ANNUAL REPORT 2011

YEAR ENDED MARCH 31, 2011

Raito

RAITO KOGYO CO., LTD.

As a specialist civil engineering contractor, Raito Kogyo Co., Ltd. has continued to significantly contribute to society since its establishment in 1943 by actively promoting the development and introduction of proprietary technologies and supporting efforts to enhance national disaster-prevention and infrastructure development.

Amid a construction industry experiencing considerable change throughout its operating environment, the Company draws on its abundant technological capabilities fostered over many years to bolster its operating structure and systems across its three core businesses encompassing specialist civil engineering, building construction and overseas businesses while enhancing project safety and quality. Working in harmony with the natural environment, Raito Kogyo will help protect the nation from disaster and contribute in the building of a robust nation that offers a strong sense of safety and security.

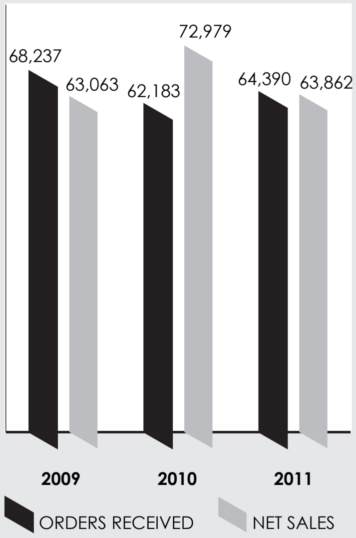
PROFILE & CONTENTS

CONSOLIDATED FINANCIAL HIGHLIGHTS

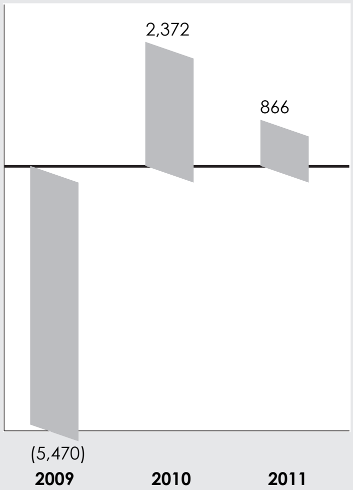
	Millions of yen						Thousands of U.S. dollars
	2011	2010	2009	2008	2007	2006	2011
FOR THE YEAR:							
Orders received	¥64,390	¥62,183	¥68,237	¥67,742	¥64,955	¥67,067	
Net sales	63,862	72,979	63,063	66,408	66,648	65,518	$768,036
Income (loss) from operations	1,182	3,373	(1,728)	111	1,093	(2,763)	14,223
Income (loss) before income taxes	985	2,575	(3,895)	(60)	1,249	(3,097)	11,855
Net income (loss)	866	2,372	(5,470)	(333)	1,181	(3,582)	10,418
AT YEAR-END:							
Total assets	57,086	58,153	64,953	66,280	66,908	63,351	686,545
Shareholders' equity	29,627	29,605	27,016	33,676	35,339	35,101	356,308
Common stock	6,119	6,119	6,119	6,119	6,119	6,119	73,595
AMOUNTS PER SHARE:							
(in yen and dollars)							
Net income (loss)	16.45	45.06	(103.86)	(6.32)	22.43	(68.02)	
Shareholders' equity	562.59	562.16	512.99	639.43	670.98	666.44	
PERFORMANCE INDICATORS:							
(%)							
Equity capital ratio	51.9	50.9	41.6	50.8	52.8	55.4	—
Return on equity	2.9	8.4	—	—	3.4	—	—
Number of employees	1,081	1,114	1,103	1,120	1,129	1,178	—

Note: U.S. dollar amounts above and elsewhere in this annual report are converted from Japanese yen, for convenience only, at the rate of ¥83.15=US$1.00, the rate on March 31, 2011 for the readers' convenience only.

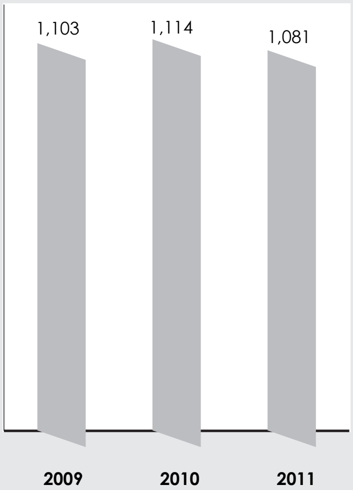
ORDERS RECEIVED, NET SALES
(Millions of yen)



NET INCOME (LOSS)
(Millions of yen)



NUMBER OF EMPLOYEES



PRESIDENT'S MESSAGE

On behalf of Raito Kogyo Co., Ltd., I would like to express my heartfelt condolences and deepest sympathies to all those affected by the Great East Japan Earthquake that devastated the nation on March 11, 2011. Through every facet of our business activities, we pledge our support in reconstruction and restoration efforts.

OPERATING PERFORMANCE

During fiscal 2010, the fiscal year ended March 31, 2011, conditions in the Raito Kogyo Group's operating environment were mixed. On the one hand, the Japanese economy entered a recovery trajectory buoyed by the positive turnaround in overseas business conditions particularly in developing countries. Following the Great East Japan Earthquake, however, prospects regarding the Japanese economy became increasingly uncertain. In the construction industry, there were indications of a partial upswing in private-sector investment activity. This was more than offset by the substantial drop in capital expenditure by the public sector. Taking the aforementioned factors into consideration, the Group's operating environment was weak in overall terms.

Under these circumstances, the Raito Kogyo Group posted net sales of ¥63,862 million, a decrease of 12.5% compared with the previous fiscal year. Despite orders received surpassing the level recorded in the previous fiscal year, this downturn was largely attributable to the absence of large-scale overseas projects completed during fiscal 2009, the significant year-on-year drop in orders brought forward and lower levels of work executed. From a profit perspective, gross profit contracted by 17.7% year on year to ¥9,383 million owing mainly to the decline in net sales. Operating income and ordinary profit were affected by the drop in gross profit and the increase in selling, general and administrative expenses reflecting the incidence of bad debt-related losses and other factors. As a result, operating income fell by 64.9% compared with the previous fiscal year to ¥1,182 million and ordinary profit declined by 66.3% year on year to ¥1,171 million.

In addition to the aforementioned, the Company incurred an extraordinary loss due to the Great East Japan Earthquake. As a result, net income decreased by 63.5% to ¥866 million.

