)

(Additional information)

Effective the year ended March 31, 2009, following the revision to the Tax Low, the useful life of certain machinery has been reviewed to reflect more realistic useful lives. As a result, the useful lives of certain machinery were changed. The effect of the change on operating income and income before income taxes and minority interests is negligible.

The effect of this change on segment information is explained in Note 16.

(h) Research and development costs

Research and development costs are charged to income as incurred.

(i) Income taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities, and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(j) Retirement benefits

Accrued retirement benefits for employees are provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the balance sheet dates, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the eligible employees. Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over the average remaining years of service of the employees (14 years through 16 years). Prior service cost is amortized by the straight-line method over the average remaining years of service of the employees (14 years through 15 years).

In addition, directors and corporate auditors of the Company are customarily entitled to lump-sum payments under the unfunded retirement benefit plan. Provision for retirement benefits for these officers has been made at estimated amounts.

(k) Recognition of revenue and related costs

Revenue from construction contracts and the related costs are recognized by the completed-contract method.

2. Summary of Significant Accounting Policies (continued)

(l) Leases

Finance leases are, in principle, capitalized. However, finance lease transactions that do not transfer ownership of the leased asset to the lessee, commencing before April 1, 2008, are accounted for as operating lease transactions with certain “as if capitalized” information disclosed in the notes to the consolidated financial statements.

(Changes in accounting for lease transactions)

Effective the year ended March 31, 2009, the Company adopted the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13, issued by the ASBJ on March 30, 2007, revising the original standard issued by the Standards Committee of the Business Accounting Council on June 17, 1993), and “Implementation Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No.16, issued by the ASBJ on March 30, 2007, revising the Practical Guidance issued by the Accounting Practice Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994). Accordingly, finance lease transactions that do not transfer ownership of the leased assets, which were previously accounted for as operating leases, are capitalized as ordinary sale and purchase transactions.

-Lessees’ accounting-

For finance lease transactions that do not transfer ownership, those commencing prior to April 1, 2008 will continue to be accounted for as operating leases. As a result, the effect on operating income and income before income taxes and minority interests is negligible.

-Lessors’ accounting-

Regarding income from finance lease transactions, both sales revenues and cost of sales are recognized when lease payments are received. For finance lease transactions entered into prior to April 1, 2008 where ownership of the leased assets is not transferred, lease investment assets are recognized at the amount of the book value of the leased assets as of March 31, 2008 as if the finance leases were entered into at the same amount on April 1, 2008. As a result, lease investment assets at March 31, 2009 increased by ¥12,711 million ($129,403 thousand) as compared with the corresponding amounts which would have been recorded under the previous method, but the effect on operating income and income before income taxes and minority interests is negligible.

The effect of this change on segment information is explained in Note 16.

2. Summary of Significant Accounting Policies (continued)

(m) Derivative financial instruments

The Company has invested in compound financial instruments with embedded derivatives as part of its excess cash management. Derivative financial instruments are carried at fair value with changes in unrealized gain or loss charged or credited to operations.

(n) Adoption of new accounting standard

(Unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements)

Effective the year ended March 31, 2009, the Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements" (ASBJ Practical Issues Task Force No.18, issued by the ASBJ on May 17, 2006). The adoption of the new accounting standard had no impact on the Company's consolidated operating results.

The effect of this change on segment information is explained in Note 16.

3. U.S. Dollar Amounts

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

4. Inventories

Inventories at March 31, 2009 and 2008 consisted of the following:

	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Construction contracts in progress	¥27,784	¥28,314	$282,846
Real estate construction in progress	1,111	1,096	11,310
Materials and supplies	1,973	3,849	20,086
Total	¥30,868	¥33,259	$314,242

5. Depreciation

Depreciation of property and equipment for the years ended March 31, 2009 and 2008 was as follows:

2009	2008	2009
(Millions of yen)		*(Thousands of U.S. dollars)*
¥2,479	¥8,666	$25,237

6. Short-Term Bank Loans and Long-Term Debt and Lease Obligations

Short-term bank loans are unsecured and, in general, consisted of 365-day notes principally at annual weighted average interest rates of 0.988% and 1.137% at March 31, 2009 and 2008, respectively.

