

Annual Report 2015

Year ended March 31, 2015



Raito Kogyo Co., Ltd.



PROFILE

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.

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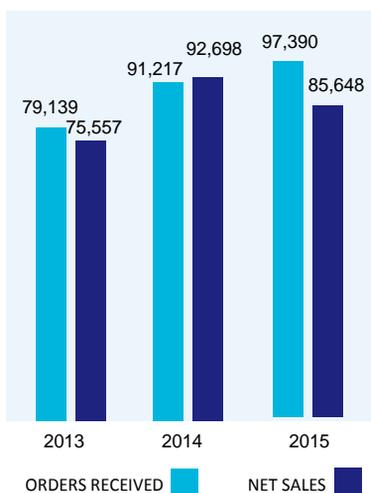
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CONSOLIDATED FINANCIAL HIGHLIGHTS

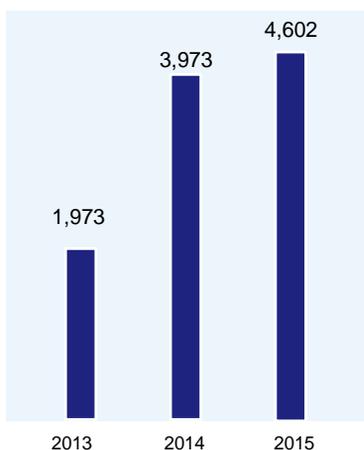
	Millions of yen						Thousands of U.S. dollars
	2015	2014	2013	2012	2011	2010	2015
FOR THE YEAR							
Orders received	¥97,390	¥91,217	¥79,139	¥74,685	¥64,390	¥62,183	\$810,570
Net sales	85,648	92,698	75,557	73,982	63,862	72,979	712,842
Income (loss) from operations	7,078	6,581	2,947	2,255	1,182	3,373	58,910
Income (loss) before income taxes	7,389	6,692	2,573	2,108	985	2,575	61,498
Net income (loss)	4,602	3,973	1,973	1,678	866	2,372	38,302
AT YEAR-END							
Total assets	75,691	71,500	61,078	58,370	57,086	58,153	629,971
Net assets	41,631	35,803	33,291	31,137	29,627	29,605	346,492
Capital stock	6,119	6,119	6,119	6,119	6,119	6,119	50,928
AMOUNTS PER SHARE (in yen)							
Net income (loss)	87.40	75.45	37.47	31.88	16.45	45.06	
Net assets	790.56	679.89	632.17	591.27	562.59	562.16	
PERFORMANCE INDICATORS							
Equity capital ratio (%)	55.0	50.1	54.5	53.3	51.9	50.9	-
Return on equity (%)	11.9	11.5	6.1	5.4	2.9	8.4	-

Note: U.S. dollar amounts above and elsewhere in this annual report are converted from Japanese yen, for the readers' convenience only, at the rate of ¥120.15 = US\$1.00, the rate on March 31, 2015.

ORDERS RECEIVED, NET SALES
(Millions of yen)



NET INCOME
(Millions of yen)



PRESIDENT'S MESSAGE



OPERATING PERFORMANCE

In fiscal year 2014, ended March 31, 2015, Japan's economy showed improvements in terms of corporate performance, employment, and income environment owing to the government's economic policy and assertive economic measures that included monetary relaxation by the Bank of Japan. It carried some uncertainties, though, with personal consumption discouraged by a consumption tax raise and price hikes.

The construction industry was exposed to higher material and labor costs. However, construction investments in the private sector maintained their momentum toward recovery, and those in the public sector generally remained firm despite some year-on-year decline.

Under these circumstances, the sales of Raito Kogyo Group in the consolidated fiscal year under review dropped 7.6% from the previous year to ¥85,648 million, reflecting a decline in sales from the disposal of rubble left by the Great East Japan Earthquake and the right-sizing of our business operations for profitability optimization in the Company.

Despite the decline in net sales, on the profit front, we posted a gross profit of ¥15,341 million, up 10.0% from the previous year, owing to a higher gross profit margin.

This increased gross profit led to an operating income of ¥7,078 million, up 7.6% from the previous year, and an ordinary income of ¥7,364 million, up 9.1%, bringing us a 15.8% year-on-year increase in net income for fiscal 2014 of ¥4,602 million.

BUSINESS SEGMENT REVIEW

The consolidated sales of the Group's core business, construction segment, were ¥84,957 million, down 7.7% from the previous year.

Orders received by this segment rose 6.8% year on year to ¥97,390 million. Presented below is the status of orders received by main type of work.

(1) Slope protection projects (slope protection and landslide prevention work)

Orders received increased 11.1% year on year to ¥31,926 million, buoyed by increased orders for rail track embankments and earthquake protection work.

(2) Foundation and ground improvement projects

Orders received totaled ¥31,708 million, up 12.3% from the previous year, mainly thanks to increased orders for anti-liquefaction work related to rivers, airports, and harbors.

(3) Structural repair and reinforcement projects

Orders received fell 10.3% from the previous year to ¥3,153 million mainly because of reduced orders from the Ministry of Land, Infrastructure, Transport and Tourism for the prevention of bridge collapses.

(4) Environmental restoration projects

Orders received totaled ¥4,129 million, up 30.2% from the previous year, helped by an increase in orders for radioactive material decontamination work.

(5) Sewage system construction projects

Orders received for sewer installation work from local governments declined, with a total order intake of ¥1,001 million, down 49.6% from the previous year.

(6) Building construction projects

Orders received in this segment totaled ¥14,560 million, up 33.9% from the previous year, because of steady demand for condominium construction in the Tokyo metropolitan area.

(7) General civil engineering and other projects

The total order intake amounted to ¥10,910 million, down 25.8% from the previous year, due mainly to decreased orders for the disposal of rubble left by the Great East Japan Earthquake.



MID-TERM BUSINESS STRATEGY AND RELATED ISSUES

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

(1) Strictly Adhere to Safety and Health Management

To instill its customers and society as a whole a greater sense of trust and confidence in its capabilities, the Group will remain committed not solely to quality assurance, but to Japan's Industrial Safety and Health Act and all other related laws and regulations. We will also endeavor to reduce the incidence of work-related accidents and eliminate major disasters by further promoting risk assessment procedures that are focused on each work process.

(2) Strengthening the Group's management structure in the specialized civil engineering field

The Group will bolster its business base by strengthening its marketing capabilities, further reducing all types of costs and otherwise making effective use of its management resources, and endeavor to strengthen its management structure and secure an appropriate volume of business by promoting marketing activities that make the most of the strongest features of each regional subsidiary.