BUSINESS SEGMENT REVIEW

Consolidated sales in the construction segment, which is the core business of the Raito Kogyo Group, increased by 12.5% compared with the previous fiscal year to ¥63,258 million. Orders received in this segment climbed by 3.5% year on year to ¥64,390 million. By project category, orders for slope-related projects climbed by 6.5% year on year to ¥25,734 million. Despite the decline in agriculture and forestry-related disaster prevention orders, this upswing was largely attributable to large-scale landslide prevention orders from Japan's Ministry of Land, Infrastructure, Transport and Tourism as well as government-owned special expressway companies and other factors. In ground improvement projects, the drop in anti-liquefaction works at airports and harbors in Japan as well as Japan railway-related chemical injection projects was offset by contributions from ground improvement project orders received by the Group's U.S.-based local subsidiary. As a result, soil stabilization project orders received edged up by 0.3% compared with the previous fiscal year to ¥21,331 million. In structural repair project activities, orders received contracted by 12.4% year on year to ¥3,217 million owing mainly to such factors as the decline in order to prevent the collapse of bridges from Japan's Ministry of Land, Infrastructure, Transport and Tourism as well as local public authorities. In its efforts to address soil and water contamination, orders received surged by 62.6% compared with the previous fiscal year to ¥1,354 million on the back of increases in eco-friendly slope greening projects and private-sector soil remediation projects. Buffeted by the drop in new sewage line construction order from regional public authorities, orders received for construction work on sewage mains and other public utility conduits declined by 31.3% year on year to ¥998 million. In the building construction segment, the Raito Kogyo Group channeled its sales and marketing activities mainly toward negotiation contract-based projects. Buoyed by the steady increase in orders received for condominium construction in the Tokyo Metropolitan area, orders received in this segment climbed by 16.7% compared with the previous fiscal year to ¥7,808 million. In the fiscal year under review, orders for general civil engineering works and other projects declined by 3.7% in year-on-year terms to ¥3,943 million.

MEDIUM-TERM BUSINESS STRATEGY AND RELATED ISSUES

Under these circumstances, we are endeavoring to address the following issues in efforts to secure adequate business volumes across the Group and to improve our earning capabilities.

Strictly Adhere to Safety and Health Management

The Raito Kogyo Group will endeavor to further enhance its safety and health management in efforts to eliminate the incidence of disaster. By strictly adhering to this principle and garnering the increased trust of our customers, we will work diligently toward enhancing corporate value.

Strengthen the Group's Management Structure in the Specialized Civil Engineering Field

Moving forward, the Group will work to bolster its operating platform and secure business volume by ramping up the sales and marketing activities of subsidiary companies deeply rooted in each local community and adhering strictly to a policy of cost reduction.

Expand the Business Scale of Activities in the Building Construction and Overseas Business Segments

Positioning relevant and appropriate risk management at the head of building construction activities, the Raito Kogyo Group will cultivate new customers in an effort to expand its business scale. We will upgrade and expand our overseas market and risk analysis activities in each region while at the same time increasing the number of personnel assigned to mainstay markets. Through these and other means, we will increase the volume of business in our overseas operations.

Bolster Our Financial Position

Placing the utmost emphasis on profitability in the conduct of our sales and marketing activities, we plan to bolster our earning capabilities. At the same time, we will look to lift claim collection rates to secure adequate cash flow and promote asset efficiency through effective investment in machinery assets and rationalization of idle assets. On this basis, the Raito Kogyo Group will build a robust financial position.

OUTLOOK

In fiscal 2011, the fiscal year ending March 31, 2012, operating conditions in the construction industry are shrouded in a cloud of uncertainty. Despite forecasts of an increase in public-sector activity, particularly related to reconstruction efforts following the Great East Japan Earthquake, the business environment is expected to remain harsh. In addition to major cutbacks in regular budgets, and despite the aforementioned upswing in earthquake reconstruction-related demand including the private sector, this uncertainty is attributable to such factors as anticipated delays in orders. Against this backdrop, each regional subsidiary will engage in sales and marketing activities deeply rooted in their respective communities. While strengthening regional sales and marketing capabilities in the specialist civil engineering field, the Group will endeavor to secure business volume by upgrading and expanding activities in each of the construction and overseas segments. Moreover, the Group will bolster its order selection and promote further reductions on direct input costs and operating overheads in order to secure essential earnings. Accounting the all of the aforementioned measures, the Raito Kogyo Group is projecting consolidated net sales of ¥67.5 billion in the fiscal year ending March 31, 2012. From a profit perspective, operating income, ordinary profit and net income are estimated at ¥1.2 billion, ¥1.2 billion and ¥750 million, respectively.

August 2011

Yasumi Irie

Yasumi Irie
President

CORPORATE GOVERNANCE

FUNDAMENTAL POLICY

The Raito Kogyo Group's fundamental policy on corporate governance is to strive "to enhance the prosperity of all stakeholders, including customers, shareholders and employees." To realize this goal, Raito Kogyo recognizes that development and maintenance of a sound management structure and related systems is a key issue for senior managers.

CORPORATE GOVERNANCE FRAMEWORK

Management structure and oversight/supervisory systems

Raito Kogyo has established the General Managers' Committee to strengthen management functions and to facilitate timely and effective decision-making relating to key management policies and any urgent business matters.

The optimization of the number of members of the Board of Directors and the introduction of an executive officer system serve to enhance the management structure and to promote greater efficiency in decision-making and operational execution functions.

A corporate auditor system based on the Japanese model constitutes the core element of management oversight functions. As of June 2011, the Board of Corporate Auditors comprised three members, two of whom were external appointments. Corporate auditors attend meetings of the Board of Directors and important management committees. This strengthens oversight, helps to promote sound management and increases transparency.

The independent auditors undertake accounting audits of Raito Kogyo's financial statements on both a consolidated and non-consolidated basis.

COMPLIANCE FRAMEWORK

Raito Kogyo has established the Compliance Promotion Committee, and has also instituted a fundamental policy on compliance along with the Raito Kogyo Group Corporate Code of Conduct.

STATUS OF SYSTEM OF INTERNAL CONTROLS

On May 19, 2006, the Board of Directors decided to develop a fundamental policy on internal controls to guide the development of systems aimed at ensuring that the execution of duties by directors is in compliance with relevant laws, regulations and the articles of association, and that other management practices are consistently proper. Raito Kogyo continues to develop internal controls based on this policy, while making required revisions or improvements in response to any changes in the business environment.

