RAITO KOGYO CO., LTD.

ANNUAL REPORT 2006

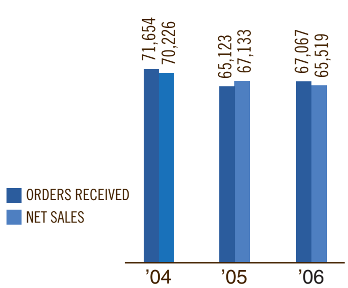
Integrating originality, integrity and a keen sense of responsibility, **Raito Kogyo Co., Ltd.** has continued to develop and market proprietary technologies in tune with the needs of each era. Since its foundation in 1943 as a specialist civil engineering contractor, Raito Kogyo has endeavored to expand business operations encompassing tunnel repair and maintenance, disaster-proof slope protection, as well as soft-ground stabilization.

As a **leading company** in its field, Raito Kogyo enjoys significant market acclaim for its technological expertise. Active in the fields of land preservation, local infrastructure and environmental conservation, and based on the wealth of experience and skills cultivated over many years, the Company will consistently create new values and contribute to society in harmony with its natural surroundings.

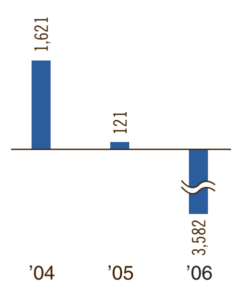
Consolidated Financial Highlights

	Millions of yen						Thousands of U.S. dollars
	2006	2005	2004	2003	2002	2001	**2006**
FOR THE YEAR:							
Orders received	**¥67,067**	¥65,123	¥71,654	¥ 72,698	¥83,010	¥101,716	**$ 570,893**
Net sales	**65,519**	67,133	70,226	73,979	87,145	104,415	**557,703**
Income (loss) from operations	**(2,763)**	702	1,846	1,550	3,064	5,019	**(25,523)**
Income (loss) before income taxes	**(3,097)**	292	1,689	(5,145)	2,347	4,900	**(26,366)**
Net income (loss)	**(3,582)**	121	1,621	(6,418)	1,035	2,688	**(30,493)**
AT YEAR-END:							
Total assets	**¥63,352**	¥68,252	¥68,244	¥ 68,124	¥80,549	¥ 83,284	**$539,256**
Shareholders' equity	**35,101**	39,527	40,424	38,810	47,282	46,599	**298,785**
Common stock	**6,119**	6,119	6,119	6,119	6,119	6,119	**52,090**
AMOUNTS PER SHARE:							
(in yen and dollars)							
Net income (loss)	**¥ (68.02)**	¥ 1.88	¥ 29.59	¥(116.36)	¥ 17.91	¥ 46.50	**$ (0.58)**
Shareholders' equity	**666.44**	750.03	753.55	724.08	817.97	806.15	**5.67**
PERFORMANCE INDICATORS:							
(%)							
Equity capital ratio	**55.4**	57.9	59.2	57.0	58.7	56.0	—
Return on equity	—	0.3	4.1	—	2.2	5.9	—
Number of employees	**1,178**	1,175	1,203	1,195	1,387	1,456	—

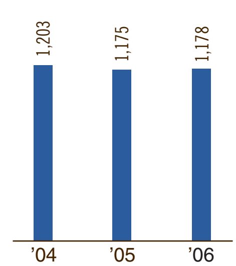
Note: U.S. dollar amounts above and elsewhere in this annual report are converted from Japanese yen, for convenience only, at the rate of ¥117.48=US$1.00, the rate on March 31, 2006 for the readers' convenience only.



ORDERS RECEIVED, NET SALES
(Millions of yen)



NET INCOME (LOSS)
(Millions of yen)



NUMBER OF EMPLOYEES

Operating Environment and Results

The Japanese economy exhibited clear signs of a recovery during the fiscal year ended March 31, 2006. In the construction industry, the Raito Kogyo Group's principal business domain, however, conditions were mixed. On the one hand, private-sector construction investment was steady with increased public sector spending in disaster-related construction. On the other hand, a drop in the level of total public-sector construction orders led to overall difficult operating conditions.

Under these circumstances, Raito Kogyo's consolidated net sales for the fiscal year under review contracted 2.4% compared with the previous fiscal year to ¥65,519 million. On the earnings front, gross profit dropped 39.4% year on year to ¥5,465 million impacted by the decline in construction profit margins reflecting intense competition for new orders in Japan and the significant loss on construction work undertaken by the U.S.-based operations.

As a result, Raito Kogyo incurred a loss before income taxes totaling ¥3,097 million and a net loss for the fiscal year under review of ¥3,582 million. This substantial turnaround in the Company's performance is mainly attributed to extraordinary losses comprising an approximate ¥553 million loss on devaluation of investment in subsidiaries and an approximate ¥2,967 million loss for the expenses to support Raito Kogyo's U.S.-based operations.

Results by Business Segment

In its construction business, the Raito Kogyo Group's mainstay activity, consolidated net sales totaled ¥64,976 million, a decrease of 2.7% compared with the previous fiscal year. Of this amount sales of the parent company were ¥60,907 million, down 3.9% compared with the previous fiscal year, while sales of its U.S.-based subsidiary amounted to ¥4,068 million, up 20.3%.

Construction orders for the fiscal year under review rose 3.0% year on year to ¥67,067 million. Of this, slope protection projects accounted for ¥32,626 million, an increase of 6.2% reflecting the growth in orders for disaster-recovery and slope protection work. Orders for ground improvement projects amounted to ¥20,537 million, a decline of 17.6%. In this area, a year-on-year drop in large-scale projects in Japan for KEN-O-DO expressways and railway-related construction impacted orders. Conditions were exacerbated by thorough order screening in the United States of low-profit construction in the same area.

Orders for structural repair projects were down 3.5% to ¥2,299 million. An overall decline in repair construction offset increased work for tunnel repair to prevent disaster damage. Anti-pollution project orders climbed 46.9% to ¥1,962 million mainly due to soil-cement cutoff wall construction in line with increased concern relating to waste disposal and treatment. Despite a contraction in orders from local governments for sewage main construction projects, strong demand for large-scale road works fueled a 67.2% jump to ¥9,641 million in the "others" category.

Medium-Term Management Strategies and Pending Issues

Against this backdrop, the Raito Kogyo Group has identified the following issues and strategies as the means to secure earnings recovery and sustainable growth from a medium- to long-term perspective.

1. Reinforce Existing Businesses

Raito Kogyo will strive to further cement the Group's competitive advantage in the specialized engineering field by focusing on marketing and promotion of its proprietary methods and high quality assurance grounded in sophisticated construction techniques. At the same time, we will increase productivity by reviewing its internal control systems.

