Hazama

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ANNUAL REPORT 2009

Fiscal Year Ended March 31, 2009

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Profile

On October 1, 2003, our company began as the “New Hazama” with the approval of listing on the First Section of the Tokyo Stock Exchange and taking over of the corporate name and all the business of construction from the former Hazama Corporation. From its foundation in 1889, the former Hazama Corporation contributed, as a general contractor with stellar technological capability in the industry, to Japan’s development and the realization of a better lifestyle for people through all construction activities from resource-energy facilities to traffic networks, urban infrastructures, housing, and medical and social welfare facilities. Its construction activities were not confined to Japan, but were deployed to more than 30 countries around the world. In 2009, Hazama marked the 120th anniversary of its founding. We continue to provide exceptional technical and quality management capabilities, backed by a solid track record stretching back over a century.

Hazama continues to reinforce its civil engineering business with superior competitiveness, further boosting the profitability of building work business and aiming for a quantitative expansion and improvement of corporate value. We intend to make even greater efforts to be a company that creates superior value, and to contribute to society and customer satisfaction.

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Message from the President

Toshio Ono

I would like to preface my overview of the subject fiscal year (April 1, 2008 through March 31, 2009) with a few remarks on the current status of the management plan.

The Hazama Group is currently engaged in implementing the “Hazama Third Medium-Term Plan” (April 1, 2008 through March 31, 2011), formulated on the theme of “Building Hazama for a New Era.” During the first year of this plan (the subject fiscal year), we focused on securing the business scale while prioritizing profitability, executing various measures aimed at across-the-board business selection and concentration, and the optimal allocation of management resources. The goal of these efforts was to enhance technology and on-site capabilities.

As a result, although orders received were down considerably from the positive performance of the previous fiscal year, compared to initial estimates declines in building construction business were offset by the civil engineering business, lessening the scale of the decrease. Revenues rose slightly from the previous fiscal year, and while we were forced to draw on our bad debt reserve following the collapse of real estate developers, earnings increased by small amounts in all categories as a result of improved gross profit on completed works, and rising earnings at subsidiaries.

The business climate is extremely cloudy, however, and we feel that the full impact from the economic downturn is still to come. In the civil engineering field, the Hazama Group will focus on large-scale projects such as those commissioned by the government, and work to secure orders, revenues and earnings by stepping up efforts to optimize the allocation of management resources, and concentrating on technology and on-site capabilities. In the building construction field, to minimize the decline in profit from deterioration in the economy, we will implement a range of measures that include placing priority on securing earnings, strengthening sales capabilities, and efficiently managing resources.

We will continue to move forward steadily with the “Hazama Third Medium-Term Plan,” actively responding to the expectations of shareholders by enhancing corporate value.

Summary of Business Results

The Japanese economy slowed noticeably during the subject fiscal year, with considerable declines in exports and production, a falloff in corporate earnings and capital expenditures, and tight employment conditions.

In the Hazama Group’s main business of construction, despite an upturn in long-declining public investments, the industry faced an extremely difficult business climate marked by decreases in capital expenditures, and a cooling of investment in many sectors as a result of significant declines in real estate conditions, and the tightening of credit.

Under these circumstances, the Hazama Group recorded a 19% decline from the previous fiscal year in orders received to ¥206.2 billion, as a result of a decrease in building construction, and backlash in civil engineering projects following exceptional performance the previous fiscal year. Revenues, however, rose 1.5% year on year due to progress with works under construction. In terms of earnings, despite bad debt losses stemming from the failure of real estate developers, increases in construction earnings and a rise in subsidiary profits resulted in a ¥0.1 billion increase in net income from the previous fiscal year.

As a result, Hazama’s consolidated revenues for the subject fiscal year amounted to ¥224.2 billion, with ordinary income of ¥2.6 billion and net income of ¥1.0 billion.

By business segment, on a non-consolidated basis orders received amounted to ¥206.2 billion, with civil engineering accounting for 52.8% of total orders, and building construction 47.2%. Government projects accounted for 41.5% and the private sector 58.5%. The percentage of overseas work was 9.0%.

Construction revenue totaled ¥212.5 billion, with operating income of ¥4.6 billion. Revenues from supplementary and other businesses amounted to ¥11.7 billion, with operating income of ¥0.4 billion, mainly from sales of construction materials and leasing.

Outlook for the Next Fiscal Year (Ending March 2010)

The Japanese economy is expected to recover with progress in inventory adjustments, but the future remains uncertain because of lingering concerns over widespread scaling back on employment due to stagnant production, and the continued risk of a downturn in the global economy.