TIMELY DISCLOSURE

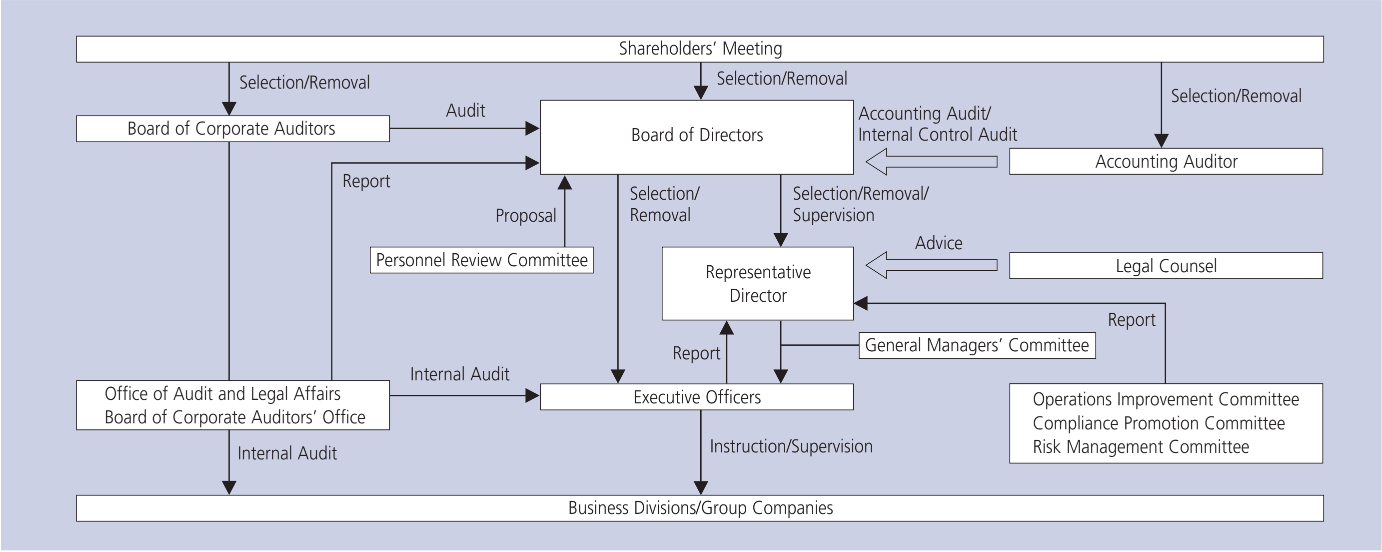
Raito Kogyo recognizes the importance of early disclosure of all relevant information to investors relating to financial results and performance. The Corporate Planning Department oversees the implementation of various IR activities, including financial results announcements, investor presentations and the disclosure of investor-related information through media channels such as the corporate web site.

RISK MANAGEMENT SYSTEM

The Risk Management Committee coordinates efforts to ensure the early identification of risks, alongside implementation of preventive measures.

INTERNAL AUDITS

The Internal Audit Office, which comprised three members of staff, fulfills various internal audit functions. Based on annual auditing plans, it reviews the soundness of executive actions and business activities. Internal audit results are reported to the corporate auditors and to the president.



RAITO KOGYO AT A GLANCE

Slope Protection Projects

This sector includes engineering works to protect slopes from degradation or weathering and to prevent disasters due to landslip, landslide, slope failure, mudslide or flooding. Orders received in the fiscal year under review totaled ¥25,734 million and segment revenues from completed projects amounted to ¥21,536 million.

Ground Improvement Projects

Structural foundation and soft-ground stabilization works help to prevent ground subsidence or liquefaction during an earthquake. Orders received in the fiscal year under review totaled ¥21,331 million, while segment revenues from completed projects were ¥21,779 million.

Structural Repair Projects

Activities in this sector include diagnostic survey and structural repair work for tunnels, bridges, sewage systems and other structures. Orders received in the fiscal year under review amounted to ¥3,217 million. Segment revenues from completed projects were ¥6,503 million.

Building Construction Projects

Through its building construction projects, the Company is largely engaged in the construction of condominiums. Raito Kogyo is particularly well versed in the construction of special-purpose condominiums, including those used by the elderly, as well as one-room condominiums for the singles demographic. Sales in both of these areas continue to expand. Orders received during the fiscal year under review totaled ¥7,808 million, while segment revenues from completed projects amounted to ¥6,449 million.

Others

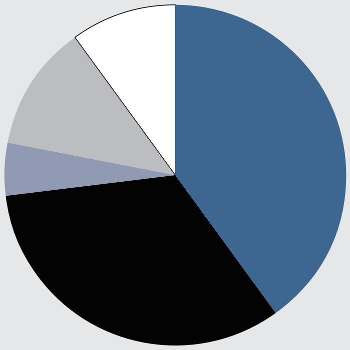
In addition to anti-pollution projects, this segment spans a variety of engineering works, including the installation of sewage mains or other public utility conduits and the analysis of digitized data obtained from geological surveys or 3-D imaging. Orders received in the fiscal year under review were ¥6,279 million and segment revenues from completed projects amounted to ¥7,609 million.

ORDERS RECEIVED BY TYPE OF WORK (%)

Slope Protection Projects
40.0

Ground Improvement Projects
33.1

Structural Repair Projects
5.0



Building Construction Projects
12.1

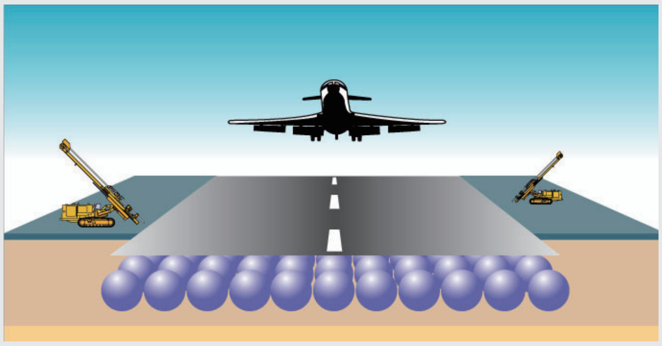
Others
9.8

TECHNICAL TOPICS

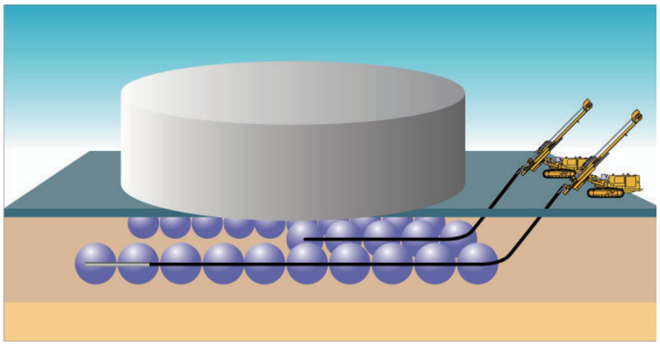
Raito Kogyo is engaged in a broad range of research and development activities in an effort to respond to changes in market trends, expand its scope of business activities and upgrade technologies in each business segment. To this end, the Company is also active in joint R&D, and aggressively pursues 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 ¥228 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. Maxperm Grouting method facilitates the long-term effects of improvement and stabilization by using a highly durable grout. Utilized in areas such as air and sea ports, this soft-ground stabilization and anti-liquefaction soil treatment is attracting wide acclaim.