(3) Secure business volume in the building construction field

With the aim of promoting stable growth, we will focus on further enhancing customer satisfaction by ensuring safety and quality. At the same time, we will work to secure business volume by garnering long-term and continuous trust.

(4) Expand the business scale of activities in the overseas business segments

We will keep the imperative need to augment the evaluation of risk uppermost in our minds. To this end, we will conduct extensive market research. In addition to targeting market scale growth, we will strive to upgrade our organization, strengthen our management platform, and capture business scale.

(5) Technology development activities

In the specialized civil engineering field, we will endeavor to redefine and upgrade the organization and structure of our development capabilities to be able to respond quickly to rapidly changing conditions and customer needs, promote new technology development that will form the basis for our future, and capture a share of new business domains.

(6) Bolster our financial position

We will engage in activities that help to further curtail fixed expenses. At the same time, we will strengthen our earning capabilities in an effort to secure a stable stream of profits, even during adverse market conditions. We will build a robust financial position by improving cash flow through the prompt collection of construction proceeds and increasing the efficiency of assets by such means as the effective use of assets held.

OUTLOOK

The construction industry in fiscal year 2015, ending March 31, 2016 is expected to show sound growth, despite further hikes in material and labor costs and a shrinkage of public-sector construction spending. Against this backdrop, subsidiary companies in each region will strengthen their sales and marketing activities that are deeply rooted in each region in the specialized civil engineering field and seek to secure an appropriate volume of business. We will also generate profits by bolstering our focus on the selective acceptance of orders and further cutting back on direct as well as operating costs.

We will also endeavor to upgrade and expand our building construction and overseas businesses and secure the necessary profits to ensure the ongoing viability of the Group as a whole.

In the next fiscal year, the Group is expected to register consolidated sales of ¥90,000 million, an operating income of ¥6,400 million, an ordinary income of ¥6,500 million, and a net income of ¥4,100 million.



Kazuo Suzuki
President



CORPORATE GOVERNANCE

FUNDAMENTAL POLICY

The Raito Kogyo Group fundamental policy on corporate governance places the utmost emphasis on maintaining a sound management structure and associated systems. In this manner, the Group is better positioned to bring to fruition its corporate philosophy of enhancing the prosperity of all stakeholders including customers, shareholders and employees.

CORPORATE GOVERNANCE FRAMEWORK

Management structure and oversight/supervisory systems

Raito Kogyo maintains a Board of Directors comprised of 8 members, one of whom is appointed from outside the Company. At the same time, Raito Kogyo has established a three-member Board of Corporate Auditors, two of whom are appointed from outside the Company. In principle, the Board of Directors meets once a month. Special meetings of the Board of Directors are held, however, as and when required. In addition to its role as the ultimate decision-making authority for the Company, the Board of Directors also monitors and supervises management while overseeing the status of business execution by each director.

At the time Board of Directors' meetings are held, the re-presentative director and outside director also engage in roundtable discussions to promote the open and free exchange of opinions. Through these and other means, steps are taken to enhance the objectivity of management decisions and to bolster the monitoring function.

Raito Kogyo has adopted a corporate auditor system. In addition to establishing a three-member Board of Corporate Auditors, this system ensures that 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 nonconsolidated basis. There are no vested interests of any note between Raito Kogyo and its independent auditor, or with the officers of the independent auditor who conduct the Company's audit.

Raito Kogyo ensures the integrity of its internal control system through the aforementioned structure and systems.

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.

These steps reflect the Company's commitment to adhering strictly to the highest standards of corporate ethics and complying with all statutory and regulatory requirements in its business activities.

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

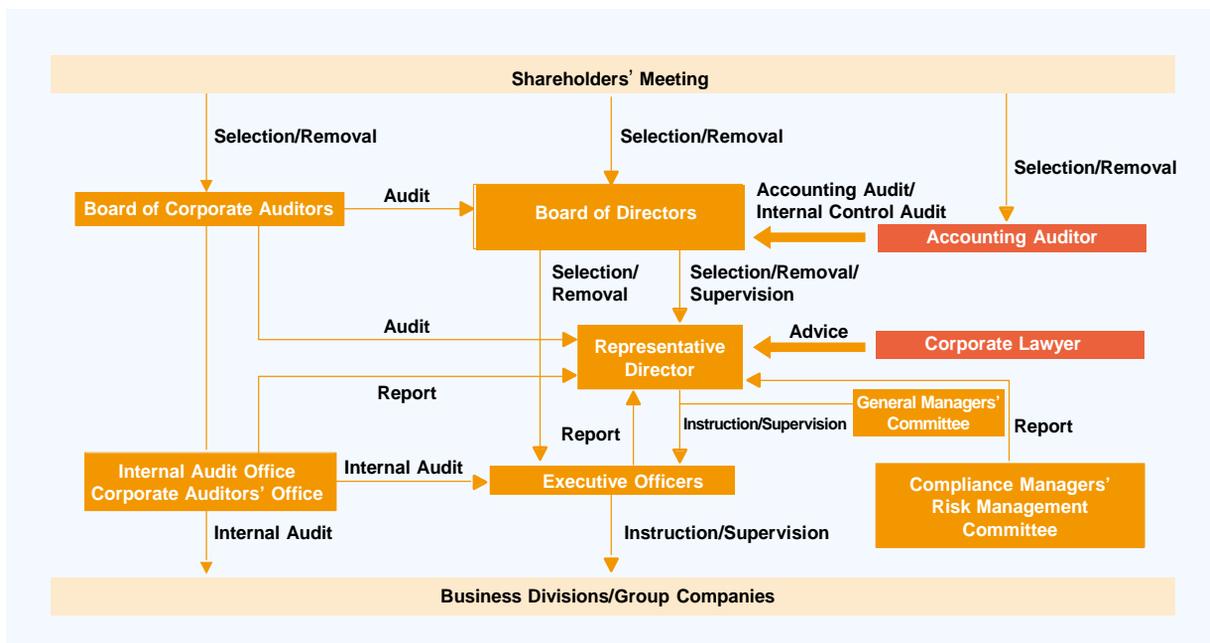
Raito Kogyo is fully cognizant of the importance of corporate governance in further enhancing management transparency. The Company recognizes the importance of early disclosure of all relevant information to investors relating to financial results and performance. The Corporate Planning Department oversees 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

In order to improve the Group's ability to respond to and address risks that have the potential to significantly impact its operations, Raito Kogyo has established the internal Crisis Management Committee. By identifying and preventing risks in advance, the Group is better positioned to avoid any consequent repercussions. Moreover, the Group will work to stabilize its operations and management in a bid to further enhance its ability to respond appropriately when a crisis arises.