In the construction industry, despite the expectations for large-scale economic stimulus measures, with the private-sector construction market continuing to contract due to reductions in capital expenditure and a depressed real estate market, we expect competition for orders to intensify. Companies will be required to make even greater efforts to improve profitability and cut costs.

Although we anticipate that conditions will remain harsh for the time being, the Hazama Group will continue to bolster its earnings capacity and corporate value by further strengthening the technical capabilities that have underpinned our success, as well as our non-price competitiveness.

For the fiscal year ending March 31, 2010, we forecast consolidated revenues of ¥220.0 billion, with ordinary income of ¥2.4 billion and net income of ¥1.0 billion.

Thank you for your continued support of Hazama Corporation.

Toshio Ono

President & Representative Director

June 2009

Ceremony for the start of construction on the Tsugaru Dam

Hazama Receives Order from the MLIT for Large-Scale Dam

In September 2008, the business consortium sponsored by Hazama received an order for the construction of the Tsugaru Dam from the Tohoku Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT).

The Tsugaru Dam is intended to alleviate the problems of flooding and water shortages beyond the scope of the Meya Dam completed in 1960 (built by Hazama). It is a multi-purpose dam that will supply water for irrigation, industrial use and drinking water, as well as generate electricity. The dam will be constructed of gravity-type concrete, 97.2 meters high and 342 meters across, with a volume of 704,000 cubic meters. It will have a total reservoir capacity of 140.9 million cubic meters, making it the largest dam in Aomori Prefecture. Construction is scheduled for completion in fiscal 2016.

The central courtyard area is the site of the former Nagoya Castle Hommaru Palace.

Hazama Wins Order for Restoration of the Nagoya Castle Hommaru Palace

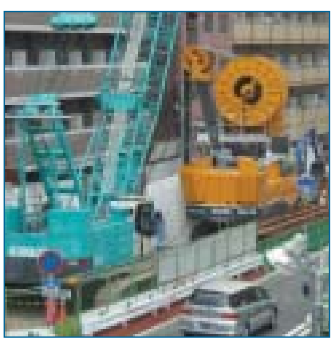
In October 2008, the business consortium sponsored by Hazama received an order from the city of Nagoya for restoration of the Nagoya Castle Hommaru Palace.

Hazama has a wealth of experience in the preservation and reconstruction of historical buildings, having built two of the four wooden donjons restored after World War II (Shiroishi Castle in Miyagi Prefecture, and Ozu Castle in Ehime Prefecture). We will draw fully on the technical abilities we have acquired over the years for the current restoration project.

Hazama also enjoys a deep connection to Nagoya Castle, having restored in 1959 the donjon that had been destroyed during the war, and having worked continually since 1970 on restoration of the stone walls.

Nagoya Castle Hommaru Palace

The Hommaru Palace was constructed in 1615, and later renovated as the living quarters for visiting shoguns. It was considered one of the twin jewels of *shoin*-style palace architecture (together with the Ninomaru Palace at Nijo Castle in Kyoto), and was designated as one of Japan's first National Treasures in 1930. It was destroyed along with the donjon in 1945 during World War II. The restoration has long been the hope of Nagoya residents, and a portion of the costs has been provided for by donations from private citizens and corporations.



The Quattro Side Cutter in use at a construction site

The CSM System for Urban Projects Made Possible by the Quattro Side Cutter: Used for Construction of the Ohashi Junction on the Metropolitan Expressway

In recent years, environmental concerns have led to calls for construction methods that result in less soil generated by construction digging, or the construction sludge that ultimately becomes industrial waste. At the same time, the underground projects in major urban areas are increasingly deep subterranean constructions, requiring innovative strategies for working in the hard soil located deep underground. Urban construction projects further require more compact construction machinery that will not impede the flow of traffic on the surface, or make local residents feel uneasy or overwhelmed.

Hazama has helped to resolve all of these problems simultaneously with the Quattro Side Cutter, developed in cooperation with the German construction and equipment manufacturing group BAUER Maschinen GmbH, and the establishment of the Cutter Soil Mixing (CSM) method. The CSM method uses a cutter with exceptional excavation capabilities, mixing soil and cement suspension underground to create soil-cement walls with uniform wall thickness (used for earth retaining walls or impermeable walls).

We plan to continue to actively utilize the Quattro Side Cutter for open-cut road and rail tunnels, common utility conduits, and similar projects in urban areas.