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

	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Loans from banks due through 2027 at interest rates ranging from 0.86% to 3.50%	¥21,311	¥21,376	$216,950
Lease obligations due through 2014	500	-	5,090
	21,811	21,376	222,040
Less current portion	(6,168)	(5,503)	(62,791)
	¥15,643	¥15,873	$159,249

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

Year ending March 31,	*(Millions of yen)*	*(Thousands of U.S. dollars)*
2010	¥ 6,168	$ 62,791
2011	6,753	68,748
2012	4,684	47,684
2013	2,548	25,939
2014	868	8,836
2015 and thereafter	790	8,042
	¥21,811	$222,040

The Company has entered into loan commitment agreements amounting to ¥10,000 million ($101,802 thousand) with banks. Loans payable outstanding at March 31, 2009 under those loan commitment agreements amounted to ¥3,000 million ($30,541 thousand).

7. Shareholders' Equity

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be distributed 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 common 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, but neither the capital reserve nor the legal reserve is available for distributions.

The following distribution of retained earnings of the Company, which have not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2009, was approved at a meeting of the Board of Directors held on May 12, 2009:

	(Millions of yen)	*(Thousands of U.S. dollars)*
Cash dividends (¥5 = $0.05 per share)	¥372	$3,787

8. Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries comprise corporation, enterprise and inhabitants' taxes which, in the aggregate, resulted in a statutory tax rate of 40.44% for 2009 and 2008.

The effective tax rates reflected in the consolidated statements of income for the years ended March 31, 2009 and 2008 differ from the statutory tax rate for the following reasons:

	2009	**2008**
Statutory tax rate	40.44%	40.44%
Effect of:		
Expenses permanently not deductible for income tax purposes	22.36	7.38
Dividend income deductible for income tax purposes	(3.03)	(0.98)
Inhabitants' per capita taxes	6.89	2.18
Equity in earnings of affiliates and other consolidation adjustments	(1.02)	(0.61)
Valuation allowance	0.91	3.16
Other, net	(5.60)	2.88
Effective tax rates	60.95%	54.45%

8. Income Taxes (continued)

The significant components of deferred tax assets and liabilities as of March 31, 2009 and 2008 were as follows:

	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Deferred tax assets:			
Accrued bonuses	¥ 2,210	¥ 2,031	$ 22,498
Accrued retirement benefits	10,608	11,276	107,991
Payables relating to defined contribution plans	1,509	2,127	15,362
Depreciation of fixed assets	1,074	997	10,934
Allowance for doubtful receivables	1,453	2,175	14,792
Other	5,010	6,156	51,003
Gross deferred tax assets	21,864	24,762	222,580
Valuation allowance	(4,889)	(5,172)	(49,771)
Total deferred tax assets	16,975	19,590	172,809
Deferred tax liabilities:			
Reserve under Special Taxation Measures Law	(1,659)	(1,678)	(16,889)
Other	(422)	(1,061)	(4,296)
Total deferred tax liabilities	(2,081)	(2,739)	(21,185)
Net deferred tax assets	¥14,894	¥16,851	$151,624

9. Retirement Benefit Plans

The Company and its domestic consolidated subsidiaries have defined contribution plans as well as defined benefit plans, i.e., corporate pension plans, welfare pension fund plans ("WPFP"), and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity 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.

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

	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Retirement benefit obligation	¥(51,163)	¥(52,044)	$(520,849)
Plan assets at fair value	20,251	24,268	206,159
Unfunded retirement benefit obligation	(30,912)	(27,776)	(314,690)
Unrecognized actuarial loss	13,917	11,010	141,678
Unrecognized prior service cost	(9,808)	(10,838)	(99,847)
Net retirement benefit obligation	(26,803)	(27,604)	(272,859)
Prepaid pension expense	(16)	(336)	(163)
Accrued retirement benefits	¥(26,819)	¥(27,940)	$(273,022)

9. Retirement Benefit Plans (continued)

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

	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Service cost	¥ 2,575	¥ 1,691	$ 26,214
Interest cost	1,172	1,214	11,931
Expected return on plan assets	(697)	(786)	(7,095)
Amortization of actuarial loss	1,244	1,103	12,664
Amortization of prior service cost	(1,029)	(1,029)	(10,475)
Subtotal	3,265	2,193	33,239
Contributions made to defined contribution plans	367	358	3,736
Total	¥ 3,632	¥ 2,551	$36,975

In addition to the above retirement benefit expenses, additional retirement allowances of ¥236 million ($2,402 thousand) and ¥426 million were paid for the years ended March 31, 2009 and 2008, respectively.