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 appropriateness of business execution and the effectiveness of internal controls. Internal audit results are reported to the corporate auditors and to the president.



RAITO KOGYO AT A GLANCE

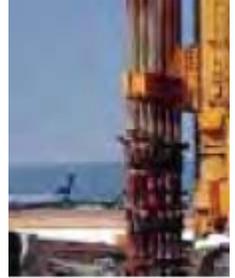
SLOPE PROTECTION PROJECTS

This sector includes engineering and construction 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 ¥31,926 million and segment revenues from completed projects amounted to ¥29,092 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 ¥31,708 million, while segment revenues from completed projects were ¥27,971 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 ¥3,153 million. Segment revenues from completed projects were ¥3,182 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 ¥14,560 million, while segment revenues from completed projects amounted to ¥11,391 million.

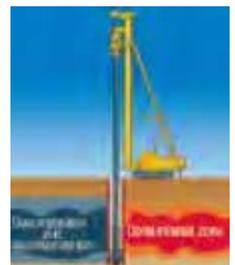


ORDERS RECEIVED BY TYPE OF WORK (%)



OTHERS

In addition to anti-pollution projects, this segment spans a variety of engineering and construction works, including the installation of sewage mains or other public utility conduits. Orders received in the fiscal year under review were ¥16,041 million and segment revenues from completed projects amounted to ¥14,012 million.



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 ¥263 million.

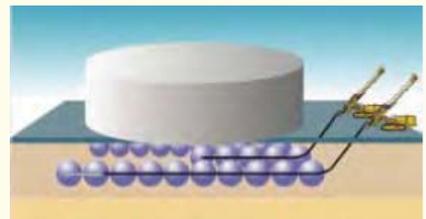
ANTI-LIQUEFACTION AND EARTHQUAKE-RESISTANT SOIL TREATMENT

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.

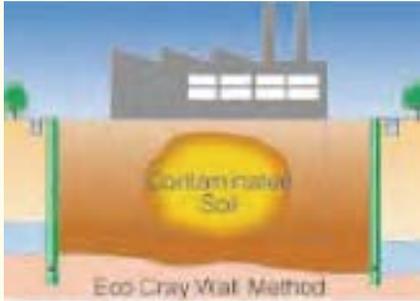


NAVIGATIONAL DRILLING SYSTEM

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 underground structures and obstacles.

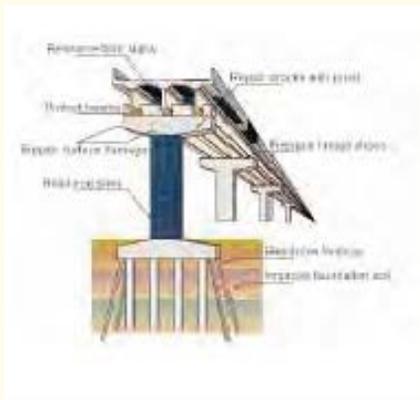


SOIL REMEDIATION TECHNOLOGY



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.

CONSOLIDATED BALANCE SHEETS

March 31, 2015 and 2014	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
ASSETS			
Current assets:			
Cash and time deposits (Note 3)	¥17,543	¥12,199	\$146,009
Notes and accounts receivable — trade	25,305	32,764	210,612
Securities	1,100	400	9,155
Accumulated construction cost in progress (Note 4)	8,350	4,892	69,496
Merchandise and finished goods (Note 4)	19	23	158
Work in process (Note 4)	2	-	17
Raw materials and supplies (Note 4)	255	210	2,122
Accounts receivable — other	130	17	1,082
Deferred tax assets (Note 16)	489	499	4,070
Other current assets	733	549	6,101
Allowance for doubtful accounts	(101)	(156)	(841)
Total current assets	53,829	51,400	448,015
Non-current assets:			
Property, plant and equipment			
Buildings and structures	9,302	7,832	77,420
Accumulated depreciation	(5,545)	(5,806)	(46,151)
Buildings and structures, net (Note 10)	3,756	2,026	31,261
Machinery, vehicles and equipment	20,857	19,850	173,591
Accumulated depreciation	(19,029)	(18,973)	(158,377)
Machinery, vehicles and equipment, net	1,827	876	15,206
Land (Notes 7 and 10)	8,737	8,969	72,717
Lease assets	1,489	1,778	12,393
Accumulated depreciation	(878)	(870)	(7,308)
Lease assets, net	611	908	5,085
Construction in progress	1	391	8
Total property, plant and equipment	14,935	13,171	124,303
Intangible assets:			
Other	124	126	1,032
Total intangible assets	124	126	1,032
Investments and other assets:			
Investment securities (Notes 5 and 8)	3,830	3,510	31,877
Long-term prepaid expenses	730	921	6,076
Claims provable in bankruptcy, claims provable in rehabilitation and other	126	253	1,049
Real estate for investment	1,228	1,279	10,221
Others	1,461	1,502	12,160
Allowance for doubtful accounts	(574)	(665)	(4,777)
Total investments and other assets	6,802	6,802	56,613
Total non-current assets	21,861	20,100	181,948
Total assets	¥75,691	¥71,500	\$629,971

The accompanying notes are an integral part of this statement.

March 31, 2015 and 2014	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
LIABILITIES			
Current liabilities:			
Notes and accounts payable — trade	¥18,407	¥20,408	\$153,200
Short-term bank loans payable (Notes 9 and 10)	700	1,100	5,826
Current portion of long-term loans payable (Note 10)	15	53	125
Accrued income taxes	1,743	2,221	14,507
Advance received on uncompleted contracts	6,532	5,202	54,365
Provision for warranties for completed construction	137	165	1,140
Allowance for anticipated loss on contract work	35	46	291
Accrued expenses	1,546	1,451	12,867
Other current liabilities	2,592	1,133	21,573
Total current liabilities	31,711	31,783	263,928
Non-current liabilities:			
Long-term loans payable (Note 10)	140	158	1,165
Deferred tax liabilities for land revaluation (Note 7)	1,054	1,167	8,772
Net defined benefit liability (Note 11)	435	1,701	3,620
Long-term accrued amount payable	41	27	341
Lease obligations	344	606	2,863
Deferred tax liabilities (Note 16)	276	206	2,297
Other non-current liabilities	55	46	458
Total non-current liabilities	2,348	3,913	19,542
Total liabilities	34,059	35,697	283,471
NET ASSETS			
Shareholders' equity:			
Capital stock	6,119	6,119	50,928
Capital surplus	6,358	6,358	52,917
Retained earnings	31,262	26,502	260,191
Treasury stock (Note 12)	(1,700)	(1,699)	(14,149)
Total shareholders' equity (Note 13)	42,040	37,280	349,896
Other accumulated comprehensive income:			
Valuation difference on available-for-sale securities	889	562	7,399
Revaluation reserve for land (Note 7)	(716)	(814)	(5,959)
Foreign currency translation adjustment	790	358	6,575
Remeasurements of defined benefit plans (Note 11)	(1,372)	(1,584)	(11,419)
Total other accumulated comprehensive income	(409)	(1,477)	(3,404)
Total net assets	41,631	35,803	346,492
Total liabilities and net assets	¥75,691	¥71,500	\$629,971

The accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENTS OF INCOME

	Millions of yen	2014	Thousands of U.S. dollars (Note 1) 2015
For the years ended March 31, 2015 and 2014	2015		2015
Net sales:			
Net sales of completed construction contracts	¥84,957	¥92,002	\$707,091
Net sales of sideline business	691	695	5,751
Total net sales	85,648	92,698	712,842
Cost of sales:			
Cost of sales of completed construction contracts 78,167	69,727	78,167	580,333
Cost of sales on sideline business	579	582	4,819
Total cost of sales	70,307	78,749	585,160
Gross profit:			
Gross profit of completed construction contracts	15,230	13,834	126,758
Gross profit on sideline business	111	113	924
Total gross profit	15,341	13,948	127,682
Selling, general and administrative expenses	8,263	7,366	68,772
Operating income	7,078	6,581	58,910
Non-operating income:			
Interest income	48	24	400
Dividends income	54	46	449
Foreign exchange gains	118	68	982
Royalty income	13	28	108
Insurance premiums refunded cancellation	-	8	-
Insurance proceeds	104	-	866
Rent income on non-current assets	55	55	458
Other	75	114	624
Total non-operating income	470	347	3,912
Non-operating expenses:			
Interest expenses	27	29	225
Loss on sales of notes payable	5	6	42
Commission fee	83	39	691
Guarantee commission	32	34	266
Other	35	70	291
Total non-operating expenses	184	180	1,531
Ordinary income	7,364	6,748	61,290
Extraordinary income:			
Gain on sales of non-current assets	44	10	366
Gain on sales of investment securities	-	0	-
Gain from termination of retirement benefit plan	169	-	1,407
Total extraordinary income	214	10	1,781
Extraordinary loss:			
Loss on sales and retirement of non-current assets	166	33	1,382
Loss on valuation of membership	-	0	-
Special extra retirement payments	6	11	50
Impairment loss	-	21	-
Other	16	-	133
Total extraordinary losses	188	66	1,565
Income before income taxes	7,389	6,692	61,498
Income taxes-current	2,784	2,834	23,171
Income taxes-deferred	2	(115)	17
Total Income taxes	2,786	2,718	23,188
Income before minority interests	4,602	3,973	38,302
Net income	¥4,602	¥3,973	\$38,302

The accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended March 31, 2015 and 2014	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Income before minority interests	¥4,602	¥3,973	\$38,302
Other comprehensive income:			0
Valuation difference on available-for-sale securities	326	335	2,713
Revaluation reserve for land	432	210	3,596
Foreign currency translation adjustment	107	-	891
Retirement benefit adjustment	211	-	1,756
Total other comprehensive income (Note 15)	1,078	545	8,972
Comprehensive income (Note 15)	5,680	4,519	47,274
(Breakdown)			
Comprehensive income attributable to owners of the parent	5,680	4,519	47,274
Comprehensive income attributable to minority interests	¥ -	¥ -	\$ -

The accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENTS OF CHANGES IN NET EQUITY

Millions of yen

	Shareholders' equity					Other accumulated comprehensive income					Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity	Valuation difference on available-for-Sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other accumulated Comprehensive income	
Balance at March 31, 2013	¥6,119	¥6,358	¥22,950	¥(1,698)	¥33,729	¥226	¥(814)	¥148	-	¥(438)	¥33,291
Dividends from surplus			(421)		(421)						(421)
Net income			3,973		3,973						3,973
Increase in treasury stock				(0)	(0)						(0)
Net changes of items other than shareholders' equity						335		210	(1,584)	(1,038)	(1,038)
Balance at March 31, 2014	6,119	6,358	26,502	(1,699)	37,280	562	(814)	358	(1,584)	(1,477)	35,803
Accumulated effects of changes in accounting policy			673		673						673
Opening balance reflecting changes in accounting policy	6,119	6,358	27,175	(1,699)	37,954	562	(814)	358	(1,584)	(1,477)	36,477
Dividends from surplus			(526)		(526)						(526)
Net income			4,602		4,602						4,602
Increase in treasury stock				(0)	(0)						(0)
Reversal of revaluation reserve for land			10		10						10
Net changes of items other than shareholders' equity						326	97	432	211	1,067	1,067
Balance at March 31, 2015	¥6,119	¥6,358	¥31,262	¥(1,700)	¥42,040	¥889	¥(716)	¥790	¥(1,372)	¥(409)	¥41,631

Thousands of U.S. dollars

	Shareholders' equity					Other accumulated comprehensive income					Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity	Valuation difference on available-for-Sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other accumulated Comprehensive income	
Balance at March 31, 2014	\$50,928	\$52,917	\$220,574	\$(14,141)	\$310,279	\$4,677	\$(6,775)	\$2,980	\$(13,184)	\$(12,293)	\$297,986
Accumulated effects of changes in accounting policy			5,601		5,601						5,601
Opening balance reflecting changes in accounting policy	50,928	52,917	226,176	(14,141)	315,888	4,677	(6,775)	2,980	(13,184)	(12,293)	303,596
Dividends from surplus			(4,378)		(4,378)						(4,378)
Net income			38,302		38,302						38,302
Increase in treasury stock				0	0						0
Reversal of revaluation reserve for land			83		83						83
Net changes of items other than shareholders' equity						2,713	807	3,596	1,756	8,881	8,881
Balance at March 31, 2015	\$50,928	\$52,917	\$260,191	\$(14,141)	\$349,896	\$7,399	\$(5,959)	\$6,575	\$(11,419)	\$(3,404)	\$346,492