A large logistics warehouse center built by Hazama

Practical Application of the Hybrid Construction Method: Used for a Large Logistics Center

Hybrid construction is a method of utilizing reinforced concrete posts together with steel frame crossbeams. Since the reinforced concrete posts can withstand significant compression force, while the steel crossbeams are both light and strong, this rational method drawing on the properties of both materials is widely used for buildings with wide spans and a significant loaded weight on the floor space, such as logistics warehouse centers. Hybrid construction is more cost efficient than steel frame, and compared to reinforced concrete allows for wider spans and shorter construction times.

Hazama has extensive experience in designing and constructing large-scale logistics centers using flat slab construction, but in response to current needs plans to utilize the hybrid construction method for the design and construction of large-scale centers currently in the planning stage. The practical application of the hybrid construction method, along with steel frame and flat slab construction methods, will allow us to offer proposals for functional and efficient large-scale logistics centers using the optimal construction method in terms of cost efficiency and construction period.

We are further developing the method to allow it to be applied to other types of buildings that can take advantage of its unique characteristics, such as factories or shopping centers.

Review of Operations

Major Orders Received

- Tsugaru Dam Phase 1 Work/Tohoku Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism (Japan)
- Nagoya Castle Hommaru Palace Restoration Work/City of Nagoya, Aichi Prefecture (Japan)
- Kitahama-Osaka Storage Sewer Work (Phase 1)/City of Osaka, Osaka Prefecture (Japan)
- Miyazaki No. 10 Hori Tunnel Work/Kyushu Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism (Japan)
- NGK Insulators Monterrey Factory/NGK Insulators, Ltd. (Mexico)

Major Projects in Progress

- Algeria East West Expressway East Work Section/Expressway Public Corporation, Ministry of Public Works, Democratic and Popular Republic of Algeria (Japan)
- Nagai Dam Phase 1 Work/Tohoku Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism (Japan)
- Central Circular Shinagawa Route Ohashi Junction Tunnel/Metropolitan Expressway Co., Ltd. (Japan)
- Omarugawa Power Station-Civil Works (Section 3)/Kyushu Electric Power Co., Inc. (Japan)
- Kuki Hospital/National Federation of Agricultural Cooperative Associations (Japan)

Major Projects Completed

- SJ62 Work Section (1) Tunnel Work/Metropolitan Expressway Public Corporation (Japan) ❶
- Tokushukai Hospital/Tokushukai Sofia., Ltd. (Bulgaria)
- Nishi-Otsu Bypass Nagara Tunnel Work/Kinki Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism (Japan)
- National Highway 51 Route Shifting and Other Works/Narita International Airport Corporation (Japan) ❷
- Honda Vietnam Motor Bicycle No. 2 Factory Extension Work/Honda Vietnam Co., Ltd. (Vietnam) ❸

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Corporate Governance

●Basic Policy

Hazama Corporation recognizes the need for transparency and fairness in management oversight and flexibility in decision-making. We consider it a management priority to maintain and implement a management system, rooted in the current organizational structure centered on the Board of Directors and the auditing system, which is able to respond quickly to changes in the business environment.

●Current Status of Governance Measures

Hazama's Board of Directors meets monthly to quickly make decisions on important matters related to management, and supervise the status of business execution. Hazama also convenes a Management Committee to deliberate on management strategies and other policies, check the progress of implementation of business plans, and provide diversity and support in planning.

Hazama has adopted the executive officer system to enhance the efficiency of consensual decision-making and strengthen business execution, ensure the accurate and timely transmission of management information along the business execution line, and provide for the sharing of information among departments. The Executive Officer Committee meets monthly.

●Strengthening Corporate Governance

To strengthen its corporate governance, Hazama maintains a clear distinction between the decision-making and operational oversight functions of the directors and Board of Directors, and the business execution function of the Management Committee, executive officers and Executive Officer Committee. The specific functions are as follows.