2. Expand New Markets

Raito Kogyo will redouble its efforts in disaster prevention areas, such as liquefaction prevention and port and embankment reinforcement. In the field of environmental protection and improvement, the Company will expand activities in the contaminated soil stabilization and containment market by applying its proprietary methods as well as the unrivalled earthquake-resistant continuous wall technique.

Complementing existing techniques, the Company is committed to further developing businesses especially in the repair field utilizing image analysis technology including a variety of techniques such as surveys, analyses and simulations based on spatial information technology.

Raito Kogyo recognizes the role overseas markets will play in its future growth. Accordingly, the entire Group will position overseas business development as a core theme for future operations.

In the United States, the Group's activities have been buffeted by the deficit in operations in a particular region and the need to remediate deficiencies in completed works in which a new technology was applied. We are reconstructing U.S. operations by reviewing operating regions and focusing on proprietary technologies of higher efficiency.

3. Develop Environmentally Friendly Proprietary Processes and Equipment

Raito Kogyo will reinforce its competitive advantage in the specialized civil engineering field by developing unique methods and equipment in tune with trends toward a recycling-oriented society. This includes techniques for the reuse of construction by-products such as waste soil and cut trees produced on site, earth excavation methods that prevent the incidence of sludge, and other techniques.

4. Bolster Earnings Structure

The Company will strengthen its profit structure by improving marketing and construction activities. To this end, Raito Kogyo will enhance its technical proposal capabilities for proprietary techniques and review its construction management systems. At the same time, the Company will realign its overall structure to match business scale and reallocate management resources in an optimal manner focusing on new business development.

Outlook

In the fiscal year ending March 31, 2007, private-sector investment in the construction industry is expected to remain firm. Despite these favorable conditions, however, the overall operating environment is anticipated to be harsh, impacted by the completion of a round of disaster-related recovery works and tight public-sector budgetary constraints. With this view of the future, Raito Kogyo is forecasting consolidated net sales of ¥63,000 million and net income of ¥250 million. Furthermore, in the context of a difficult operating environment, the Company expects to declare a cash dividend per common share of ¥8 for the fiscal year ending March 31, 2007.

Going forward, the Raito Kogyo Group will continue to leverage its know-how in the specialized civil engineering field accumulated over a lengthy period, develop unrivalled proprietary technologies and promote the application of environmentally sustainable construction techniques. Through these means, the Company will actively expand its businesses in anti-liquefaction soil treatment, soil contamination countermeasures, structural repair and other areas.

Raito Kogyo hopes that this annual report provides readers with a better understanding of the Company' results for the fiscal year ended March 31, 2006 and its strategies for the future. In closing, we ask for your continued support and understanding as we endeavor to move forward.

August 2006

Y. Samaru

Yuji Samaru
President

Fundamental Policy Toward Corporate Governance

The fundamental policy of the Raito Kogyo Group is, "To enhance the prosperity of everyone connected with the Company, including customers, shareholders, and employees." To make this a reality, maintaining the health of the Company's management structure and systems is one of the most important management issues it faces.

Corporate Governance Structure and Systems

Management Structure / Oversight and Supervisory Systems

Raito Kogyo has established the General Managers' Committee to strengthen management functions and facilitate the timely and effective determination of important management policies and pressing issues.

In addition, Raito Kogyo has optimized the number of directors on the Company's Board and introduced an executive officer system in order to further enhance the Company's management structure and promote greater efficiencies in both the decision-making and business executive functions. Working to reinforce supervision of its Board of Directors, Raito Kogyo has also appointed an outside director.

As for the appointment of directors, the Personnel Review Committee evaluates all candidates prior to their appointment to the Company's Board, taking into consideration a variety of factors including character, knowledge, expertise and abilities

Raito Kogyo's management oversight structure is built around the corporate auditor system. This system encompasses a three-member Board of Corporate Auditors, two of whom are appointed from outside the Company. Raito Kogyo's corporate auditors attend meetings of the Board of Directors and other important committees within the Company, thereby strengthening oversight of the activities of directors, enhancing the soundness of management, and increasing management transparency.

Furthermore, from an accounting audit perspective, an independent accounting auditor audits Raito Kogyo's consolidated and non-consolidated financial statements.

Compliance Structure

The Raito Kogyo Group has established the Compliance Promotion Committee and formulated the Group's fundamental compliance policies as well as the Raito Kogyo Group's Corporate Code of Conduct. Through these means, the Company is continuously working to ensure strict adherence to the highest in corporate ethics and all relevant laws and regulations.

Timely Disclosure

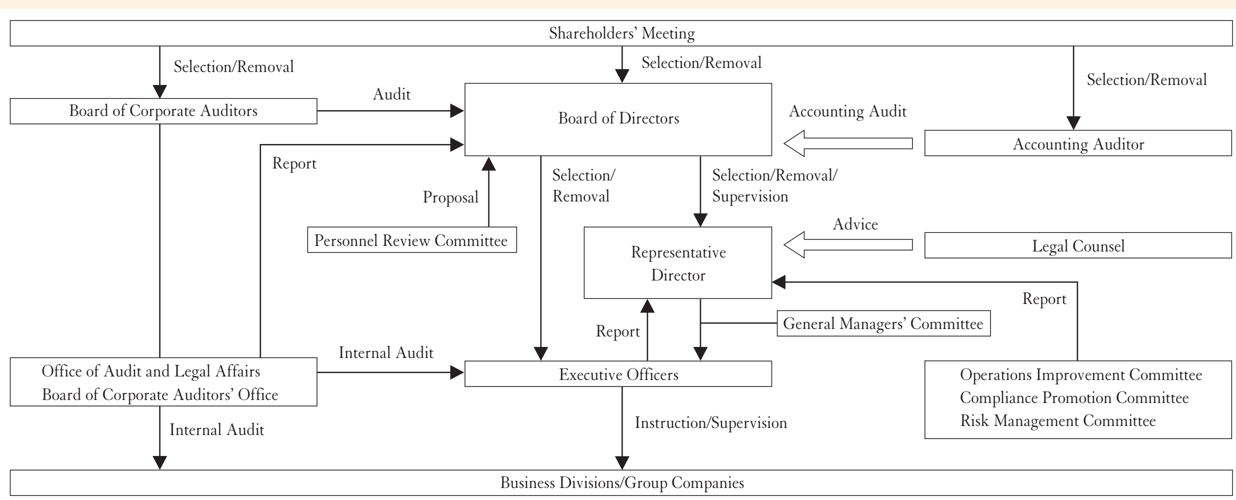
Raito Kogyo recognizes the timely disclosure of relevant information including financial results and performance to investors as a key responsibility of management. Driven by the Corporate Planning Department, the Company is committed to implementing IR activities, ensuring timely announcement of the Group's financial results, conducting investor presentation and comprehensive disclosure through various media including the Company's Website.