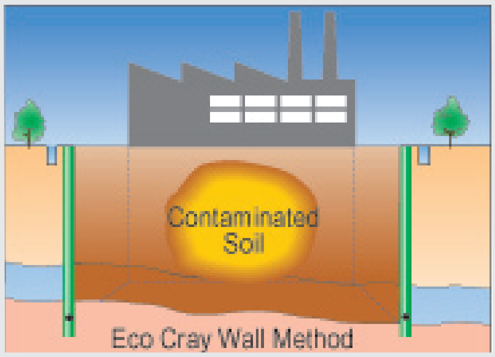
NAVIGATIONAL DRILLING SYSTEM



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 and soil remediation methods. 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 allowing the injection of materials that decompose contaminants without being hampered by structures and obstacles.

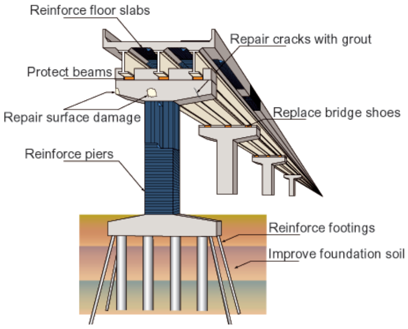
SOIL REMEDIATION TECHNOLOGY

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.



GROUND IMPROVEMENT

Raito Kogyo has been a major player also in the ground improvement field in Japan and the U.S. The soft ground is improved to resist settlement and deformation by applying various technologies such as chemical grouting, jet grouting, shallow and deep soil mixing. Raito has capabilities to apply all these technologies so that the most efficient technology is proposed to address unique site and ground conditions as well as client needs. Raito Kogyo has continuously upgraded these technologies to widen the range of application and improve cost efficiency.

CONSTRUCTION RESULTS

Project:

Ground improvement works for the construction of Atsugi Highway Interchange

Owner:
Central Nippon Expressway Company Limited

Client:
Toda Corporation

Duration:
July 2010 to October 2010

Project:

Ground anchor installation works associated with Kobe Port Island pier upgrading Project (Section 1)

Owner:
Ministry of Land, Infrastructure, Transport and Tourism, Kinki Regional Development Bureau

Client:
Penta-Ocean Construction Co., Ltd.

Duration:
May 2010 to February 2011

Project:

Seismic upgrading works of Noniwa viaduct on the Yokohama Yokosuka Highway

Owner & Client:
East Nippon Expressway Company Limited

Duration:
November 2007 to January 2011

Project:

Landslide mitigation works along the Tenryu River

Owner:
Ministry of Land, Infrastructure, Transport and Tourism, Chubu Regional Development Bureau

Client:
Kumashiro Kensetsu Corporation

Duration:
April 2009 to August 2010

Project:

Grouting works for Kurashiki Underground LPG Storage Facility Construction (Phase II)

Owner:
Japan Oil, Gas and Metals National Corporation

Client:
Shimizu Corporation

Duration:
November 2007 to March 2011

CONSOLIDATED BALANCE SHEETS

March 31, 2011 and 2010	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 1) 2011
ASSETS			
Current assets:			
Cash and time deposits (Note 3)	¥ 9,158	¥ 8,721	$ 110,138
Notes and accounts receivable — trade	19,804	18,587	238,178
Accumulated construction cost in progress (Note 4)	7,830	10,840	94,173
Merchandise and finished goods (Note 4)	24	7	293
Work in process (Note 4)	19	23	230
Raw materials and supplies (Note 4)	183	198	2,209
Accounts receivable — other	780	524	9,389
Other current assets	555	574	6,678
Allowance for doubtful accounts	(302)	(298)	(3,639)
Total current assets	38,053	39,180	457,652
Fixed assets:			
Property and equipment			
Buildings and structures	8,878	8,865	106,779
Accumulated depreciation	(6,299)	(6,137)	(75,757)
Buildings and structures, net	2,579	2,727	31,022
Machinery, vehicles and equipment	21,990	23,117	264,467
Accumulated depreciation	(21,098)	(21,309)	(253,741)
Machinery, vehicles and equipment, net	891	1,807	10,725
Land (Note 5)	9,251	9,287	111,257
Lease assets (Note 13)	1,259	238	15,150
Accumulated depreciation	(191)	(29)	(2,303)
Lease assets, net	1,068	208	12,846
Construction in progress	1	0	12
Total property and equipment	13,791	14,032	165,864
Intangible assets			
Other	207	394	2,496
Total intangible assets	207	394	2,496
Investments and other assets:			
Investment in securities (Note 6)	2,915	2,896	35,063
Long-term prepaid expenses	503	519	6,049
Claims provable in bankruptcy, claims provable in rehabilitation and other	217	680	2,611
Others	1,596	1,247	19,195
Allowance for doubtful accounts	(198)	(796)	(2,388)
Total investments and other assets	5,033	4,546	60,531
Total fixed assets	19,032	18,973	228,893
Total assets	¥ 57,086	¥ 58,153	$ 686,545

The accompanying notes are an integral part of this statement.

March 31, 2011 and 2010	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 1) 2011
LIABILITIES			
Current liabilities:			
Notes and accounts payable — trade	¥14,784	¥15,066	$177,810
Short-term bank loans payable	100	100	1,202
Current portion of long-term loans payable	466	416	5,604
Accrued income taxes	163	236	1,967
Advance received on uncompleted contracts	5,513	6,366	66,304
Provision for warranties for completed construction	99	119	1,192
Allowance for anticipated loss on contract work	123	346	1,489
Provision for losses attributable to disasters	133	—	1,604
Accrued expenses	966	1,183	11,622
Other current liabilities	994	942	11,962
Total current liabilities	23,345	24,777	280,761
Non-current liabilities:			
Long-term loans payable	1,343	1,722	16,157
Deferred tax liabilities for land revaluation (Note 5)	1,393	1,393	16,753
Reserve for retirement benefits (Note 8)	479	230	5,765
Reserve for loss on liabilities for guarantee	—	16	—
Long-term accrued amount payable	6	198	75
Lease obligations (Note 13)	832	—	10,103
Deferred tax liabilities (Note 15)	13	8	165
Negative goodwill	—	3	—
Other non-current liabilities	45	197	543
Total non-current liabilities	4,113	3,770	49,474
Total liabilities	27,459	28,548	330,236
NET ASSETS			
Shareholders' equity:			
Capital stock	6,119	6,119	73,595
Capital surplus	6,358	6,358	76,465
Retained earnings	20,038	19,593	240,996
Treasury stock (Note 10)	(1,698)	(1,698)	(20,426)
Total shareholders' equity (Note 11)	30,818	30,373	361,010
Other accumulated comprehensive income:			
Valuation difference on available-for-sale securities (Note 6)	(221)	84	(2,667)
Revaluation reserve for land (Note 5)	(880)	(880)	(10,586)
Foreign currency translation adjustment	(88)	27	(1,069)
Total other accumulated comprehensive income	(1,190)	(768)	(14,322)
Total net assets	29,627	29,605	356,308
Total liabilities and net assets	¥57,086	¥58,153	$686,545

The accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended March 31, 2011 and 2010	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 1) 2011
Net sales:			
Net sales of completed construction contracts	¥63,258	¥72,298	$760,780
Net sales of goods	603	680	7,256
Total net sales	63,862	72,979	768,036
Cost of sales:			
Cost of sales of completed construction contracts	53,984	60,979	649,246
Cost of goods sold	493	597	5,934
Total cost of sales	54,478	61,577	655,180
Gross profit:			
Gross profit of completed construction contracts	9,274	11,318	111,534
Gross profit-merchandise	109	83	1,321
Total gross profit	9,383	11,401	112,855
Selling, general and administrative expenses	8,201	8,028	98,632
Operating income	1,182	3,373	14,223
Non-operating income:			
Interest income	8	16	103
Dividends income	72	65	877
Royalty income	17	22	204
Insurance premiums refunded cancellation	2	88	25
Rent income on noncurrent assets	50	45	602
Amortization of negative goodwill	3	7	43
Other	62	90	750
Total non-operating income	216	336	2,607
Non-operating expenses:			
Interest expenses	33	41	408
Loss on sales of notes payable	5	3	67
Commission fee	31	22	378
Guarantee commission	7	10	86
Foreign exchange losses	71	87	860
Settlement package	36	—	440
Other	41	70	496
Total non-operating expenses	227	236	2,738
Ordinary income	1,171	3,473	14,092
Extraordinary income:			
Gain on prior period adjustment	2	7	28
Gain on disposal of non-current assets	13	7	164
Gain on sales of investment securities	113	9	1,368
Reversal of allowance for doubtful accounts	—	5	—
Reversal of reserve for loss on liabilities for guarantee	—	10	—
Gain from forgiveness of liabilities	138	—	1,670
Other	13	5	163
Total extraordinary income	282	45	3,395
Extraordinary loss:			
Loss on sales and retirement of non-current assets	26	39	314
Loss on business withdrawal	—	125	—
Loss on valuation of membership	2	0	27
Special extra retirement payments	35	111	425
Loss on sales of investment securities	0	79	0
Loss on valuation of investments securities	5	379	68
Impairment loss	201	185	2,420
Losses attributable to disasters (Note 9)	196	—	2,364
Other	0	21	(10)
Total extraordinary loss	468	942	5,632
Income before income taxes	985	2,575	11,855
Income taxes-current	114	204	1,374
Income taxes-deferred	5	(0)	62
Total Income taxes	119	203	1,437
Income before minority interests	866	—	10,418
Net income	¥ 866	¥ 2,372	$ 10,418

The accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended March 31, 2011	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 1) 2011
Income before minority interests	¥ 866	¥—	$10,418
Other comprehensive income:			
Valuation difference on available-for-sale securities	(306)	—	(3,687)
Foreign currency translation adjustment	(116)	—	(1,398)
Total other comprehensive income (Note 14)	(422)	—	(5,085)
Comprehensive income (Note 14)**:**	443	—	5,332
(Breakdown)			
Comprehensive income attributable to owners of the parent	443	—	5,332
Comprehensive income attributable to minority interests	¥ —	¥—	$ —

The accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the years ended March 31, 2011 and 2010	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 1) 2011
Shareholders' equity			
Capital stock:			
Balance at end of previous period	¥ 6,119	¥ 6,119	$ 73,595
Changes of items during the period			
Total changes of items during the period	—	—	—
Balance at end of the period	6,119	6,119	73,595
Capital surplus:			
Balance at end of previous period	6,358	6,358	76,465
Changes of items during the period			
Total changes of items during the period	—	—	—
Balance at end of the period	6,358	6,358	76,465
Retained earnings:			
Balance at end of previous period	19,593	17,719	235,645
Changes of items during the period			
Cash dividends	(421)	(421)	(5,066)
Net income	866	2,372	10,418
Change of scope of consolidation	—	7	—
Reversal of revaluation reserve for land	—	(84)	—
Total changes of items during the period	444	1,874	5,351
Balance at end of the period	20,038	19,593	240,996
Treasury stock:			
Balance at end of previous period	(1,698)	(1,698)	(20,424)
Changes of items during the period			
Increase in treasury stock	(0)	(0)	(2)
Total changes of items during the period	(0)	(0)	(2)
Balance at end of the period	(1,698)	(1,698)	(20,426)
Total shareholders' equity			
Balance at end of previous period	30,373	28,498	365,282
Changes of items during the period			
Cash dividends	(421)	(421)	(5,066)
Net income	866	2,372	10,418
Increase in treasury stock	(0)	(0)	(2)
Change of scope of consolidation	—	7	—
Reversal of revaluation reserve for land	—	(84)	—
Total changes of items during the period	444	1,874	5,349
Balance at end of the period	30,818	30,373	370,631
Other accumulated comprehensive income			
Valuation difference on available-for-sale securities:			
Balance at end of previous period	84	(567)	1,020
Changes of items during the period			
Net changes of items other than shareholders' equity	(306)	652	(3,687)
Total changes of items during the period	(306)	652	(3,687)
Balance at end of the period	(221)	84	(2,667)
Revaluation reserve for land:			
Balance at end of previous period	(880)	(964)	(10,586)
Changes of items during the period			
Net changes of items other than shareholders' equity	—	84	—
Total changes of items during the period	—	84	—
Balance at end of the period	(880)	(880)	(10,586)
Foreign currency translation adjustment:			
Balance at end of previous period	27	49	328
Changes of items during the period			
Net changes of items other than shareholders' equity	(116)	(22)	(1,398)
Total changes of items during the period	(116)	(22)	(1,398)
Balance at end of the period	(88)	27	(1,069)
Total other accumulated comprehensive income			
Balance at end of previous period	(768)	(1,482)	(9,236)
Changes of items during the period			
Net changes of items other than shareholders' equity	(422)	714	(5,085)
Total changes of items during the period	(422)	714	(5,085)
Balance at end of the period	(1,190)	(768)	(14,322)
Total net assets			
Balance at end of previous period	29,605	27,016	356,045
Changes of items during the period			
Dividends from surplus	(421)	(421)	(5,066)
Net income	866	2,372	10,418
Purchase of treasury stock	(0)	(0)	(2)
Change of scope of consolidation	—	7	—
Reversal of revaluation reserve for land	—	(84)	—
Net changes of items other than shareholders' equity	(422)	714	(5,085)
Total changes of items during the period	21	2,588	263
Balance at end of the period	¥29,627	¥29,605	$356,308

The accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31, 2011 and 2010	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 1) 2011
Cash flows from operating activities			
Income before income taxes	¥ 985	¥ 2,575	$ 11,855
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	999	1,289	12,017
Amortization of negative goodwill	(3)	(7)	(43)
Impairment of fixed assets	201	185	2,420
Increase (decrease) in allowance for doubtful accounts	(593)	(27)	(7,137)
Increase (decrease) in provision for warranties for completed construction	(19)	79	(239)
Increase (decrease) in reserve for loss on construction contracts	(221)	(244)	(2,661)
Increase (decrease) in reserve for employees' retirement benefits	248	49	2,988
Increase (decrease) in provision for losses attributable to disasters	133	—	1,604
Increase (decrease) in provision for loss on guarantees	(16)	(120)	(198)
Interest income and dividends received recognized on statement of income	(81)	(82)	(980)
Interest payment recognized on statement of income	33	41	408
Loss on sales of notes receivable-trade	5	3	67
Loss (gain) on sales of investment securities	(113)	70	(1,368)
Loss (gain) on devaluation of investment securities	5	379	68
Loss on valuation of membership	2	0	27
Decrease (increase) in notes and accounts receivable	(1,160)	898	(13,958)
Decrease (increase) in accumulated construction cost in progress	3,002	4,443	36,105
Decrease (increase) in other inventories	(6)	88	(79)
Increase (decrease) in notes and accounts payable	(273)	(2,251)	(3,285)
Increase (decrease) in advance received on uncompleted contracts	(851)	(3,889)	(10,246)
Others	(793)	709	(9,539)
Subtotal	1,482	4,192	17,827
Interest income and dividend received (cash basis)	81	82	980
Interest payment (cash basis)	(33)	(41)	(408)
Payments for sales of notes receivable-trade	(5)	(3)	(67)
Income taxes paid	(228)	(174)	(2,745)
Net cash provided by operating activities	1,296	4,055	15,586
Cash flows from investing activities			
Purchases of fixed assets	(357)	(762)	(4,305)
Proceeds from sales of fixed assets	28	43	338
Purchases of intangible assets	(73)	(231)	(888)
Purchases of investment securities	(1,041)	(242)	(12,527)
Proceeds from sales of investment securities	1,206	60	14,507
Purchase of investments in subsidiaries	(200)	(200)	(2,405)
Proceeds from sales of investments in subsidiaries	—	101	—
Purchase of insurance funds	—	(199)	—
Proceeds from cancellation of insurance funds	124	384	1,496
Others	(47)	(27)	(574)
Net cash used in investing activities	(362)	(1,073)	(4,356)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowing	—	(4,721)	—
Cash dividends paid	(419)	(419)	(5,043)
Proceeds from long-term loans payable	100	2,250	1,202
Repayment of long-term loans payable	(428)	(112)	(5,153)
Proceeds from sale-and-leaseback transactions	459	—	5,531
Repayments of finance lease obligations	(165)	(20)	(1,984)
Purchases of treasury stock	(0)	(0)	(2)
Net cash used in financing activities	(453)	(3,023)	(5,449)
Effect of exchange rate change on cash and cash equivalents	(44)	20	(536)
Net increase (decrease) in cash and cash equivalents	436	(21)	5,245
Cash and cash equivalents at beginning of the year	8,621	8,521	103,690
Increase (decrease) in cash and cash equivalents from newly consolidated subsidiary	—	121	—
Cash and cash equivalents at end of the year (Note 3)	¥ 9,058	¥ 8,621	$108,935

The accompanying notes are an integral part of this statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company 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. Effective from the fiscal year under review, the Company has adopted the Cabinet Office Ordinance Partially Revising Regulations for Terminology, Forms and the Presentation of Financial Statements (Cabinet Office Ordinance No. 5, issued on March 24, 2009) based on the Accounting Standard for Consolidated Financial Statements (Accounting Standards Board of Japan (ASBJ) Statement No. 22, issued on December 26, 2008), and accordingly presented the item income before minority interests." In addition, effective from the fiscal year under review, the Company also adopted the Accounting Standard for the Presentation of Comprehensive Income (ASBJ Statement No. 25, issued on June 30, 2010). However, the amounts for accumulated other comprehensive income and total accumulated other comprehensive income for the previous fiscal year have been recorded as valuation and translation adjustments and total valuation and translation adjustments, respectively.

The amounts are rounded to the nearest million yen. Therefore, total or subtotal amounts do not correspond with the aggregation of such account balances. The United States dollar amounts presented in the accompanying financial statements are included solely for convenience and are stated, as a matter arithmetical computation only, at the rate of ¥83.15 = US$1.00, which was the exchange rate prevailing at March 31, 2011.

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 10 significant subsidiaries: AURA LUGAR CO., LTD., ONORYO CO., LTD., RAITO, INC., TOKAI REALIZE CO., LTD., MICHINOKU REALIZE CO., LTD., TOHOKU REALIZE CO., LTD., KYUSYU REALIZE CO., LTD., HOKKAIDO REALIZE CO., LTD., RAITO SINGAPORE PTE. LTD. and YASASHIITE RAITO CO., LTD., after the elimination of all significant intercompany transactions, balances and unrealized profits.

The consolidated financial statements do not include the accounts of FUKUSHIMA CIVIL CO., LTD., MARUKI KENSETSU CO., LTD., EDO ENTERPRISE CO., LTD., YAMAGUCHI REALIZE CO., LTD., NIGATA REALIZE CO., LTD., NISHINIHON REALIZE CO., LTD., RAITO CARE CO., LTD. and SHINSAMPEI CONSTRUCTION CO., 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 cost. The equity method is not applied to such investments since the effect of applying the equity method in these subsidiaries not material.