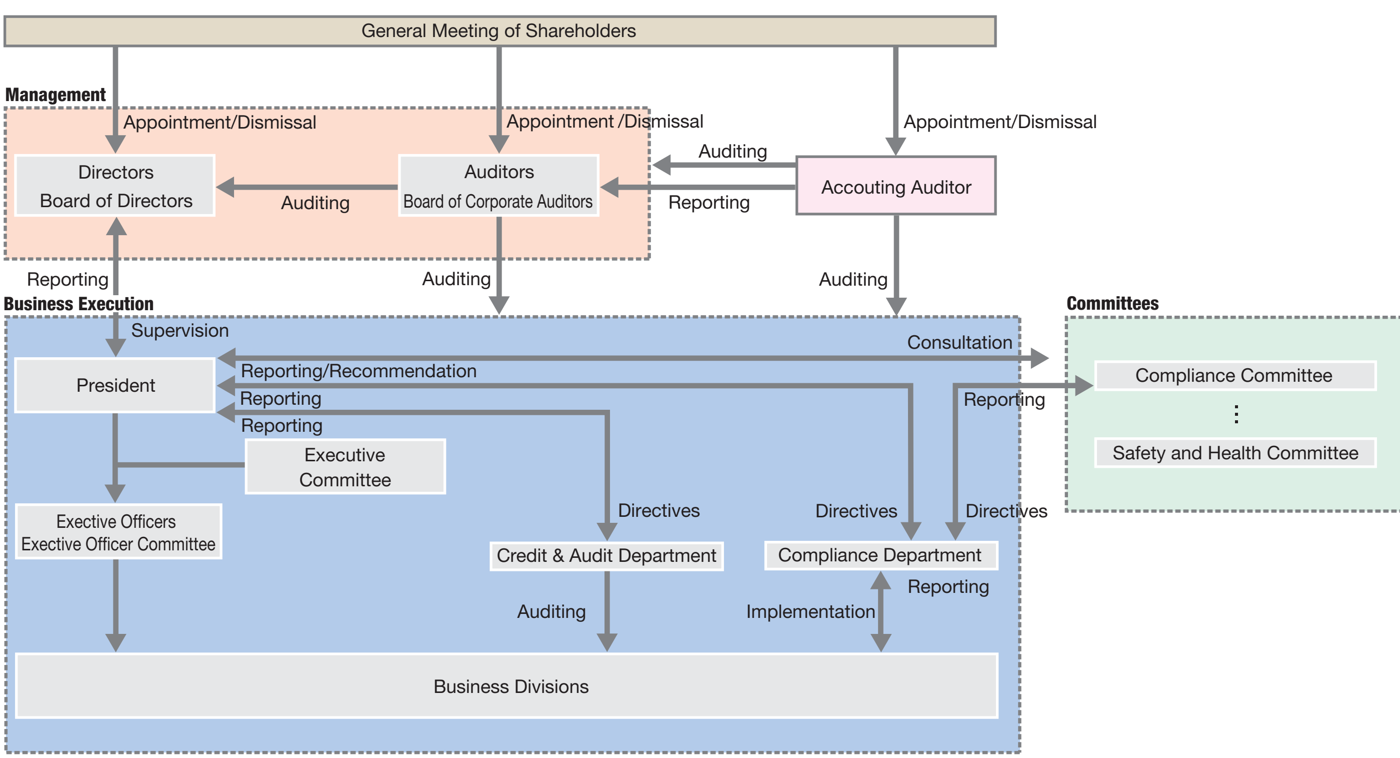
1. Revisions related to the directors

   The term for directors is fixed at one year to further clarify the management responsibility of directors, and to establish an optimal management structure for the changes in the business environment. Furthermore, to clarify the roles and responsibilities of board members, the position of "executive director" has been eliminated, with director categories limited to "representative director" and "director."

2. Executive officer system

   Hazama established the five officer categories of "president," "vice president," "senior managing executive officer," "managing executive officer" and "executive officer," clarified the responsibilities for the operations they manage, and limited the term to one year to enhance the mobility and flexibility of the executive officer system. In addition, we clarified through a resolution of the Board of Directors the rights and responsibilities regarding operations managed, and implemented a compensation system that reflects the performance of operations managed.

■ HAZAMA CORPORATION'S CORPORATE GOVERNANCE STRUCTURE



Consolidated Financial Review

HAZAMA Corporation and Consolidated Subsidiaries
For the years ended March 31, 2009, 2008, 2007, 2006 and 2005