Risk Management

Raito Kogyo has established the Risk Management Committee and strives to ensure the early identification of risks while implementing all possible preventive measures.

Internal Audit

To adequately fulfill an internal audit function, Raito Kogyo has established the Internal Audit Office comprising three staff members. Based on annual auditing plans, the Internal Audit Office checks the adequacy and appropriateness of the Company's business and executive activities. The results of all internal audits are reported to corporate auditors and the Company's president in a timely fashion.



RAITO KOGYO AT A GLANCE

○ Slope Protection Projects

Activities in this field encompass construction work to protect slopes from degradation and weathering, and to prevent landslides, slope failures, debris flows and flooding. In the fiscal year under review, orders amounted to ¥32,626 million, while the construction revenues from completed works totaled ¥31,615 million.

○ Ground Improvement Projects

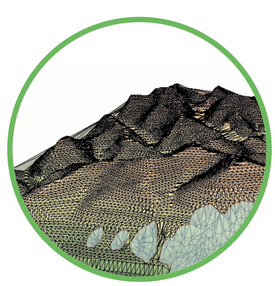
Structural foundation work and soft-ground stabilization serve as an anti-liquefaction countermeasure against ground subsidence and earthquake. Orders and construction revenues from completed works were ¥20,537 million and ¥23,212 million, respectively, in the fiscal year ended March 31, 2006.

○ Structural Repair Projects

Activities in this category include diagnostic survey and structural repair work for tunnels, bridges, sewage systems and other structures. In the fiscal year under review, orders were ¥2,299 million. Construction revenues from completed works totaled ¥2,060 million.

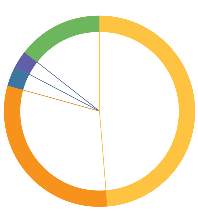
○ Anti-Pollution Projects

Anti-pollution projects comprise contaminated site characterization and remediation, environment-friendly slope greening works utilizing recycled wastes and harmonizing of the local ecology. Orders and construction revenues from completed works were ¥1,962 million and ¥1,472 million, respectively, in the fiscal year ended March 31, 2006.



○ Others

Activities include the installation of sewage mains and public utility conduits. Soil surveys and data analysis of various kinds utilizing digitized three-dimensional images are included in this category. In the fiscal year under review, orders were ¥9,641 million. Construction revenues from completed works totaled ¥6,613 million.



Slope Protection Projects

Ground Improvement Projects

Structural Repair Projects

Anti-Pollution Projects

Others

ORDERS RECEIVED BY TYPE OF WORK (%)

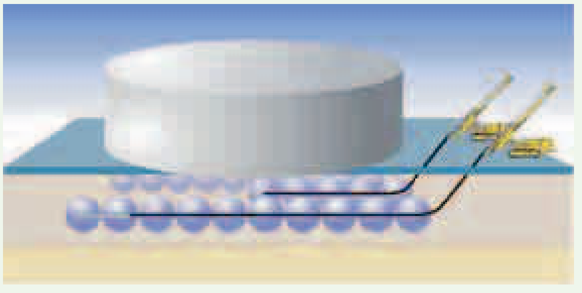
Raito Kogyo is engaged in a broad range of research and development activities in an effort to respond to changes in market trends, expand its scope of business activities and upgrade technologies in each business segment. To this end, the Company is also active in joint R&D, and aggressively pursues joint-development opportunities with institutions in and out of the construction industry, universities and government authorities including the Ministry of Land, Infrastructure and Transport. R&D expenditures for the fiscal year under review were ¥332 million.

Anti-Liquefaction and Earthquake-Resistant Soil Treatment

Raito Kogyo continues to actively pursue research and development in the field of anti-liquefaction soil treatment utilizing chemical grouting as a means of stabilization. Under the Maxperm method, the use of a highly durable grout facilitates improvement and stabilization over the long-term. Utilized in areas such as air and sea ports, this soft-ground stabilization and anti-liquefaction soil treatment is attracting wide acclaim.

Close-Up!

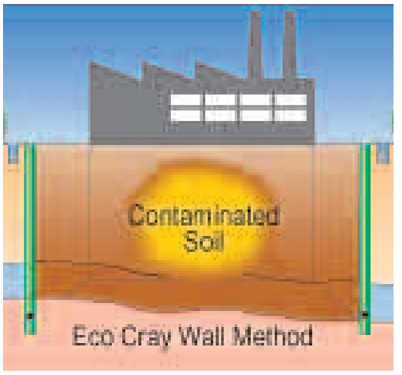
Navigational Drilling System



The navigational drilling system enables highly accurate curved drilling utilizing double-wall rod strings. Distinguished by the use of a double-wall system, the navigational drilling can be freely used in conjunction with a variety of existing chemical grouting methods and contaminated ground remediation. By applying this method, greater efficiencies can be achieved in soil remediation works. The navigation drilling system is ideal for remediation in areas immediately beneath active plants and factories, condominiums, gas stations and petroleum storage tanks. This system can expand remediation capabilities by facilitating the injection of materials that decompose contaminants without being hampered by structures and obstacles.

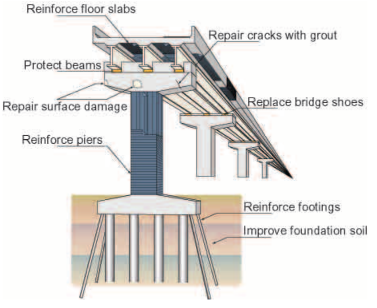
Soil Remediation Technology

For many years, Raito Kogyo has conducted research and development on soil remediation technology as a long-standing strength of the Company. In particular, Raito Kogyo introduced the Steam Enhanced Remediation (SER) method in an effort to treat soil contaminated by volatile organic compounds and petroleum-derived hydrocarbons. After a series of performance tests, the SER method was proved to be effective with outstanding results. In addition, the Company successfully developed the Eco Clay Wall method. This method serves to contain the contaminated ground by installing cut off walls without producing spoils during excavation. With a clay base material, the wall offers long-term stability and durability. At the same time, the plastic nature of the wall provides protection against cracking in the event of an earthquake.



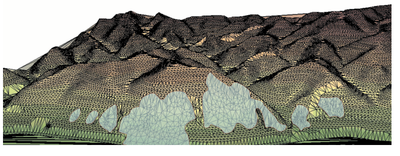
Aging Concrete Repair Technology

With the passing of time, newly constructed facilities enter a period of maintenance and repair. Basic infrastructure encompassing tunnels, bridges, roadways and viaducts are not exempt. While new structures continue to be built, adequate maintenance and repair of existing infrastructure plays an important role in safety and stability. In the maintenance and repair of basic structures, Raito Kogyo conducts detailed onsite inspections and analysis. Based on the results, the Company proposes the best method to effectively address structural damage and deterioration.