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Millions of yen		Thousands of U.S. dollars (Note 1)
For the years ended March 31, 2015 and 2014	2015	2014	2015
Cash flows from operating activities			
Income before income taxes	¥ 7,389	¥6,692	\$61,498
Depreciation and amortization	1,124	958	9,355
Impairment of non-current assets	-	21	-
Loss on retirement of non-current assets	10	31	83
Increase (decrease) in allowance for doubtful accounts	(145)	18	(1,207)
Increase (decrease) in provision for warranties for completed construction	(28)	17	(233)
Increase (decrease) in provision for loss on construction contracts	(11)	(76)	(92)
Increase (decrease) in provision for employees' retirement benefits	-	(895)	-
Increase (decrease) in net defined benefit liability	(380)	117	(3,163)
Increase (decrease) in provision for reconstruction-related losses	-	(103)	-
Interest and dividends of income	(102)	(71)	(849)
Interest expenses	27	29	225
Loss on sales of notes receivable-trade	5	6	42
Loss (gain) on valuation of investment securities	-	(0)	-
Loss on valuation of membership	-	0	-
Decrease (increase) in notes and accounts receivable-trade	7,571	(10,515)	63,013
Decrease (increase) in accumulated construction cost in progress	(3,458)	1,198	(28,781)
Decrease (increase) in other inventories	(43)	(27)	(358)
Increase (decrease) in notes and accounts payable-trade	(2,024)	4,654	(16,846)
Increase (decrease) in advances received on uncompleted construction contracts	1,306	147	10,870
Others	1,245	640	10,362
Subtotal	12,486	2,843	103,920
Interest income and dividend received (cash basis)	102	71	849
Interest payment (cash basis)	(27)	(29)	(225)
Payments for sales of notes receivable-trade	(5)	(6)	(42)
Income taxes paid	(3,272)	(1,555)	(27,233)
Net cash provided by (used in) operating activities	9,284	1,323	77,270
Net cash provided by (used in) investing activities			
Purchases of property, plant and equipment	(2,795)	(938)	(23,263)
Proceeds from sales of property, plant and equipment	246	41	2,047
Purchases of intangible assets	(57)	(47)	(474)
Purchase of securities	(1,100)	(500)	(9,155)
Proceeds from redemption of securities	400	99	3,329
Purchases of investment securities	(121)	(757)	(1,007)
Proceeds from sales of investment securities	-	196	-
Proceeds from redemption of investment securities	200	100	1,665
Payments of loans receivable from subsidiaries and affiliates	-	(70)	-
Collection of loans receivable from subsidiaries and affiliates	104	54	866
Proceeds from cancellation of insurance funds	-	235	-
Payments for investments in real estates	(1,242)	(2,077)	(10,337)
Proceeds from sales of investments in real estates	1,294	2,143	10,770
Others	83	(281)	691
Net cash provided by (used in) investing activities	(2,988)	(1,801)	(24,869)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	(400)	400	(3,329)
Cash dividends paid	(525)	(419)	(4,370)
Repayment of long-term loans payable	(54)	(66)	(449)
Repayments of finance lease obligations	(334)	(308)	(2,780)
Purchase of treasury stock	(0)	(0)	0
Net cash provided by (used in) financing activities	(1,315)	(394)	(10,945)
Effect of exchange rate change on cash and cash equivalents	362	204	3,013
Net increase (decrease) in cash and cash equivalents	5,343	(666)	44,469
Cash and cash equivalents at beginning of the year	12,099	12,766	100,699
Cash and cash equivalents at end of the year (Note 3)	¥17,443	¥12,099	\$145,177

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 translated and compiled from the Japanese consolidated financial statements, which are prepared by the Company on the basis of accounting principles generally accepted in Japan and in accordance with the requirements of the Securities and Exchange Law of Japan. These requirements are different in certain respects from the application and disclosure rules of International Financial Reporting Standards.

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 of arithmetical computation only, at the rate of ¥120.15 = US\$1.00, which was the exchange rate prevailing at March 31, 2015.

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: RAITO, INC., ONORYO CO., LTD., AURA CE CO., LTD., RAITO NEW ZEALAND LIMITED, RAITO ENGINEERING & CONSTRUCTION LIMITED, MICHINOKU REALIZE CO., LTD., TOHOKU REALIZE CO., LTD., TOKAI REALIZE CO., LTD., KYUSYU REALIZE CO., 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 REALIZE CO., LTD., NIIGATA REALIZE CO., LTD., YAMAGUCHI REALIZE CO., LTD., NISHINIHON REALIZE CO., LTD., SANYORYOKUKA CO., LTD., RAITO CARE CO., LTD., EDO ENTERPRISE CO., LTD. and SHINSANPEI 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 at cost. The equity method is not applied to such investments since the effect of applying the equity method in these subsidiaries is 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) 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

Held-to-maturity securities are carried based on the amortized cost method.

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.

In case of impairment, non-marketable securities are reduced to net realized value by a charge to income.

(c) Inventories

Accumulated construction cost in progress is stated at cost determined by the identified cost method.

Merchandise and finished goods, work in progress and raw material and supplies (amounts reduced to their book value due to a decline in profitability) are stated at cost determined by the first-in, first-out method.

(d) Property, plant and equipment depreciation

Property, plant and equipment are carried at cost.

Regarding the Company and its domestic subsidiaries, depreciation for buildings, acquired before April 1, 1998, plant 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 (5 years).

(f) Basis for recording important provisions

i) 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.

ii) Provision for warranties for completed construction

A provision for warranties for completed construction is provided at an estimated future amount for the fiscal year under review to cover expenses relating to defects on completed construction.

iii) Allowance for anticipated loss on contract work

Accumulated construction cost in progress 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 accumulated construction cost in progress relating to contract work where a loss is anticipated amounts to ¥35 million.

(g) Accounting treatment for retirement benefits

i) Method of attributing expected retirement benefits to periods

In the calculation of retirement benefit obligations, expected retirement benefits are attributed to periods up to and including the consolidated fiscal year under review using the benefit formula method.

ii) Treatment of actuarial differences and prior service cost

Prior service cost is amortized using the straight-line method over the predetermined period (10 years) which is shorter than the average remaining years of service of eligible employees at the time of incurrence of such cost.

An actuarial difference is amortized proportionately using the straight-line method over the predetermined period (10 years), which is shorter than the average remaining years of service of eligible employees at the time of occurrence in each consolidated fiscal year, beginning with the following consolidated fiscal year.

One of the Company's domestic consolidated subsidiaries posted 100% of the required benefit amount at the end of the consolidated fiscal year under review, using the simplified method.