Summary

	Millions of yen					Thousands of U.S. dollars
	2009	2008	2007	2006	2005	**2009**
Operating results:						
Revenues						
Construction	**¥212,535**	¥208,593	¥222,050	¥213,328	¥206,238	**$2,162,986**
Other activities	**11,742**	12,411	15,155	17,146	19,091	**119,499**
Total	**224,277**	221,004	237,205	230,474	225,329	**2,282,485**
Cost of sales	**207,522**	205,769	221,311	213,024	206,369	**2,111,968**
Gross profit	**16,755**	15,235	15,894	17,450	18,960	**170,517**
Selling, general and administrative expenses	**12,308**	10,792	10,811	10,602	11,030	**125,260**
Operating income	**4,447**	4,443	5,083	6,848	7,930	**45,257**
Net income	**1,002**	844	948	2,132	2,608	**10,197**
Financial position:						
Total assets	**¥157,743**	¥159,267	¥171,540	¥173,773	¥174,611	**$1,605,363**
Total liabilities	**127,457**	128,143	138,954	142,502	146,624	**1,297,140**
Net assets	**30,286**	31,124	32,586	31,271	27,987	**308,223**
Cash flows:						
Cash flows from operating Activities	**¥ (335)**	¥ 649	¥ 5,021	¥ 5,142	¥ 1,277	**$ (3,409)**
Cash flows from investing Activities	**3,158**	340	(222)	(1,642)	5,129	**32,139**
Cash flows from financing Activities	**(2,326)**	(2,065)	1,021	(3,572)	(5,984)	**(23,672)**
	Yen					U.S. dollars
Per share amounts:						
Net income						
Basic	**¥ 7.07**	¥ 5.62	¥ 7.24	¥ 19.24	¥ 24.01	**$ 0.07**
Diluted	**7.00**	—	6.59	14.84	18.16	**0.07**
Dividends						
Common stock	**1.50**	1.50	1.50	1.50	—	**0.02**
Class I preferred stock	**97.72**	91.52	70.52	64.72	64.56	**0.99**
Class II preferred stock	**107.72**	101.52	80.52	74.72	74.56	**1.10**
Class III preferred stock	**117.72**	111.52	90.52	84.72	84.56	**1.20**
Class IV preferred stock	**112.72**	106.52	85.52	79.72	79.56	**1.15**
Net assets	**191.04**	198.06	213.25	200.23	167.81	**1.94**

Notes: 1. U.S. dollar amounts in this annual report are translated from yen at the rate of ¥98.26 to US$1.00 for convenience.
2. Basic net income per share is based on the weighted average number of common stock outstanding during the period, and diluted net income per share reflects the potential dilution that could occur if preferred stock were converted into common stock or share subscription rights were exercised.
3. Subject to the new accounting standard "Accounting Standard for Presentation of Net Assets in the Balance Sheet", net assets at the years ended before March 31, 2007, were reclassified from previous shareholders' equity.

Financial Review

Revenues

Revenues in fiscal 2009 totaled ¥224,277 million (US$2,282,485 thousand), of which ¥212,535 million (US$2,162,986 thousand) came from construction projects and ¥11,742 million (US$119,499 thousand) from other activities. These two business segments accounted for 94.8% and 5.2%, respectively, of total revenues.

Costs and Expenses

Cost of sales amounted to ¥207,522 million (US$2,111,968 thousand), which is equivalent to 92.5% of revenues. Selling, general and administrative expenses amounted to ¥12,308 million (US$125,260 thousand), which is equivalent to 5.5% of revenues. Operating income reached ¥4,447 million (US$45,257 thousand), and the operating margin was 2.0%. Net income amounted to ¥1,002 million (US$10,197 thousand). Basic net income per share was ¥7.07 (US$0.07). We made dividend payments on common stock of ¥1.50 (US$0.02) per share of common stock.

Financial Position and Analysis

Total assets amounted to ¥157,743 million (US$1,605,363 thousand), total liabilities amounted to ¥127,457 million (US$1,297,140 thousand), and total net assets amounted to ¥30,286 million (US$308,223 thousand) at the end of fiscal 2009.

Net assets to total assets ratio was 19.2%. Net assets per share amounted to ¥191.04 (US$1.94).

Cash Flows

Net cash used in operating activities amounted to ¥335 million (US$3,409 thousand) mainly as a result of income before income taxes amounting to ¥1,522 million (US$15,490 thousand), increase in notes and accounts receivable amounting to ¥7,204 million (US$73,316 thousand), increase in provision for allowance for doubtful accounts amounting to ¥2,038 million (US$20,741 thousand), increase in notes and accounts payable amounting to ¥5,874 million (US$59,780 thousand), decrease in advances received amounting to ¥5,005 million (US$50,936 thousand), increase in consumption tax payable amounting to ¥2,546 million (US$25,911 thousand), decrease in deposit received amounting to ¥1,856 million (US$18,889 thousand) and interest paid amounting to ¥939 million (US$9,556 thousand).