Spacial Information Technology (SI)

Utilizing spatial information technology, images taken from devices such as digital cameras, videos and artificial earth satellites are transformed into two- and three-dimensional image data with coordinates. The image data allow to conduct basic image location survey as well as landscape simulation using slope and underground space montages. Raito Kogyo developed the controlled thermal conduction (CTC) based on infrared thermography technology to facilitate slope and cavity inspection. With this technique, frozen carbon dioxide powder is injected into cavities to allow accurate infrared ray analysis. Furthermore the Company established a nationwide network to take aerial video images when a disaster or an emergency occurs and quickly convert the video images to continuous series of still images to ensure prompt investigation and analysis of the damage.



Construction Results

Project

Ground improvement works for the Daini-Keihan Shoji Tunnel Construction

Client
Taisei Corporation

Technique/Objective
RAS COLUMN ground improvement method to increase ground bearing capacity

Date
Ordered: May 2005 Completed: March 2006

Project

Grouting works for the SJ22(2-1) Tomigaya Tunnel Construction

Client
Taisei Corporation

Technique/Objective
SOLETANCHE GROUTING method to cut off groundwater seepage

Date
Ordered: November 2003 Completed: May 2006

Project

Slope protection works for the Moriyoshiyama Dam Construction (Phase II)

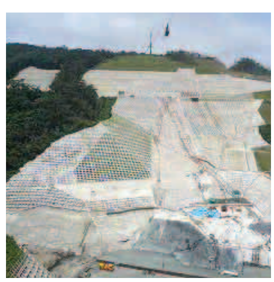
Client
Nishimatsu Construction

Technique/Objective
FREE FRAME shotcrete grid beam installation method to protect from slope failures

Date
Ordered: May 2001 Completed: February 2006

Project

Slope protection works for the Taihouhon Dam Construction (Phase I)



Client
Taisei Corporation/Toda Corporation/Kokuba-gumi Joint Venture

Technique/Objective
FREE FRAME shotcrete grid beam installation method to protect from slope failures

Date
Ordered: May 2003 Completed: March 2006

Project

Ground improvement works for the Akita Chuo Highway Construction Project (2003–2005)

Client
Penta-Ocean Construction

Technique/Objective
JEP jet grouting method to prevent liquefaction

Date
Ordered: March 2003 Completed: August 2005

RAITO KOGYO CO., LTD. **Consolidated Balance Sheets**

March 31, 2006 and 2005	Millions of yen 2006	Millions of yen 2005	Thousands of U.S. dollars (Note 1) 2006
ASSETS			
Current Assets:			
Cash and time deposits (Note 3)	**¥ 5,630**	¥ 8,283	**$ 47,923**
Marketable securities (Notes 3)	**—**	885	**—**
Notes and accounts receivable, trade:			
Notes	**4,630**	4,664	**39,412**
Accounts	**18,952**	21,825	**161,322**
Allowance for doubtful accounts	**(527)**	(251)	**(4,485)**
Inventories (Note 4)	**8,675**	7,538	**73,840**
Deferred tax assets (Note 12)	**268**	536	**2,279**
Other current assets	**1,251**	1,425	**10,655**
Total current assets	**38,879**	44,905	**330,946**
Property and equipment:			
Land (Note 6)	**9,869**	9,784	**84,008**
Buildings	**8,941**	8,940	**76,107**
Machinery and equipment	**24,929**	24,735	**212,200**
Construction in progress	**239**	63	**2,023**
	43,978	43,522	**374,338**
Accumulated depreciation	**(27,068)**	(26,318)	**(230,404)**
Net property and equipment	**16,910**	17,204	**143,934**
Investment and other assets:			
Investment in securities (Note 5)	**4,783**	2,511	**40,717**
Investment in non-consolidated subsidiaries and affiliate	**305**	224	**2,595**
Long-term loans to non-consolidated subsidiaries and affiliate	**80**	145	**681**
Long-term receivable	**5,034**	4,286	**42,847**
Allowance for doubtful accounts	**(4,538)**	(4,406)	**(38,628)**
Deferred tax assets (Note 12)	**284**	990	**2,419**
Others	**1,615**	2,394	**13,745**
Total investment and other assets	**7,563**	6,144	**64,376**
Total assets	**¥ 63,352**	¥ 68,252	**$539,256**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Short-term bank loans payable (Note 7)	**¥ 1,199**	¥ 1,328	**$ 10,202**
Current portion of long-term bank loans payable (Note 7)	**—**	800	**—**
Notes and accounts payable, trade:			
Notes	**4,926**	5,024	**41,933**
Accounts	**11,472**	12,468	**97,651**
Notes and accounts payable, other:			
Notes	**114**	99	**972**
Accounts	**516**	278	**4,390**
Advance received on uncompleted contracts	**5,409**	3,823	**46,045**
Accrued expenses	**1,248**	1,405	**10,625**
Accrued income taxes	**190**	196	**1,614**
Other current liabilities	**103**	276	**878**
Total current liabilities	**25,177**	25,696	**214,311**
Long-Term Liabilities:			
Provision for loss on guarantees	**160**	1,815	**1,362**
Deferred liabilities (Note 12)	**—**	30	**—**
Consolidation adjustment account	**33**	—	**277**
Deferred liabilities on revaluation of land (Note 6)	**1,435**	227	**12,216**
Reserve for employees' retirement benefit (Note 8)	**483**	561	**4,108**
Reserve for directors' retirement benefit	**403**	368	**3,426**
Other long-term liabilities	**559**	29	**4,770**
Total long-term liabilities	**3,073**	3,030	**26,159**
Total liabilities	**28,250**	28,726	**240,470**
Contingent Liabilities (Note 14)			
Shareholders' Equity (Note 9):			
Common stock,			
Authorized — 198,000,000 shares			
Issued, no par, value, 57,804,450 shares as of March 31, 2006 and 2005	**6,119**	6,119	**52,090**
Additional paid-in capital	**6,358**	6,358	**54,121**
Retained earnings	**23,876**	27,900	**203,234**
Revaluation surplus of land (Note 6)	**(1,053)**	333	**(8,965)**
Unrealized gain on available-for-sale securities	**1,415**	538	**12,043**
Foreign currency translation adjustments	**83**	(26)	**702**
Total	**36,798**	41,222	**313,225**
Treasury stock-at cost, 5,134,609 shares in 2006 and 5,132,099 shares in 2005 (Note 10)	**(1,696)**	(1,695)	**(14,440)**
Total shareholders' equity	**35,101**	39,527	**298,785**
Total liabilities and shareholders' equity	**¥63,352**	¥68,252	**$539,256**

The accompanying notes are an integral part of this statement.