(iii) 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.

(iv) Debts and Assets of consolidated subsidiaries

Liabilities and assets of consolidated subsidiaries are carried at market value.

(v) Fiscal year of consolidated subsidiaries

The fiscal years of consolidated subsidiaries are the same as that of the Company.

b) Marketable securities and investments in securities

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

Marketable available-for-sale securities are carried at fair market value at the fiscal 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 based on the moving-average method.

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

c) 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.

d) Property and equipment depreciation

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

e) 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).

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 on collectability.

g) Allowance for anticipated loss on contract work

Uncompleted construction expenditure relating to contract work where a loss is anticipated and the allowance for anticipated loss on contract work are posted separately and not offset. The allowance for anticipated loss on contract work applicable to uncompleted construction expenditure relating to contract work where a loss is anticipated amounts to ¥123 million.

h) 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.

One domestic consolidated subsidiary, ONORYO CO., LTD., however, posted 100% of the required benefit amount at the fiscal year-end calculated using the simplified method.

Actuarial gain or loss is amortized in the fiscal year following the fiscal year in which the gain or loss is recognized primarily by the straight-line method over periods which are shorter than the average remaining fiscal years of service of the eligible employees.

i) Provision for losses attributable to disasters

The Company has provided an estimated amount as of the end of the fiscal year under review for payments relating to the repair, reconstruction and restoration of assets damaged as a result of the Great East Japan Earthquake.

(Additional information)

Included in the extraordinary loss attributable to disasters totaling ¥196 million posted to the Company's consolidated statement of income are losses relating to the demolition of damaged assets, expenses required to restore damaged assets to their original state, condolence payments as well as other relief and support expenditure following the Great East Japan Earthquake. Of this total, an estimated amount of ¥133 million has been posted to the Company's consolidated balance sheet as a provision for losses attributable to disasters.

j) Asset retirement obligations

Effective from the fiscal year under review, the Company adopted the Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, issued on March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, issued on March 31, 2008). As a result of the adoption of this statement and guidance, operating income, ordinary income and income before income taxes for the fiscal year under review were all slightly affected.

k) Lease obligations

Up to the previous fiscal year, lease obligations were recorded in the other accounting line item included in noncurrent liabilities. Effective from the fiscal year under review, lease obligations are recorded as a separate item due their increased importance.

The amount of lease obligations recorded in the other accounting line item included in noncurrent liabilities for the previous fiscal year was ¥164 million.

l) 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.

m) Amortization of goodwill and negative goodwill

The difference between the cost of an investment and equity in the net assets of a subsidiary at the date of acquisition is expressed in goodwill and negative goodwill.

Goodwill and negative goodwill are amortized using the straight line method over a reasonable number of years not exceeding more than 20 years. The amortization period is determined on a case by case basis.

3. Cash and cash equivalents

Reconciliation between cash and time deposits and marketable securities on the consolidated balance sheets as of March 31, 2011 and 2010 and cash and cash equivalents at end of years on the statements of cash flows for the year ended March 31, 2011 and 2010 are as follows:

	Millions of yen		U.S. dollars
	2011	2010	2011
Cash and time deposits on the consolidated balance sheets	¥9,158	¥8,721	$110,138
Time deposits with terms exceeding 3 months	(100)	(100)	(1,202)
Cash and cash equivalents on the statement of cash flows	¥9,058	¥8,621	$108,935

4. Inventories

Inventories as of March 31, 2011 and 2010 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Accumulated construction cost in progress	¥7,830	¥10,840	$94,173
Materials and supplies	227	229	2,732
	¥8,057	¥11,069	$96,906

5. 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, 2011, the carrying amount of the land after one-time revaluation exceed the market value by ¥2,447 million ($29,432 thousand).

6. Marketable securities and investment in securities

The market value of listed securities, which are classified as Marketable securities, as of March 31, 2011 and 2010, are as follows:

	Millions of yen		
		Fair Value	
As of March 31, 2011	Cost	(Carrying Amount)	Unrealized Gain (Loss)
Marketable equity securities	¥1,468	¥1,312	¥(156)
Fund trust and other	1,019	952	(66)
	¥2,488	¥2,266	¥(221)

	Thousands of U.S. dollars		
		Fair Value	
As of March 31, 2011	Cost	(Carrying Amount)	Unrealized Gain (Loss)
Marketable equity securities	$17,662	$15,786	$(1,875)
Fund trust and other	12,262	11,471	(791)
	$29,925	$27,258	$(2,667)

	Millions of yen		
		Fair Value	
As of March 31, 2010	Cost	(Carrying Amount)	Unrealized Gain (Loss)
Marketable equity securities	¥1,451	¥1,414	¥ (36)
Fund trust and other	904	1,025	121
	¥2,355	¥2,440	¥ 84

7. Short-term bank loans payable

In order to ensure the efficient use and management of working capital, the Raito Kogyo Group has concluded overdraft and commitment lines of credit agreements with five banks. The total amount under overdraft and commitment lines of credit agreements as of the end of the fiscal year under review stood at ¥7,222 million.

8. Employees' retirement benefit and pension plan

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

The liability for employees' retirement benefits obligation at March 31, 2011 and 2010 consists of the followings;

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Projected benefit obligation	¥(9,487)	¥(10,042)	$(114,098)
Plan assets at fair value	5,943	6,485	71,485
Retirement benefit trust	1,359	1,319	16,353
Unrecognized actuarial loss	2,353	2,751	28,307
Unrecognized prior service cost	(649)	(745)	(7,812)
Long-term prepaid expenses	—	—	—
Net liability	¥ (479)	¥ (230)	$ (5,765)

The components of net periodic benefit costs for the year ended March 31, 2011 and 2010, are as follows;

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Service cost	¥ 370	¥ 397	$ 4,453
Interest cost	197	208	2,377
Expected return on plan assets	(129)	(126)	(1,560)
Amortization of actuarial loss	(95)	(95)	(1,152)
Amortization of prior service cost	372	410	4,482
Net periodic benefit costs	¥ 715	¥ 794	$ 8,600

Assumptions used for the year ended March 31, 2011 and 2010, are set forth as follows;

	2011	2010
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	2.0%	2.0%
Amortization period of actuarial gain/loss	13 years	13 years
Amortization period of prior service cost	13 years	13 years

9. Provision for losses attributable to disasters

The breakdown of losses attributable to the Great East Japan Earthquake are presented as follows.

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Loss on the demolition of noncurrent assets	¥ 36	$ 434
Expenses required to restore damaged assets to their original state	108	1,302
Condolence payments, other relief and support expenditure	43	521
Other	8	106
Total	¥196	$2,364

10. Treasury stock

The Company holds 5,142,227 shares of treasury stock as of March 31, 2011based 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. 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.