(h) Basis for recording the amount of completed work and the cost of completed work

In accounting for the amount of work completed, the percentage-of-completion method (the cost-to-cost method when estimating construction progress) is applied to the portion of progress where the certainty of results can be confirmed up to the end of the accounting period. For all other work the completed-contract method is applied.

(i) 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.

(j) Changes in accounting policy

Application of accounting standards concerning retirement benefits

From the consolidated fiscal year under review, the Company adopted the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26 issued May 17, 2012; hereinafter referred to as the "Accounting Standard for Retirement Benefits") and the Implementation Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 issued March 26, 2015; hereinafter referred to as the "Guidance on Accounting Standard for Retirement Benefits") and reviewed its calculation of retirement benefit obligations and service cost by reference to the main provision of Paragraph 35 of the Accounting Standard for Retirement Benefits and the main provision of Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits. The Company then changed its attribution of expected retirement benefits to periods from the straight-line attribution method to the benefit formula method, and changed its determination of the discount rate from a discount rate based on the remaining service period to a single weighted-average discount rate.

When applying the Accounting Standard for Retirement Benefits, etc., the Company followed the provisional treatment prescribed in paragraph 37 thereof and included the effects of these changes in accumulated adjustments for retirement benefits under other accumulated comprehensive income at the beginning of the consolidated fiscal year under review.

As a result, retirement benefit obligations at the beginning of the consolidated fiscal year under review decreased by ¥673 million, whilst retained earnings swelled by ¥673 million. This also brought about individual ¥28-million declines in the operating income, the ordinary income, and the net income before tax and adjustment for the current period.

3. CASH AND CASH EQUIVALENTS

Reconciliation between cash and time deposits and marketable securities on the consolidated balance sheets as of March 31, 2015 and 2014 and cash and cash equivalents at end of years on the statements of cash flows for the years ended March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Cash and time deposits on the consolidated balance sheets	¥17,543	¥12,199	\$146,011
Time deposits with terms exceeding 3 months	(100)	(100)	(832)
Cash and cash equivalents on the statement of cash flows	¥17,443	¥12,099	\$145,178

4. INVENTORIES

Inventories as of March 31, 2015 and 2014 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Accumulated construction cost in progress	¥8,350	¥4,892	\$69,498
Merchandise and finished goods, work in process and raw material and supplies	277	233	2,308
	¥8,627	¥5,125	\$71,806

5. INVESTMENT SECURITIES

Information on investment in securities of non-consolidated subsidiaries and affiliated companies as of March 31, 2015 and 2014 are presented as follows

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Investment in securities (shares)	¥363	¥363	\$3,027

6. NOTES RECEIVABLE - TRADE

Information relating to the balances of discounted notes receivable and endorsed notes receivable as of March 31, 2015 and 2014 are presented as follows.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Discounted notes receivable	-	¥866	-
Endorsed notes receivable	25	14	\$211

7. 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, 2015, the carrying amount of the land after one-time revaluation exceed the market value by ¥2,892 million (\$24,075 thousand).

8. MARKETABLE SECURITIES AND INVESTMENT IN SECURITIES

The market value of listed securities, which are classified as Marketable securities, as of March 31, 2015 and 2014, are as follows:

	Millions of yen		
	Fair Value		
As of March 31, 2015	Cost	(Carrying Amount)	Unrealized Gain (Loss)
Marketable equity securities	¥1,390	¥2,466	¥1,075
Fund trust and other	504	593	88
	¥1,895	¥3,059	¥1,163

	Millions of yen		
	Fair Value		
As of March 31, 2014	Cost	(Carrying Amount)	Unrealized Gain (Loss)
Marketable equity securities	¥1,381	¥2,181	¥800
Fund trust and other	950	910	(39)
	¥2,332	¥3,092	¥760

Thousands of U.S. dollars

As of March 31, 2015	Fair Value		
	Cost	(Carrying Amount)	Unrealized Gain (Loss)
Marketable equity securities	\$11,574	\$20,524	\$8,950
Fund trust and other	4,200	4,937	737
	\$15,774	\$25,462	\$9,687

9. 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 ¥9,441 million (\$78,583 thousand).

10. PLEDGED ASSETS AND SECURED LIABILITIES

Details of assets pledged as collateral as of March 31, 2015 and 2014 are presented as follows.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Buildings	¥281	¥290	\$2,344
Land	336	336	2,801
Total	¥618	¥626	\$5,146

Details of secured liabilities as of March 31, 2015 and 2014 are presented as follows.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Short-term bank loans payable	¥100	¥50	\$832
Current portion of long-term loans payable	15	16	133
Long-term loans payable	140	158	1,170
Total	¥256	¥224	\$2,136

11. EMPLOYEES' RETIREMENT BENEFIT AND PENSION PLAN

Consolidated fiscal year under review (from April 1, 2014, to March 31, 2015)

1. Overview of adopted retirement benefit plans

The Company and some of its consolidated subsidiaries have a savings-type defined benefit plan and a defined contributions plan to cover employees' retirement benefits.

The defined benefit corporate pension plan provides lump-sum payments or pensions according to the amount of benefit and length of service.

Retirement benefit trusts are established under the lump-sum retirement allowance plan.

The lump-sum retirement allowance plan provides, as retirement benefits, lump-sum payments according to the amount of salary and length of service.

Some of the consolidated subsidiaries calculate retirement benefit obligations and expenses using a simplified method, wherein retirement benefits payable at the term end for personal reasons are regarded as retirement benefit obligations.

2. Defined benefit plan

- (1) Adjustments to retirement benefit obligation at beginning of term and at end of term

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Retirement benefit obligation at beginning of term	¥9,942	¥10,126	\$82,747
Accumulated effects of changes in accounting policy	(673)	-	(5,607)
Opening balance reflecting changes in accounting policy	9,268	10,126	77,139
Service cost	326	410	2,718
interest expense	42	59	356
Actuarial difference amounts incurred for the period	1,009	(14)	8,405
Retirement benefit payments	(616)	(639)	(5,131)
Decrease due to transfer to a defined contribution pension plan	(1,989)	-	(16,561)
Retirement benefit obligation at end of term	¥8,041	¥9,942	\$66,927

(2) Adjustments to plan assets at beginning of term and at end of term

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Plan assets at beginning of term	¥8,240	¥7,697	\$68,583
Expected return on assets	95	120	795
Actuarial difference amounts incurred for the period	816	496	6,797
Contributions from employer	400	359	3,333
Retirement benefit payments	(424)	(432)	(3,533)
Decrease due to transfer to a defined contribution pension plan	(1,522)	-	(12,674)
Plan assets at end of term	¥7,605	¥8,240	\$63,303