RAITO KOGYO CO., LTD. **Consolidated Statements of Operations**

For the years ended March 31, 2006 and 2005	Millions of yen 2006	2005	Thousands of U.S. dollars (Note 1) 2006
Net Sales:			
Sales of construction	**¥64,976**	¥66,778	**$553,083**
Sales of goods	**542**	355	**4,620**
Cost of sales:			
Cost of construction	**59,566**	57,807	**507,032**
Cost of goods sales	**487**	308	**4,150**
Gross profit	**5,465**	9,018	**46,521**
Selling, general and administrative expenses	**8,228**	8,316	**70,044**
Income (loss) from operations	**(2,763)**	702	**(23,523)**
Other income (expenses):			
Interest and dividend income	**115**	85	**979**
Interest expense	**(129)**	(81)	**(1,096)**
Gain on sales of investment securities	**260**	393	**2,217**
Provision for doubtful accounts	**—**	(372)	**—**
Loss on sales or disposal of property and equipment	**—**	(68)	**—**
Additional retirement payment	**(106)**	(34)	**(905)**
Losses on devaluation of investment securities	**(92)**	—	**(780)**
Impairment of Fixed Assets	**(273)**	—	**(2,323)**
Write-off of doubtful accounts	**—**	(206)	**—**
Other—net	**(110)**	(127)	**(934)**
Other expenses—net	**(335)**	(410)	**(2,842)**
Income (loss) before income taxes	**(3,097)**	292	**(26,364)**
Income taxes (Note 12):			
Current	**200**	134	**1,705**
Deferred	**285**	37	**2,424**
	485	171	**4,129**
Minority interest in net income	**—**	—	**—**
Net income (loss)	**¥(3,582)**	¥ 121	**$ (30,493)**

	Yen 2006	2005	U.S. dollars (Note 1) 2006
Amounts per share:			
Net income (loss)	**¥(68.02)**	¥1.88	**($0.58)**

RAITO KOGYO CO., LTD. **Consolidated Statements of Shareholders' Equity**

For the years ended March 31, 2006 and 2005	Millions of yen 2006	2005	Thousands of U.S. dollars (Note 1) 2006
Common stock:			
Balance at beginning of the year	**¥ 6,119**	¥ 6,119	**$ 52,090**
Balance at end of year	**6,119**	6,119	**52,090**
Additional paid-in capital:			
Balance at beginning of the year	**¥ 6,358**	¥ 6,358	**$ 54,121**
Balance at end of year	**6,358**	6,358	**54,121**
Retained earnings:			
Balance at beginning of the year	**¥27,900**	¥28,338	**$237,486**
Transfer from Revaluation surplus of Land	**106**	11	**905**
Net income for the year	**(3,582)**	121	**(30,494)**
Cash dividends	**(527)**	(536)	**(4,484)**
Bonuses to directors and statutory auditors	**(21)**	(35)	**(179)**
Balance at end of year	**23,876**	27,900	**203,234**
Revaluation surplus of land (Note 6):			
Balance at beginning of the year	**¥ 333**	¥ 345	**$ 2,837**
Sales of revaluated land	**(1,386)**	(11)	**(11,802)**
Balance at end of year	**(1,053)**	333	**(8,965)**
Unrealized gain on available-for-sale securities:			
Balance at beginning of the year	**¥ 538**	¥ 608	**$ 4,575**
Net change during the year	**877**	(70)	**7,468**
Balance at end of year	**1,415**	538	**12,043**
Foreign currency translation adjustments:			
Balance at beginning of the year	**¥ (27)**	¥ (37)	**$ (225)**
Net change during the year	**109**	10	**927**
Balance at end of year	**82**	(26)	**702**
Treasury stock (Note 10):			
Balance at beginning of the year	**¥ (1,695)**	¥ (1,308)	**$ (14,429)**
Increase in treasury stock	**(1)**	(387)	**(10)**
Balance at end of year	**(1,696)**	(1,695)	**(14,440)**

The accompanying notes are an integral part of this statement.

RAITO KOGYO CO., LTD. **Consolidated Statement of Cash Flows**

For the years ended March 31, 2006 and 2005	Millions of yen 2006	Millions of yen 2005	Thousands of U.S. dollars (Note 1) 2006
Cash flows from operating activities:			
Income before income taxes	**¥(3,097)**	¥ 292	**$(26,366)**
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	**1,298**	1,355	**11,052**
Impairment of Fixed Assets	**273**	—	**2,323**
Gain on sales of investment securities	**(260)**	(393)	**(2,217)**
Losses on devaluation of investment securities	**92**	—	**780**
Increase (decrease) in allowance for doubtful accounts	**1,159**	273	**9,863**
Increase (decrease) in reserve for employees' retirement benefits	**(286)**	(417)	**(2,431)**
Increase (decrease) in reserve for directors' retirement benefits	**34**	(5)	**291**
Interest income and dividends received recognized on statement of income	**(115)**	(85)	**(979)**
Interest payment recognized on statement of income	**129**	81	**1,102**
Decrease (increase) in notes and accounts receivable	**3,119**	483	**26,549**
Decrease (increase) in accumulated construction cost in progress	**(340)**	(906)	**(2,896)**
Decrease (increase) in other inventories	**36**	(68)	**303**
Increase (decrease) in notes and accounts payable	**(1,502)**	1,593	**(12,781)**
Increase (decrease) in advance received on uncompleted contracts	**1,141**	(20)	**9,710**
Others	**(487)**	(639)	**(4,143)**
Subtotal	**1,194**	1,542	**10,160**
Interest income and dividend received (cash basis)	**115**	85	**979**
Interest payment (cash basis)	**(129)**	(81)	**(1,102)**
Income taxes paid	**(211)**	(199)	**(1,794)**
Others	**(3)**	(1)	**(17)**
Net cash provided by operating activities	**966**	1,346	**8,226**
Cash flows from investing activities:			
Purchases of fixed assets	**(911)**	(1,313)	**(7,752)**
Proceeds from sales of fixed assets	**70**	31	**594**
Purchases of investment securities	**(4,353)**	(1,382)	**(37,053)**
Proceeds from sales of investment securities	**3,683**	1,671	**31,347**
Purchases of stock of affiliated company	**240**	—	**2,045**
Others	**158**	(308)	**1,348**
Net cash used in investing activities	**(1,113)**	(1,301)	**(9,471)**
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowing	**(471)**	705	**(4,010)**
Proceeds from long-term borrowing	**940**	—	**8,000**
Repayment of long-term borrowing	**(3,340)**	(800)	**(28,429)**
Purchases of treasury stock	**(1)**	(387)	**(10)**
Cash dividends paid	**(527)**	(536)	**(4,484)**
Net cash used in financing activities	**(3,399)**	(1,018)	**(28,933)**
Effects of changes in exchange rates on cash and cash equivalents	**8**	1	**67**
Net increase (decrease) in cash and cash equivalents	**(3,537)**	(972)	**(30,111)**
Cash and cash equivalents at beginning of the year	**9,167**	10,139	**78,034**
Cash and cash equivalents at end of the year (Note 3)	**¥ 5,630**	¥ 9,167	**$ 47,923**

The accompanying notes are an integral part of this statement.