12. Contingent liabilities

The Company has provided guarantees to credit guaranty companies in connection with deposits received relating to the sale of houses and lots by the following company.

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Takara Leben Co., Ltd.	¥301	$3,628

13. 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, 2011 and 2010 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
	2011	2010	2011
Machinery and equipment:			
Acquisition cost equivalent	¥171	¥307	$2,063
Accumulated depreciation equivalent	132	224	1,594
Net book value equivalent	¥ 38	¥ 82	$ 468

Undiscounted future lease payments as of March 31, 2011 and 2010, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Due within one year	¥29	¥47	$351
Thereafter	9	35	117
	¥38	¥82	$468

Lease payments for the years ended March 31, 2011 and 2010, are ¥47 million ($828 thousand) and ¥77 million, respectively. Depreciation expense equivalent is computed on a straight-line basis over the lease term with no residual value, and amounted to ¥47 million ($828 thousand) and ¥77 million for the years ended March 31, 2011 and 2010, respectively.

b) Future payments of operating lease as of March 31, 2011 and 2010, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Due within one year	¥ 8	¥ 5	$103
Thereafter	12	10	150
	¥21	¥15	$253

14. Consolidated comprehensive income

Comprehensive income for the fiscal year immediately preceding the fiscal year under review is presented as follows.

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Comprehensive income attributable to the owners of the parent	¥3,002	$36,113
Comprehensive income attributable to minority interests	—	—
Total	¥3,002	$36,113

Other comprehensive income for the fiscal year immediately preceding the fiscal year under review is presented as follows.

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Valuation difference on available-for-sale securities	¥652	$7,844
Foreign currency translation adjustment	(22)	(266)
Total	¥630	$7,577

15. Income taxes

The significant components of the Company's deferred tax assets and liabilities as of March 31, 2011 and 2010, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Deferred tax assets:			
Reserve for employees' retirement benefit	¥ 1,328	¥ 1,361	$ 15,981
Long-term accounts payable	2	5	31
Amortization of transitional obligation	484	484	5,828
Accrued expenses	133	163	1,607
Loss on valuation of memberships denied for deduction	100	127	1,204
Allowance for doubtful accounts	220	518	2,654
Provision for loss on construction denied for deduction	50	135	604
Net operating loss carryforwards	787	1,060	9,468
Impairment loss denied for deduction	421	443	5,063
Loss on support of subsidiaries and affiliates	1,424	1,424	17,128
Loss on valuation of stocks of subsidiaries and affiliates	450	653	5,417
Other	753	1,061	9,063
Subtotal	6,157	7,438	74,048
Valuation allowance	(5,763)	(7,045)	(69,318)
Total deferred tax assets	¥ 393	¥ 393	$ 4,731
Deferred tax liabilities:			
Gain on securities contributed to employees' retirement benefit	(393)	(393)	(4,731)
Special depreciation allowance for tax purposes	(8)	(8)	(103)
Disposal expenses relating to asset retirement obligations	(5)	—	(63)
Total deferred tax liabilities	¥ (407)	¥ (401)	$ (4,896)
Total net deferred tax assets	¥ (13)	¥ (8)	$ (166)

16. Segment information

(1) Industry segments

Summarized financial information by industry segment for the years ended as of March 31, 2011 is as follows:

	Millions of yen				
	Year ended March 31, 2011				
	Construction	Goods sales	Total	Elimination	Consolidated
Revenues:					
Customers	¥63,258	¥ 603	¥63,862	¥ —	¥63,862
Inter-segments	—	1,174	1,174	(1,174)	—
Total	63,258	1,778	65,037	(1,174)	63,862
Operating expenses	62,133	1,724	63,857		
Operating income/loss	1,125	53	1,179	3	1,182
Assets	43,784	1,494	45,279	11,806	57,086
Depreciation	941	42	983	(5)	978
Capital expenditures	1,300	4	1,305	(0)	1,304

	Thousands of U.S. dollars				
	Year ended March 31, 2011				
	Construction	Goods sales	Total	Elimination	Consolidated
Revenues:					
Customers	$760,780	$ 7,256	$768,036	$ —	$768,036
Inter-segments	—	14,130	14,130	(14,130)	—
Total	760,780	21,386	782,167	(14,130)	768,036
Operating expenses	747,243	20,740	767,984		
Operating income/loss	13,536	645	14,182	41	14,223
Assets	526,574	17,975	544,550	141,995	686,545
Depreciation	11,318	511	11,830	(62)	11,768
Capital expenditures	15,641	57	15,698	(10)	15,688

(2) Geographical segments

Summarized financial information by geographical business segment for the years ended as of March 31, 2011 is as follows:

	Millions of yen			
	Year ended March 31, 2011			
	Japan	North America	Other	Total
Revenues	¥61,168	¥2,636	¥57	¥63,862

	Thousands of U.S. dollars			
	Year ended March 31, 2011			
	Japan	North America	Other	Total
Revenues	$735,634	$31,705	$696	$768,036

Effective from the fiscal year under review, the Company adopted the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Accounting Standards Board of Japan (ASBJ) Statement No. 17, issued on March 27, 2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, issued on March 21, 2008).

17. Subsequent event

On June 29, 2011, 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 ¥8.0 ($0.09) per share (final for the year ended March 31, 2011)	¥421	$5,066

BOARD OF DIRECTORS AND AUDITORS

President
Yasumi Irie

Managing Directors
Ayumu Yasukawa
Susumu Araki
Kazuo Suzuki

Directors
Sigeaki Funayama
Masahiko Ozawa
Yoichi Howa
Nobuyuki Fujisawa
Makoto Nishi
Takao Ogawa
Tadashi Shibata
(as of June 29, 2011)

SHARE INFORMATION

Common Stock:
Authorized shares:
198,000,000 shares
(as of March 31, 2011)

Issued and outstanding shares:
57,804,450 shares
(as of June 29, 2011)

Number of shareholders:
11,684
(as of March 31, 2011)

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$73,595,610
(¥83.15=US$1.00)
(as of March 31, 2011)

Date of Establishment:
September 28, 1948

Stock Trading:
Tokyo Stock Exchange,
First Section

Major Shareholders:
Raito Kogyo Co., Ltd.
Japan Trustee Services Bank, Ltd.
Taiyo Life Insurance Company
Sumitomo Mitsui Banking Corporation
Nippon Life Insurance Company
The Hokuriku Bank, Ltd.

Employees:
1,081 (as of March 31, 2011)