The assumptions used in the accounting for the above plans are as follows:

	2009	2008
Discount rate	2.50%	2.50%
Expected rate of return on plan assets	3.50%	3.50%

10. Research and Development Costs

Research and development costs included in cost of sales and selling, general and administrative expenses for the years ended March 31, 2009 and 2008 amounted to ¥275 million ($2,800 thousand) and ¥258 million, respectively.

11. Amounts per Share

	2009	2008	2009
	(Yen)		*(U.S. dollars)*
Net income	¥ 12.07	¥ 45.21	$0.12
Cash dividends	10.00	10.00	0.10
Net assets	1,148.17	1,122.51	11.69

Net income per share is computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year, and amounts per share of net assets are computed based on the net assets excluding minority interests and the number of shares of common stock outstanding at the year end.

Cash dividends per share represent the cash dividends declared as applicable to the respective years, together with the interim cash dividends paid.

12. Leases

(Lessors' accounting)

a) Finance leases

The following amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets relating to finance leases accounted for as operating leases at March 31, 2008:

	2008
	(Millions of yen)
Acquisition costs:	
Machinery and equipment	¥27,285
Accumulated depreciation:	
Machinery and equipment	¥14,806
Net book value:	
Machinery and equipment	¥12,479

Lease income relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥2,557 million for the year ended March 31, 2008.
Depreciation of the assets leased under finance leases accounted for as operating leases and the interest portion included in lease income amounted to ¥2,307 million and ¥204 million, respectively, for the year ended March 31, 2008.

Future minimum lease income subsequent to March 31, 2008 for finance leases accounted for as operating leases is summarized as follows:

Year ending March 31,	*(Millions of yen)*
2009	¥ 4,192
2010 and thereafter	7,462
Total	¥11,654

Lease investment assets at March 31, 2009 consist of follows:

	2009	2009
	(Millions of yen)	*(Thousands of U.S. dollars)*
Minimum lease payments receivable	¥15,792	$160,766
Estimated residual value	669	6,810
Future interest income	(3,750)	(38,176)
Total	¥12,711	$129,400

12. Leases (continued)

(Lessors' accounting) (continued)

At March 31, 2009, the amounts due in each of the next five years and thereafter are as follows:

(Lease receivables)

Year ending March 31,	*(Millions of yen)*	*(Thousands of U.S. dollars)*
2010	¥ 732	$ 7,452
2011	633	6,444
2012	517	5,263
2013	455	4,632
2014	1,460	14,863
2015 and thereafter	1,829	18,620
Total	¥5,626	$57,274

(Minimum lease payments receivable under lease investment assets)

Year ending March 31,	*(Millions of yen)*	*(Thousands of U.S. dollars)*
2010	¥ 4,728	$ 48,133
2011	3,038	30,927
2012	2,220	22,600
2013	1,407	14,324
2014	796	8,103
2015 and thereafter	3,603	36,679
Total	¥15,792	$160,766

b) Operating leases

Future minimum operating lease income subsequent to March 31, 2009 from non-cancelable operating leases is summarized as follows:

Year ending March 31,	*(Millions of yen)*	*(Thousands of U.S. dollars)*
2010	¥ 71	$ 723
2011 and thereafter	87	885
Total	¥ 158	$1,608

12. Leases (continued)

(Lessees' accounting)

a) Finance leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets as of March 31, 2009 and 2008, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Acquisition costs:			
Machinery and equipment	¥352	¥499	$3,583
Accumulated depreciation:			
Machinery and equipment	¥250	¥311	$2,545
Net book value:			
Machinery and equipment	¥102	¥188	$1,038

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥95 million ($967 thousand) and ¥111 million for the years ended March 31, 2009 and 2008, respectively. Depreciation of the leased assets computed by the straight-line method over the respective lease terms and the interest portion included in lease payments amounted to ¥89 million ($906 thousand) and ¥4 million ($41 thousand), respectively, for the year ended March 31, 2009 and ¥107 million and ¥3 million, respectively, for the year ended March 31, 2008.