1. Basis of preparation

The accompanying consolidated financial statements of RAITO KOGYO CO.,LTD. (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 are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

In order to facilitate the understanding of readers outside Japan, certain reclassifications have been made to the consolidated financial statements prepared for domestic purposes and relevant notes and statements of shareholders' equity have been added. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

The amounts are rounded to the nearest millions of yen. Therefore, total or subtotal amounts do not correspond with the aggregation of such account balance.

The United States dollar amounts presented in the accompanying financial statements are included solely for convenience and are stated, as a matter of arithmetical computation only, at the rate of ¥117.48=US$1.00, which was the exchange rate prevailing at March 31, 2006.

2. Summary of significant accounting policies

a) Principles of consolidation

(i) Consolidated subsidiaries

The consolidated financial statements include the accounts of the Company and its 4 significant subsidiaries (TWENTY ONE CREATE CO., LTD., RAITO, INC., AURA LUGAR CO., LTD and ONORYOGUMI CO., LTD.,), after the elimination of all significant intercompany transactions, balances and unrealized profits.

The consolidated financial statements do not include the accounts of EDO ENTERPRISE CO., LTD., C.E. CREATE CO., LTD., TOHOKU REALIZE CO., LTD., MICHINOKU REALIZE CO., LTD., KYUSHU REALIZE CO., LTD., Sol Data JAPAN. K.K, YASASHIITE RAITO CO., LTD., RAITO SHINGAPORE PTE. LTD. since the combined total assets, sales, net income, and retained earnings of these subsidiaries are not significant and would not have a material impact on the consolidated financial statements.

(ii) Equity method

Investments in unconsolidated subsidiaries have been carried at cost.

Investments in unconsolidated subsidiaries above mentioned are not carried using the equity method, since the effect of applying the equity method in these subsidiaries is not material.

(iii) Consolidation adjustments

The consolidation difference between the cost of an investment and equity in its net assets at the date of acquisition is amortized practical number of within 20 years.

b) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, the Company and its consolidated subsidiaries consider all highly liquid investments with insignificant risk of changes in value and original maturity of three months or less at the date of acquisition to be cash equivalents.

c) Marketable securities and investments in securities

Securities are classified into three categories: trading, held-to-maturity or available-for-sale securities, which are not classified as either trading or held-to-maturity securities.

The Company classifies all of marketable securities and investments in securities as available-for-sale securities.

Marketable available-for-sale securities are carried at fair market value at year end. The cost of securities sold is determined based on the moving average method. Unrealized holding gain or loss on available-for-sale securities, net of the applicable income taxes, is charged to shareholder's equity.

Non-marketable available-for-sale securities are carried at cost by the moving average method.

Impairments of non-marketable securities are reduced to net realized value by a charge to income.

d) Inventories

Inventories other than materials and supplies are stated at accumulated construction cost for each project. Selling, general and administrative expenses are excluded from such cost.

Materials and supplies are stated at cost determined by the first-in, first-out method.

e) Recognition of net sales and related costs

Net sales and the related costs of construction contracts are recorded on the completed-contract method regarding the Company and its domestic subsidiaries, and on the percentage-of-completion method regarding the foreign subsidiaries.

In addition, during the construction period, accumulated costs on uncompleted contracts are included as inventories and advances received on uncompleted contracts are stated in current liabilities by the completed-contract method.

f) Allowance for doubtful accounts

Allowance for doubtful accounts of the Company and its consolidated subsidiaries are provided as follows:

For general receivables, allowance is provided at rates derived from historical credit loss experiences.

For doubtful receivables, allowance is provided at the amount considered uncollectible based on respective assessment of collectability.

g) Property and equipment, depreciation and lease transaction

Property and equipment are carried at cost.

Regarding the Company and its domestic subsidiaries, depreciation for buildings acquired before April 1, 1998, machinery and equipment is mainly computed by the declining balance method, and depreciation for buildings acquired after April 1, 1998 is computed by the straight-line method over the applicable useful lives.

Regarding the foreign subsidiaries, depreciation is mainly computed by the straight-line method over the estimated useful lives.

(Impairment of Fixed Assets)

The Company and its consolidated subsidiaries adopted accounting standard for impairment of fixed assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the

Business Accounting Deliberation Council on August 9, 2002) and the implementation guidance for the accounting standard for impairment of fixed assets (the Financial Accounting Standard Implementation Guidance No.6 issued by the Accounting Standard Board of Japan on October 31, 2003).

Incidentally, as for the current term, it is appropriating impairment of fixed assets in ¥273 million ($2,323 thousand).

Finance lease transactions, except for those which meet the condition that the ownership of the leased asset is substantially transferred to the lessee, are accounted for the same as operating lease transactions.

h) Software

Software used by the Company and its consolidated subsidiaries is depreciated using the straight-line method, based on the useful life as determined by the Company and its consolidated subsidiaries (generally 5 years).

i) Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effects of deferred tax assets and liabilities on a change in tax rates are recognized in income in the period that includes the enacted date.

j) Reserve for retirement benefit

Accrued retirement benefits are provided for the payment of retirement benefits at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the end of the current fiscal year.

Prior service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining 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 primarily by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.

Retirement benefit to directors and corporate auditors are provided at the amount which would be required, if all directors and corporate auditors retired at the balance sheet date.

(Change in accounting standard for employees' pension and retirement benefits)

Effective from the current accounting period, the Company adopted new accounting standard for employees' pension and retirement benefits and related guidance (Accounting Standards Board Statement No.3, "Partial Revision of Accounting Standard for Retirement Benefits" and Financial Accounting Standard Implementation Guidance No.7, "Implementation Guidance for Partial Revision of Accounting Standard for Retirement Benefits," issued by the Accounting Standard Board of Japan on March 16, 2005).

The effect on net income of the adoption of this new standard is not an influence.

k) Appropriations of retained earnings

Appropriations of retained earnings are accounted for and reflected in the accompanying financial statements when approved by the meeting of the shareholders.

l) Per share data

The Company has adopted the new "Financial Accounting Standards for Earnings Per Share" and the new "Implementation Guidance on Financial Accounting Standards for Earnings Per Share" effective from April 1, 2002.

m) Consumption tax

Consumption tax is taken out from all the revenue and expense items and balance sheet items, and recorded separately, except mainly for receivables and payables.

n) Reclassification

Certain reclassifications have been made to the accompanying 2005 financial statements to conform to the 2006 presentation.