(3) Retirement benefit obligations and plan assets at end of term and adjustments to liabilities and assets relating to retirement benefits recorded on the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Retirement benefit obligation of funded plans	¥8,041	¥9,942	\$66,927
Plan assets	(7,605)	(8,240)	(63,303)
	435	1,701	3,624
Retirement benefit obligation of unfunded plans	-	-	-
Net assets and liabilities recorded on the consolidated balance sheets	¥435	¥1,701	\$3,624

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Net defined benefit liability	¥435	¥1,701	\$3,624
Net assets and liabilities recorded on the consolidated balance sheets	¥435	¥1,701	\$3,624

(4) Retirement benefit expenses and itemized breakdown of their main amounts

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Service cost	¥326	¥410	\$2,718
Interest expense	42	59	356
Expected return on assets	(95)	(120)	(795)
Amount expensed for actuarial difference	107	(391)	898
Amount expensed for prior service cost	-	(171)	-
Retirement benefit expenses for the defined benefit plan	381	(211)	3,177
Gains from termination of retirement benefit plan	(169)	-	(1,413)
Retirement benefit expenses relating to defined benefit plans	¥211	(211)	\$1,763

(5) Remeasurements of defined benefit plans
A breakdown of items (before any applicable tax effect) recorded in remeasurements of defined benefit plans is as follows.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Actuarial differences	¥211	-	\$1,763
Total	¥211	-	\$1,763

(6) Total remeasurements of defined benefit plans
A breakdown of items (before any applicable tax effect) recorded in total remeasurements of defined benefit plans is as follows.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unrecognized actuarial differences	¥1,372	¥1,584	\$11,424
Total	¥1,372	¥1,584	\$11,424

(7) Plan assets

i) Principal breakdown of plan assets

The ratios by major classification with regard to total plan asset are as follows.

	2015	2014
Bonds	38%	45%
Shares	45%	37%
Cash on hand and in banks	0%	15%
Other	17%	3%
Total	100%	100%

ii) Method for setting expected rate of return on long-term plan assets

In deciding the expected rate of return on long-term plan assets, consideration is given to current and future plan asset distributions and to the current and future expected long-term rate of return from the variety of assets that constitute plan assets.

(8) Basis for actuarial calculations

The major actuarial assumptions for the consolidated fiscal year under review (shown as the weighted average)

Discount rate 0.6%

Expected rate of return on long-term plan assets 2.0%

Expected rate of salary increase 2.9%

12. TREASURY STOCK

The Company holds 5,144,480 shares of treasury stock as of March 31, 2015.

13. SHAREHOLDERS' EQUITY

Dividends may be approved by the shareholders after the end of each fiscal period. In accordance with the Company Act of Japan, 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.

14. 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. Details as of March 31, 2014 and 2013 are presented as follows.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Takara Leben Co., Ltd.	-	¥392	-
Global L-Seed Corporation	-	127	-
JOINT CORPORATION CO., LTD.	-	2	-

15. CONSOLIDATED COMPREHENSIVE INCOME

Information relating to the amounts of reclassification adjustment applicable to other accumulated comprehensive income for the years ended March 31, 2014 and 2013 is presented as follows.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Valuation difference on available-for-sale securities:			
The amount arising during the period	¥398	¥485	\$3,317
Reclassification adjustment	-	0	-
Foreign currency translation adjustment:			
The amount arising during the period	432	210	3,595
Reclassification adjustment	-	-	-
Retirement benefit adjustment			
The amount arising during the period	(193)	-	(1,608)
Reclassification adjustment	405	-	3,371
Before adjustment for tax effects	1,042	694	8,676
Amount of tax effects	35	(149)	295
Total other accumulated comprehensive income	¥1,078	¥545	\$8,972

Information relating to the amounts of tax effects applicable to other accumulated comprehensive income for the years ended March 31, 2015 and 2014 is presented as follows.

	Millions of yen		
	2015		
	Before adjustment for tax effects	Amount of tax effects	After adjustment for tax effects
Valuation difference on available-for-sale securities	¥398	(¥72)	¥326
Revaluation reserve for land	-	107	107
Foreign currency translation adjustment	432	-	432
Remeasurements of defined benefit plans	211	-	211
Total other accumulated comprehensive income	¥1,042	¥35	¥1,078

	Millions of yen		
	2014		
	Before adjustment for tax effects	Amount of tax effects	After adjustment for tax effects
Valuation difference on available-for-sale securities	¥484	(¥149)	¥335
Revaluation reserve for land	-	-	-
Foreign currency translation adjustment	210	-	210
Remeasurements of defined benefit plans	-	-	-
Total other accumulated comprehensive income	¥694	(¥149)	¥545

	Thousands of U.S. dollars		
	2015		
	Before adjustment for tax effects	Amount of tax effects	After adjustment for tax effects
Valuation difference on available-for-sale securities	\$3,317	(\$599)	\$2,717
Revaluation reserve for land	-	895	895
Foreign currency translation adjustment	3,595	-	3,595
Remeasurements of defined benefit plans	1,763	-	1,763
Total other accumulated comprehensive income	\$8,676	\$295	\$8,972

16. INCOME TAXES

The significant components of the Company's deferred tax assets and liabilities as of March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Deferred tax assets:			
Net defined benefit liability	¥1,195	¥910	\$9,951
Amortization of transitional obligation	-	425	-
Accrued expenses	236	253	1,966
Loss on valuation of memberships denied for deduction	-	30	-
Allowance for doubtful accounts	218	135	1,815
Provision for loss on construction denied for deduction	10	16	85
Net operating loss carryforwards	304	224	2,531
Impairment loss denied for deduction	189	323	1,580
Loss on support of subsidiaries and affiliates	959	1,055	7,987
Loss on valuation of stocks of subsidiaries and affiliates	431	665	3,587
Other	648	564	5,399
Subtotal	4,193	4,603	34,906
Valuation allowance	(3,387)	(3,757)	(28,197)
Total deferred tax assets	¥806	¥846	\$6,708
Deferred tax liabilities:			
Gain on securities contributed to employees' retirement benefit	(313)	(345)	(2,611)
Valuation difference on available-for-sale securities	(269)	(197)	(2,246)
Special depreciation allowance for tax purposes	(5)	(7)	(46)
Disposal expenses relating to asset retirement obligations	(4)	(4)	(38)
Total deferred tax liabilities	¥(593)	¥(553)	\$(4,942)
Total net deferred tax assets	¥212	¥293	\$1,765

Major components of significant differences between the statutory effective tax rate and burden rate of corporate taxes, etc. after application of tax-effect accounting for the years ended March 31, 2015 and 2014 are presented as follows.