Net cash provided by investing activities amounted to ¥3,158 million (US$32,139 thousand) mainly as a result of purchase of marketable securities and investments in securities amounting to ¥106 million (US$1,079 thousand), acquisitions of property and equipment and amounting to ¥176 million (US$1,791 thousand) and sale of marketable securities and investments in securities amounting to ¥3,214 million (US$32,709 thousand).

Net cash used in financing activities amounted to ¥2,326 million (US$23,672 thousand) mainly as a result of repayment of long-term debt.

As a result, cash and cash equivalents at the end of the year increased by ¥138 million (US$1,404 thousand) to ¥25,666 million (US$261,205 thousand).

Construction Business (Non-Consolidated Construction Projects)

As Hazama Corporation's construction business accounts for a large percentage of consolidated group business, the financial performance of the business is presented below for reference.

	Millions of yen					Thousands of U.S. dollars
Revenues	**2009**	2008	2007	2006	2005	**2009**
Civil engineering						
Domestic						
Government sector	**¥54,248**	¥ 48,207	¥ 57,210	¥ 61,917	¥ 63,386	**$ 552,086**
Private sector	**32,610**	30,556	23,542	28,935	24,152	**331,875**
Overseas	**14,012**	18,690	16,767	15,210	13,606	**142,601**
Subtotal	**100,870**	97,453	97,519	106,062	101,144	**1,026,562**
Building construction						
Domestic						
Government sector	**5,027**	7,323	12,062	10,792	22,136	**51,160**
Private sector	**91,243**	81,540	89,353	76,437	66,487	**928,588**
Overseas	**11,003**	17,067	17,404	12,350	9,168	**111,978**
Subtotal	**107,273**	105,930	118,819	99,579	97,791	**1,091,726**
Total construction projects	**¥208,143**	¥203,383	¥216,338	¥205,641	¥198,935	**$2,118,288**

Revenue from the civil engineering category accounted for ¥100,870 million (US$1,026,562 thousand), or 48.5% of total revenue from construction projects, with domestic projects contributing ¥86,858 million (US$883,961 thousand), or 86.1%.

The total for domestic civil engineering revenue was ¥54,248 million (US$552,086 thousand), or 62.5%, from the government sector and ¥32,610 million (US$331,875 thousand), or 37.5% of total domestic projects, from the private sector. Overseas civil engineering revenue amounted to ¥14,012 million (US$142,601 thousand), or 13.9% of total civil engineering revenue.

Revenue from the building construction category totaled ¥107,273 million (US$1,091,726 thousand), or 51.5% of total construction revenue. Domestic projects accounted for ¥96,270 million (US$979,748 thousand), or 89.7%.

The government sector contributed ¥5,027 million (US$51,160 thousand), or 5.2%, of total domestic building construction revenue, while private-sector building construction revenue amounted to ¥91,243 million (US$928,588 thousand), or 94.8%, of total domestic building construction revenue. Overseas building construction revenue reached ¥11,003 million (US$111,978 thousand), equivalent to 10.3% of total revenue in the building construction category.

Total overseas construction revenue reached ¥25,015 million (US$254,580 thousand) and accounted for 12.0% of total construction revenue. Civil engineering projects accounted for 56.0% of this total, and building construction for 44.0%. Regional shares were 36.9% in Southeast Asia, 25.4% in the Middle East and Africa, 25.0% in North America, 8.0% in Latin America and 4.7% in other regions.

	Millions of yen					Thousands of U.S. dollars
Orders Received	**2009**	2008	2007	2006	2005	**2009**
Civil engineering	**¥108,930**	¥131,611	¥ 89,135	¥ 88,121	¥ 84,548	**$1,108,590**
Building construction	**97,335**	122,048	106,927	108,571	93,783	**990,586**
Total construction projects	**¥206,265**	¥253,659	¥196,062	¥196,692	¥178,331	**$2,099,176**

Orders received for construction projects during fiscal 2009 amounted to ¥206,265 million (US$2,099,176 thousand). Overseas work contributed 9.0% of orders in the construction category. Civil engineering orders amounted to ¥108,930 million (US$1,108,590 thousand), or 52.8% of total construction orders. Building construction orders amounted to ¥97,335 million (US$990,586 thousand), which is equivalent to 47.2% of total construction orders.