Future minimum lease payments subsequent to March 31, 2009 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31,	*(Millions of yen)*	*(Thousands of U.S. dollars)*
2010	¥64	$ 652
2011 and thereafter	41	417
Total	¥105	$1,069

13. Contingent Liabilities

The Company and its consolidated subsidiaries had the following contingent liabilities at March 31, 2009:

	(Millions of yen)	*(Thousands of U.S. dollars)*
Trade notes receivable endorsed and discounted with banks	¥ 19	$ 193
Guarantees of indebtedness	1,740	17,713

14. Securities

a) Information regarding marketable securities classified as other securities as of March 31, 2009 and 2008 is as follows:

	March 31, 2009					
	Acquisition cost	Carrying value	Gross unrealized gains (losses)	Acquisition cost	Carrying value	Gross unrealized gains (losses)
	(Millions of yen)			*(Thousands of U.S. dollars)*		
Securities whose carrying value exceeds their acquisition cost						
Equity securities	¥ 1,152	¥ 2,398	¥ 1,246	$ 11,728	$ 24,413	$ 12,685
Debt securities	423	581	158	4,306	5,914	1,608
Others	105	110	5	1,069	1,120	51
Subtotal	¥ 1,680	¥ 3,089	¥ 1,409	$ 17,103	$ 31,447	$ 14,344
Securities whose acquisition cost exceeds their carrying value						
Equity securities	¥ 7,003	¥ 6,058	¥ (945)	$ 71,292	$ 61,672	$ (9,620)
Debt securities	2,369	2,038	(331)	24,117	20,747	(3,370)
Others	705	556	(149)	7,177	5,660	(1,517)
Subtotal	¥10,077	¥ 8,652	¥(1,425)	$102,586	$ 88,079	$(14,507)
Total	¥11,757	¥11,741	¥ (16)	$119,689	$119,526	$ (163)

	March 31, 2008		
	Acquisition cost	Carrying value	Gross unrealized gains (losses)
	(Millions of yen)		
Securities whose carrying value exceeds their acquisition cost			
Equity securities	¥ 1,102	¥ 2,533	¥ 1,431
Debt securities	1,167	1,303	136
Others	194	212	18
Subtotal	¥ 2,463	¥ 4,048	¥ 1,585
Securities whose acquisition cost exceeds their carrying value			
Equity securities	¥12,448	¥ 8,123	¥(4,325)
Debt securities	2,464	2,208	(256)
Others	926	672	(254)
Subtotal	¥15,838	¥11,003	¥(4,835)
Total	¥18,301	¥15,051	¥(3,250)

14. Securities (continued)

b) Information regarding sales of securities classified as other securities for the years ended March 31, 2009 and 2008 is as follows:

	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Proceeds from sales	¥1,192	¥ 1,571	$12,135
Gains on sales	25	20	255
Losses on sales	56	14	570

c) The redemption schedule for securities with maturity dates classified as other securities and held-to-maturity debt securities as of March 31, 2009 is as follows:

	Due in one year or less	Due after one year through 5 years	Due after 5 years through 10 years	Due in one year or less	Due after one year through 5 years	Due after 5 years through 10 years
	(Millions of yen)			*(Thousands of U.S. dollars)*		
Debt securities:						
Government bonds	¥ 20	¥ –	¥ –	$ 204	$ –	$ –
Corporate bonds	–	278	192	–	2,830	1,955
Other debt securities	11	157	297	112	1,598	3,023
Other	54	472	538	550	4,805	5,477
Total	¥ 85	¥ 907	¥1,027	$ 866	$ 9,233	$10,455

15. Related Party Transactions

Consolidated net sales included those to Kyushu Electric Power Co., Inc. who has an approximately 30% ownership interest in the Company, in the amounts of ¥56,071 million ($570,813 thousand) and ¥59,456 million for the years ended March 31, 2009 and 2008, respectively. The related receivables at March 31, 2009 and 2008 amounted to ¥7,929 million ($80,719 thousand) and ¥8,608 million, respectively.

The terms of the transactions referred to above were negotiated and determined on an arm's-length basis.

(Additional information)

Effective from the year ended March 31, 2009, the Company adopted the "Accounting Standard for Related Party Disclosures" (ASBJ Statement No.11, issued on October 17, 2006) and "Guidance on Accounting Standard for Related Party Disclosures" (ASBJ Guidance No.13, issued on October 17, 2006).

16. Segment Information

The Company and its consolidated subsidiaries are primarily engaged in the equipment construction business in Japan. The business segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2009 and 2008 is as follows:

	Year ended March 31, 2009					
	Equipment construction work	Leasing	Other	Total	Eliminations	Consolidated
			(Millions of yen)			
I. Sales and operating income						
Sales to third parties	¥231,696	¥ 7,513	¥ 6,179	¥245,388	¥ –	¥245,388
Intersegment sales and transfers	466	2,735	18,495	21,696	(21,696)	–
Total sales	232,162	10,248	24,674	267,084	(21,696)	245,388
Operating expenses	225,874	9,677	24,444	259,995	(21,622)	238,373
Operating income	¥ 6,288	¥ 571	¥ 230	¥ 7,089	¥ (74)	¥ 7,015
II. Assets, depreciation and capital expenditures						
Total assets	¥191,140	¥32,318	¥17,034	¥240,492	¥(16,617)	¥223,875
Depreciation and amortization	2,084	114	314	2,512	(33)	2,479
Capital expenditures	2,578	196	1,530	4,304	(46)	4,258