3. Cash and cash equivalents

Reconciliation between cash and time deposits and marketable securities on the consolidated balance sheet as of March 31, 2005 and 2006 and cash and cash equivalents at end of year on the statement of cash flows for the year ended March 31, 2006 and 2005 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2005	**2006**
Cash and time deposits on the consolidated balance sheet	**¥5,630**	¥8,283	**$47,923**
Marketable securities on the consolidated balance sheet	**—**	885	**—**
Cash and cash equivalents on the statement of cash flows	**¥5,630**	¥9,167	**$47,923**

4. Inventories

Inventories as of March 31, 2006 and 2005 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2006	2005	**2006**
Accumulated construction cost in progress	**¥8,477**	¥7,312	**$72,154**
Materials and supplies	**198**	226	**1,685**
	¥8,675	¥7,538	**$73,840**

5. Marketable securities and investment in securities

The market value of listed securities, which are classified as Marketable securities, as of March 31, 2006 and 2005, are as follows:

	Millions of yen		
		Fair Value	
As of March 31, 2006	Cost	(Carrying Amount)	Unrealized Gain (Loss)
Marketable equity securities	**¥1,524**	**¥3,923**	**¥2,398**
Fund trust and other	**789**	**770**	**(19)**
	¥2,313	**¥4,693**	**¥2,379**

	Thousands of U.S. dollars		
		Fair Value	
As of March 31, 2006	Cost	(Carrying Amount)	Unrealized Gain (Loss)
Marketable equity securities	**$12,974**	**$33,394**	**$20,343**
Fund trust and other	**6,719**	**6,556**	**(163)**
	$19,693	**$39,950**	**$20,181**

As of March 31, 2005	Millions of yen		
		Fair Value	
	Cost	(Carrying Amount)	Unrealized Gain (Loss)
Marketable equity securities	¥ 372	¥1,303	¥931
Fund trust and other	1,149	1,123	(27)
	¥1,522	¥2,426	¥904

6. Revaluation of land

Under the "Law of Land Revaluation", promulgated on March 31, 1998 and revised on March 31, 2001, the Company has elected a one-time revaluation of its own-use land.

The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of shareholders' equity. There is no effect on the statements of operations. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities.

As of March 31, 2006, the carrying amount of the land after one-time revaluation exceed the market value by ¥2,048 million ($17,435 thousand).

7. Short-term bank loans payable

Short-term bank loans payable are mostly unsecured loans bearing interest at market rates.

8. Employees' retirement benefit and pension plan

The Company and its consolidated subsidiaries have severance payment plans for employees.

The liability for employees' retirement benefits obligation at March 31, 2006 and 2005, consists of the followings;

	Millions of yen		Thousands of U.S. dollars
	2006	2005	**2006**
Projected benefit obligation	**¥(12,022)**	¥(11,992)	**$(102,334)**
Plan assets at fair value	**9,536**	8,158	**81,168**
Retirement benefit trust	**5,118**	3,353	**43,565**
Unrecognized actuarial loss	**(1,097)**	1,098	**(9,337)**
Unrecognized prior service cost	**(1,819)**	(1,177)	**(15,484)**
Net liability	**¥ (284)**	¥ (561)	**$ (2,422)**

The components of net periodic benefit costs for the year ended March 31, 2006 and 2005, are as follows;

	Millions of yen		Thousands of U.S. dollars
	2006	2005	**2006**
Service cost	**¥ 662**	¥563	**$ 5,639**
Interest cost	**62**	267	**530**
Expected return on plan assets	**(326)**	(303)	**(2,778)**
Amortization of actuarial loss	**168**	187	**1,179**
Amortization of prior service cost	**(80)**	(9)	**(681)**
Net periodic benefit costs	**¥ 456**	¥706	**$ 3,889**

Assumptions used for the year ended March 31,2006 and 2005, are set forth as follows;

	2006	2005
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**4.0%**	4.0%
Amortization period of actuarial gain/loss	**15 years**	15 years
Amortization period of prior service cost	**15 years**	15 years

9. Shareholders' equity

Dividends may be approved by the shareholders after the end of each fiscal period. In accordance with the Commercial Code, these dividends and the related appropriations of retained earnings are not reflected in the financial statements at the end of such fiscal year but are recorded at the time they are approved. However, dividends per share shown in the accompanying statements of income and retained earnings are included in the years to which they relate.

10. Treasury stock

The Company holds 5,134,609 shares of treasury stock as of March 31, 2006 based on approval by the annual shareholder's meeting.

The Company has adopted the new "Financial Accounting Standards for Treasury Stock and Reduction of Legal Reserves" effective from April 1, 2002.

11. Leases

a) The following is certain information on finance leases accounted for in the same manner as operating leases since ownership of the leased assets is not substantially transferred to the lessee.

The analysis of the leased assets as of March 31, 2006 and 2005 is as follows. The acquisition cost equivalent is computed based on undiscounted lease payments at the inception of the leases.

	Millions of yen		Thousands of U.S. dollars
	2006	2005	**2006**
Machinery and equipment:			
Acquisition cost equivalent	**¥776**	¥734	**$6,606**
Accumulated depreciation equivalent	**455**	404	**3,872**
Net book value equivalent	**¥321**	¥330	**$2,375**

Undiscounted future lease payments as of March 31, 2006 and 2005, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2005	**2006**
Due within one year	**¥128**	¥133	**$1,069**
Thereafter	**193**	198	**1,604**
	¥321	¥330	**$2,673**

Lease payments for the years ended March 31, 2006 and 2005, are ¥147 million ($1,257 thousand) and ¥141 million, respectively. Depreciation expense equivalent is computed on a straight-line basis over the lease term with no residual value, and amounted to ¥147 million ($1,257 thousand) and ¥141 million for the years ended March 31, 2006 and 2005, respectively.

b) Future payments of operating lease as of March 31, 2006 and 2005, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2005	**2006**
Due within one year	**¥2**	¥ 7	**$15**
Thereafter	**5**	15	**47**
	¥7	¥22	**$62**

12. Income taxes

Income taxes applicable to the Company and its consolidated subsidiaries comprise (1) corporation tax, (2) enterprise tax, and (3) inhabitant tax. While the normal statutory tax rates were approximately 40.6 percent in 2006 and 2005, respectively, these income taxes resulted in effective tax rates of approximately-15.7 percent and 58.5 percent for the years ended March 31, 2006 and 2005, respectively.

The following table reconciles above statutory tax rate to the Company's effective tax rate for the years ended March 31, 2006 and 2005.