	Millions of yen					Thousands of U.S. dollars
Year-end Backlog	**2009**	2008	2007	2006	2005	**2009**
Civil engineering	**¥156,810**	¥150,061	¥116,853	¥124,486	¥140,919	**$1,595,868**
Building construction	**73,463**	83,371	67,152	78,994	69,743	**747,639**
Total construction projects	**¥230,273**	¥233,432	¥184,005	¥203,480	¥210,662	**$2,343,507**

Order backlog for construction projects at the end of fiscal 2009 amounted to ¥230,273 million (US$2,343,507 thousand), with civil engineering work accounting for ¥156,810 million (US$1,595,868 thousand), or 68.1%, and building construction for ¥73,463 million (US$747,639 thousand), or 31.9%.

Consolidated Balance Sheets

HAZAMA Corporation and Consolidated Subsidiaries
March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Assets			
Current assets:			
Cash and time deposits (Note 4)	**¥ 25,668**	¥ 26,022	**$261,225**
Marketable securities (Notes 3 and 7)	**0**	1	**4**
Receivables:			
Notes	**3,898**	1,110	**39,670**
Accounts	**55,791**	54,200	**567,790**
Unconsolidated subsidiaries and affiliates	**65**	80	**662**
Inventories (Note 5)	**12,438**	13,696	**126,583**
Advances paid	**15,234**	15,253	**155,038**
Deferred income taxes (Note 11)	**2,021**	4,485	**20,568**
Other	**4,470**	4,850	**45,487**
Less allowance for doubtful accounts	**(427)**	(10)	**(4,346)**
Total current assets	**119,158**	119,687	**1,212,681**
Property and equipment (Note 7)**:**			
Land	**14,376**	14,498	**146,306**
Buildings and structures	**15,411**	15,513	**156,839**
Machinery and equipment	**10,311**	11,043	**104,936**
Other	**3**	—	**30**
	40,101	41,054	**408,111**
Less accumulated depreciation	**(18,668)**	(19,009)	**(189,986)**
Net property and equipment	**21,433**	22,045	**218,125**
Investments and other assets (Note 7)**:**			
Investments in securities (Note 3)	**7,811**	12,489	**79,493**
Investments in unconsolidated subsidiaries and affiliates	**389**	390	**3,959**
Long-term loans	**70**	116	**712**
Long-term loans to unconsolidated subsidiaries and affiliates	**25**	30	**254**
Deferred income taxes (Note 11)	**4,074**	1,072	**41,461**
Other	**6,556**	3,589	**66,722**
Less allowance for doubtful accounts	**(1,773)**	(151)	**(18,044)**
Total investments and other assets	**17,152**	17,535	**174,557**
Total assets	**¥157,743**	¥159,267	**$1,605,363**

See accompanying notes.

		Millions of yen		Thousands of U.S. dollars (Note 1)
		2009	2008	**2009**
Liabilities and Net Assets				
Current liabilities:				
Short-term bank loans (Note 6)		**¥ 7,350**	¥ 7,300	**$ 74,802**
Current maturities of long-term debt (Note 6)		**2,670**	6,852	**27,173**
Payables:				
Notes		**32,289**	28,269	**328,608**
Accounts		**31,045**	28,972	**315,947**
Income taxes payable (Note 11)		**289**	548	**2,941**
Advances received (Note 9)		**14,610**	19,703	**148,687**
Deposit received		**17,609**	19,465	**179,208**
Accrued expenses		**460**	400	**4,681**
Allowance for losses on construction contracts		**125**	183	**1,272**
Other		**3,648**	2,252	**37,127**
Total current liabilities		**110,095**	113,944	**1,120,446**
Long-term liabilities:				
Long-term debt, less current maturities (Note 6)		**11,461**	9,136	**116,640**
Retirement and severance benefits (Note 10)		**5,678**	4,851	**57,785**
Allowance for environmental spending		**196**	196	**1,995**
Other		**27**	16	**274**
Total long-term liabilities		**17,362**	14,199	**176,694**
Contingent liabilities (Note 12)				
Net assets (Notes 14 and 15)**:**				
Shareholders' equity:				
Common stock	Authorized - 397,250,000 shares			
	Issued - 100,000,000 shares	**5,000**	5,000	**50,885**
Preferred stock	Authorized - 2,750,000 shares			
	Issued - 2,750,000 shares	**7,000**	7,000	**71,240**
Capital surplus		**9,000**	9,000	**91,594**
Retained earnings		**9,168**	8,598	**93,303**
Less treasury stock, at cost		**(95)**	(8)	**(967)**
Total shareholders' equity		**30,073**	29,590	**306,055**
Valuation and translation adjustments:				
Net unrealized holding gains on securities		**153**	1,496	**1,559**
Net unrealized losses on hedging derivatives		**(0)**	(5)	**(2)**
Total valuation and translation adjustments		**153**	1,491	**1,557**
Share subscription rights		**60**	43	**611**
Total net assets		**30,286**	31,124	**308,223**
Total liabilities and net assets		**¥157,743**	¥159,267	**$1,605,363**