	Year ended March 31, 2009					
	Equipment construction work	Leasing	Other	Total	Eliminations	Consolidated
			(Thousands of U.S. dollars)			
I. Sales and operating income						
Sales to third parties	$2,358,709	$ 76,484	$ 62,903	$2,498,096	$ –	$2,498,096
Intersegment sales and transfers	4,744	27,843	188,283	220,870	(220,870)	–
Total sales	2,363,453	104,327	251,186	2,718,966	(220,870)	2,498,096
Operating expenses	2,299,440	98,514	248,845	2,646,799	(220,117)	2,426,682
Operating income	$ 64,013	$ 5,813	$ 2,341	$ 72,167	$ (753)	$ 71,414
II. Assets, depreciation and capital expenditures						
Total assets	$1,945,841	$329,003	$173,410	$2,448,254	$(169,164)	$2,279,090
Depreciation and amortization	21,216	1,161	3,196	25,573	(336)	25,237
Capital expenditures	26,245	1,995	15,576	43,816	(468)	43,348

16. Segment Information (continued)

	Year ended March 31, 2008					
	Equipment construction work	Leasing	Other	Total	Eliminations	Consolidated
	(Millions of yen)					
I. Sales and operating income						
Sales to third parties	¥223,900	¥ 6,617	¥ 5,689	¥236,206	¥ –	¥236,206
Intersegment sales and transfers	660	2,774	16,609	20,043	(20,043)	–
Total sales	224,560	9,391	22,298	256,249	(20,043)	236,206
Operating expenses	218,356	9,041	21,909	249,306	(20,038)	229,268
Operating income	¥ 6,204	¥ 350	¥ 389	¥ 6,943	¥ (5)	¥ 6,938
II. Assets, depreciation and capital expenditures						
Total assets	¥202,303	¥34,483	¥15,044	¥251,830	¥(12,060)	¥239,770
Depreciation and amortization	2,082	6,363	261	8,706	(40)	8,666
Capital expenditures	1,629	6,124	570	8,323	(31)	8,292

(Change in method of depreciation of tangible fixed assets)

As described in Note 2(g), effective the year ended March 31, 2008, the Company and its domestic subsidiaries have depreciated the difference between 5% of acquisition cost and the nominal value by the straight-line method over a period of five years from the year following the year in which the accumulated depreciation has reached 95% of acquisition cost with respect to the tangible fixed assets acquired on or before March 31, 2007. As a result, operating income for the “Equipment construction work” segment decreased by ¥98 million for the year ended March 31, 2008 from the corresponding amount which would have been recorded under the previous method.

(Change in valuation method for inventories)

As described in Note 2(f), effective the year ended March 31, 2009, the Company adopted the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No.9 issued on July 5, 2006). The effect of the change on operating income of each segment is negligible.

(Changes in accounting for lease transactions)

As described in Note 2(l), effective the year ended March 31, 2009, the Company adopted the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13, issued by the ASBJ on March 30, 2007, revising the original standard issued by the Standards Committee of the Business Accounting Council on June 17, 1993), and “Implementation Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No.16, issued by the ASBJ on March 30, 2007, revising the Practical Guidance issued by the Accounting Practice Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994). The effect of the change on operating income of each segment is negligible.

16. Segment Information (continued)

(Unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements)

As described in Note 2(n), effective the year ended March 31, 2009, the Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements" (ASBJ Practical Issues Task Force No.18, issued by the ASBJ on May 17, 2006). There was no effect on segment operating income as a result of this change.

(Change in the useful life of tangible fixed assets)

As described in Note 2(g), effective the year ended March 31, 2009, following the revision to the Tax Law, the useful life of certain machinery has been reviewed to reflect more realistic useful lives. As a result, the useful lives of certain machinery were changed. The effect of the change on operating income of each segment is negligible.

The disclosure of geographical segment information has been omitted as net sales and total assets of the foreign operations constituted less than 10% of the consolidated totals for both years ended March 31, 2009 and 2008.

Overseas sales of the Company and its consolidated subsidiaries constituted less than 10% of the consolidated net sales for both years ended March 31, 2009 and 2008.