	2006	2005
Statutory rate	40.6%	40.6%
Non-deductible items	(3.3)	48.3
Non-taxable items	—	(1.7)
Inhabitant minimum taxes	(3.5)	31.1
Net operating loss carryforwards	(38.0)	306.7
Allowance for doubtful accounts	(14.3)	(270.3)
Write-down of inventory	—	(97.3)
Write-down of membership	(1.4)	—
"Write-down of stock of affiliated company"	(1.2)	—
Impairment of Fixed Assets	(3.6)	—
Variance of tax rate	9.4	—
Other, net	(0.4)	1.1
Effective tax rate	(15.7)%	58.5%

The significant components of the Company's deferred tax assets and liabilities as of March 31, 2006 and 2005, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Deferred tax assets:			
Reserve for employees' retirement benefit	¥ 1,115	¥ 1,060	$ 9,493
Reserve for directors' retirement benefit	163	149	1,389
Amortization of transitional obligation	485	485	4,125
Accrued expenses	134	223	1,139
Net operating loss carryforwards	2,048	1,128	17,434
Allowance for doubtful accounts	1,808	1,603	15,393
Other	838	573	7,130
Subtotal	6,591	5,222	56,104
Valuation Allowance	(4,489)	(2,789)	(38,244)
Total defferred tax assets	¥ 2,102	¥ 2,433	$ 17,890
Deferred tax liabilities:			
Gain on securities contributed to employees' retirement benefit	504	504	4,293
Special depreciation allowance for tax purposes	34	36	285
Unrealized gain on available-for-sale securities	965	366	8,214
Other	47	30	400
Total deferred tax liabilities	¥ 1,550	¥ 936	$ 13,192
Total net deferred tax assets	¥ 552	¥ 1,496	$ 4,698

13. Segment information

(1) Industry segments

Summarized financial information by industry segment for the years ended as of March 31, 2006 and 2005 is as follows:

Millions of yen Year ended March 31, 2006	Construction	Goods sales	Total	Elimination	Consolidated
Revenues:					
Customers	¥64,976	¥543	¥65,519	¥ —	¥65,519
Inter-segments	176	1,282	1,458	(1,459)	—
Total	65,152	1,825	¥66,977	(1,459)	65,519
Operating expenses	67,946	1,783	69,729	(1,447)	68,282
Operating loss	¥ (2,794)	¥ 42	¥ (2,752)	¥ (12)	¥ (2,763)
Assets	¥51,059	¥1,364	¥52,423	¥10,929	¥63,352
Depreciation	1,285	14	1,299	(1)	1,298
Capital expenditures	954	8	962	0	962

Thousands of U.S. dollars Year ended March 31, 2006	Construction	Goods sales	Total	Elimination	Consolidated
Revenues:					
Customers	$553,083	$ 4,620	$557,703	$ —	$557,703
Inter-segments	1,500	10,915	12,415	(12,415)	—
Total	554,584	15,534	570,118	(12,415)	557,703
Operating expenses	578,365	15,178	593,543	(12,317)	581,226
Operating loss	$ (23,781)	$ 356	$ (23,425)	$ (98)	$ (23,523)
Assets	$434,616	$11,609	$446,225	$ 93,031	$539,256
Depreciation	10,935	122	11,057	(5)	11,052
Capital expenditures	8,122	68	8,190	(2)	8,189

Millions of yen Year ended March 31, 2005	Construction	Goods sales	Total	Elimination	Consolidated
Revenues:					
Customers	¥66,778	¥355	¥67,133	—	¥67,133
Inter-segments	25	1,279	1,304	(1,304)	—
Total	66,802	1,634	68,436	(1,304)	67,132
Operating expenses	66,134	1,585	67,719	1,289	66,430
Operating loss	668	49	717	(15)	702
Assets	53,828	1,254	55,082	13,170	68,252
Depreciation	1,341	14	1,355	(1)	1,355
Capital expenditures	1,352	1	1,353	—	1,353

(2) Geographical segment and Overseas sales

Disclosure of geographical segment information and overseas sales have been omitted due to immateriality.

14. Contingent liabilities

As of March 31, 2006 and 2005, the Company and its consolidated subsidiaries were contingently liable as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Notes receivable discounted	¥1,398	¥502	$11,904

15. Subsequent event

On June 29, 2006, the following appropriations of retained earnings were approved at the shareholders' meeting of the Company:

	Millions of yen	Thousands of U.S. dollars
Cash dividends of ¥10.0 ($0.09) per share (final for the year ended March 31, 2006)	¥527	$4,483

The Board of Directors
RAITO KOGYO CO., LTD.

We have audited the accompanying consolidated balance sheets of RAITO KOGYO CO., LTD. and consolidated subsidiaries as of March 31, 2005 and 2006, and the related consolidated statements of operations, shareholders' equity, 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 RAITO KOGYO CO., LTD. and consolidated subsidiaries at March 31, 2005 and 2006, 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, 2006 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

June 29, 2006

Ernst & Young ShinNihon

Board of Directors and Auditors

President
Yuji Samaru

Senior Managing Directors
Takao Ogawa
Nobuyuki Akiyama
Katsunori Negishi
Haruto Kawashima
Haruo Aoki
Shin Yoshizawa
Masayoshi Nakamura

Directors
Tatsuhiko Yamamoto
Fumio Takeda
Yoshitaka Mitsuse
Izumi Hasegawa
Tadashi Shibata*
*Outside Director

Standing Auditor
Kazuhiko Sonokawa

Auditors
Kenichi Kondo*
Shuichiro Kobayashi*
*Outside Auditor

(as of June 29, 2006)

Share Information

Common Stock:

Authorized shares
198,000,000 shares (as of March 31, 2006)

Issued and outstanding shares
57,804,450 shares (as of June 29, 2006)

Number of shareholders
9,647 (as of March 31, 2006)

Fiscal Year-End:
End of March each year

Annual Meeting:
In June of each year in Tokyo, Japan

Transfer Agent, Registrar and Dividend Payments:
The Chuo Mitsui Trust and Banking Co., Ltd.
3-33-1 Shiba, Minato-ku,
Tokyo 105-8574, Japan
Phone: 81-3-5232-8618
Fax: 81-3-5232-8698

Dividends:
Dividends are normally paid in June.

Please direct inquiries to:
Publicity Office
Raito Kogyo Co., Ltd.
4-2-35 Kudan-kita, Chiyoda-ku,
Tokyo 102-8236, Japan
Phone: 81-3-3265-2551
Fax: 81-3-3265-0879

Corporate Data

Head Office:
4-2-35 Kudan-kita, Chiyoda-ku,
Tokyo 102-8236, Japan

Capital:
¥6,119,475,000
US$52,089,505
(¥117.48=US$1.00)
(as of March 31, 2006)

Date of Establishment:
September 28, 1948

Stock Trading:
Tokyo Stock Exchange,
First Section

Major Shareholders:
Raito Kogyo Co., Ltd.
TAIYO LIFE INSURANCE COMPANY
Sumitomo Mitsui Banking Corporation
Japan Trustee Service Bank, Ltd.
State Street Bank and Trust Company
The Bank of New York GCM Client Accounts EISG

Employees:
1,178 (as of March 31, 2006)