	2015	2014
Statutory effective tax rate	35.6%	38.0%
(Adjustments)		
Non-deductible expenses such as entertainment	0.3	0.5
Per capita inhabitants' taxes	1.0	1.1
Increase / decrease in valuation reserves	(0.4)	(2.7)
Other	1.1	3.6
Burden rate of corporate taxes, etc. after application of tax-effect accounting	37.7%	40.6%

17. SEGMENT INFORMATION

a) Overview of reportable segments

The Group's reportable segments are the business units for which the Company is able to obtain the relevant financial information separately in order for the Company's Board of Directors to conduct periodic investigations to distribute management resources and evaluate their business results.

The Group positions branch offices and consolidated subsidiaries by region, and each branch office and consolidated subsidiary determines comprehensive domestic and overseas strategies with regard to receiving construction orders and execution as well as product and material sales in the course of developing its business activities.

Regarding the branch offices and consolidated subsidiaries as its basis, the Group thus consists of businesses that include civil engineering, building construction, and product and material sales. To provide appropriate information on business activities and the management environment, the Group consolidates multiple segments with similar business structures into the reportable "Construction Business" segment.

The works encompassed by the Construction Business include slope protection, landslide prevention, foundation/ground improvement, structural repair/reinforcement, environmental restoration, and sewage system construction in addition to general civil engineering and building construction.

b) Calculation method for sales, profit and loss, assets, and other item amounts by reportable segment:

The accounting method for reportable business segments generally follows the principles stated in the "Chief basis of preparation of the consolidated financial statements."

Reportable segment profit figures are based on operating income.

Intersegment transactions and transfers are based on market prices.

c) Industry segments

Summarized financial information by industry segment for the years ended as of March 31, 2015 and 2014 is as follows:

Millions of yen

	Year ended March 31, 2015				
	Construction	Others	Total	Elimination	Consolidated
Revenues:					
Customers	¥84,957	¥691	¥85,648	¥-	¥85,648
Inter-segments	-	1,350	1,350	(1,350)	0
Total	84,957	2,041	86,998	(1,350)	85,648
Operating expenses	77,921	2,001	79,922	(1,352)	78,570
Operating income/loss	7,036	40	7,076	2	7,078
Assets	48,404	1,453	49,857	25,833	75,689
Depreciation	1,056	28	1,084	2	1,086
Capital expenditures	1,324	27	1,351	1,893	3,244

Millions of yen

	Year ended March 31, 2014				
	Construction	Others	Total	Elimination	Consolidated
Revenues:					
Customers	¥92,002	¥695	¥92,698	¥-	¥92,698
Inter-segments	-	1,280	1,280	(1,280)	0
Total	92,002	1,976	93,978	(1,280)	92,698
Operating expenses	85,483	1,907	87,390	-	-
Operating income/loss	6,518	68	6,587	(5)	6,581
Assets	52,452	1,376	53,828	17,672	71,500
Depreciation	895	27	923	(4)	918
Capital expenditures	1,449	6	1,455	0	1,455

Thousands of U.S. dollars

	Year ended March 31, 2015				
	Construction	Others	Total	Elimination	Consolidated
Revenues:					
Customers	\$707,097	\$5,751	\$712,849	¥-	\$712,849
Inter-segments	-	11,236	11,236	(11,236)	-
Total	707,097	16,988	724,086	(11,236)	712,849
Operating expenses	648,534	16,654	665,189	(11,254)	653,934
Operating income/loss	58,563	334	58,897	17	58,915
Assets	402,866	12,100	414,967	215,004	629,972
Depreciation	8,794	236	9,030	21	9,051
Capital expenditures	11,020	230	11,251	15,759	27,010

"Others" are business segments not included in the reportable segments, and include product and material sales, leases, home-visit care and so on.

d) Geographical segments

Summarized financial information for revenues by geographical business segment for the years ended as of March 31, 2015 and 2014 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Japan	¥83,087	¥89,634	\$691,530
North America	1,203	1,895	10,016
Other	1,358	1,177	11,303
Total	¥85,648	¥92,698	\$712,849

18. PER SHARE INFORMATION

Details of net assets per share and net income per share for the years ended March 31, 2015 and 2014 are presented as follows.

	yen		U.S. dollars
	2015	2014	2015
Net assets per share	¥790.57	¥679.89	\$6.57
Net income per share	87.41	75.45	\$0.72

19. SUBSEQUENT EVENT

On June 25, 2015 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 14.0 (0.11\$) per share (final for the year ended March 31, 2015)	¥737

BOARD OF DIRECTORS AND AUDITORS

PRESIDENT AND REPRESENTATIVE DIRECTOR

Kazuo Suzuki

SENIOR MANAGING DIRECTOR

Susumu Araki

MANAGING DIRECTORS

Shigeaki Funayama
Nobuyuki Fujisawa

DIRECTORS

Yoichi Howa
Makoto Nishi
Kazuhiro Akutsu
Tadashi Shibata

(as of June 25, 2015)

SHARE INFORMATION

COMMON STOCK

Authorized shares
198,000,000 shares
(as of March 31, 2015)

issued and outstanding shares
57,804,450 shares
(as of June 25, 2015)

number of shareholders
11,751
(as of March 31, 2015)

FISCAL YEAR-END

End of March each year

ANNUAL MEETING

in June of each year in Tokyo,
Japan

TRANSFER AGENT, REGISTRAR AND DIVIDEND PAYMENTS

Sumitomo Mitsui Trust
Bank, Limited
1-4-1 Marunouchi, chiyoda-ku,
Tokyo 100-8233, Japan
Phone: 81-3-3323-7111

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: 81-3-3265-2555
Fax: 81-3-3265-2689

CORPORATE DATA

HEAD OFFICE

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

CAPITAL

¥6,119,475,000
US\$50,931,960
(¥120.15=US\$1.00)
(as of March 31, 2015)

DATE OF ESTABLISHMENT

September 28, 1948

STOCK TRADING

Tokyo Stock exchange, First Section

MAJOR SHAREHOLDERS

Raito Kogyo Co., Ltd.
Japan Trustee Services Bank, Ltd.
The Master Trust Bank of Japan, Ltd.
Taiyo Life Insurance Company
Sumitomo Mitsui Banking Corporation
Nippon life Insurance Company

EMPLOYEES

1,054 (as of March 31, 2015)