Consolidated Statements of Income

HAZAMA Corporation and Consolidated Subsidiaries
For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Revenues (Note 16)**:**			
Construction	**¥212,535**	¥208,593	**$2,162,986**
Other activities	**11,742**	12,411	**119,499**
	224,277	221,004	**2,282,485**
Cost of sales (Notes 8 and 16)**:**			
Construction	**196,871**	194,453	**2,003,572**
Other activities	**10,651**	11,316	**108,396**
	207,522	205,769	**2,111,968**
Gross profit	**16,755**	15,235	**170,517**
Selling, general and administrative expenses (Notes 8 and 16)	**12,308**	10,792	**125,260**
Operating income	**4,447**	4,443	**45,257**
Other income (expenses):			
Interest and dividends income	**230**	286	**2,341**
Interest expense	**(988)**	(1,024)	**(10,055)**
Net gain (loss) on sale of property and equipment	**(47)**	82	**(478)**
Foreign exchange loss, net	**(727)**	(452)	**(7,399)**
Net gain on sale of investments in securities	**699**	183	**7,114**
Write-down of investments in securities	**(16)**	(29)	**(163)**
Provision of allowance for doubtful accounts	**(1,641)**	—	**(16,701)**
Amortization of pre-investment costs for receiving orders	**—**	(538)	**—**
Cost of settlement of lawsuit	**(184)**	(10)	**(1,873)**
Other, net	**(251)**	(408)	**(2,554)**
	(2,925)	(1,910)	**(29,768)**
Income before income taxes	**1,522**	2,533	**15,489**
Income taxes (Note 11)**:**			
Current	**139**	771	**1,415**
Deferred	**381**	918	**3,877**
	520	1,689	**5,292**
Net income	**¥1,002**	¥ 844	**$10,197**

	Yen		U.S. dollars (Note 1)
Amounts per share of common stock (Note 17)**:**			
Net income			
Basic	**¥7.07**	¥5.62	**$0.07**
Diluted	**7.00**	—	**0.07**
Cash dividends applicable to the year	**1.50**	1.50	**0.02**

See accompanying notes.

Consolidated Statements of Changes in Net Assets

HAZAMA Corporation and Consolidated Subsidiaries
For the years ended March 31, 2009 and 2008

	Millions of yen							
	Shareholders' equity				Valuation and translation adjustments			
	Common stock and preferred stock	Capital surplus	Retained earnings	Treasury Stock	Net unrealized holding gains on securities	Net unrealized losses on hedging derivatives	Share subscription rights	Total
Balance at March 31, 2007	¥12,000	¥9,000	¥8,129	¥(7)	¥3,426	¥(5)	¥43	¥32,586
Net income			844					844
Cash dividends paid			(375)					(375)
Acquisition of treasury stock				(1)				(1)
Net changes in items other than shareholders' equity					(1,930)			(1,930)
Balance at March 31, 2008	¥12,000	¥9,000	¥8,598	¥(8)	¥1,496	¥(5)	¥43	¥31,124
Net income			1,002					1,002
Cash dividends paid			(432)					(432)
Acquisition of treasury stock				(87)				(87)
Net changes in items other than shareholders' equity					(1,343)	5	17	(1,321)
Balance at March 31, 2009	**¥12,000**	**¥9,000**	**¥9,168**	**¥(95)**	**¥153**	**¥(0)**	**¥60**	**¥30,286**

	Thousands of U.S. dollars (Note 1)							
	Shareholders' equity				Valuation and translation adjustments			
	Common stock and preferred stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains on securities	Net unrealized losses on hedging derivatives	Share subscription rights	Total
Balance at March 31, 2008	$122,125	$91,594	$87,503	$(82)	$15,227	$(53)	$438	$316,752
Net income			10,197					10,197
Cash dividends paid			(4,397)					(4,397)
Acquisition of treasury stock				(885)				(885)
Net changes in items other than shareholders' equity					(13,668)	51	173	(13,444)
Balance at March 31, 2009	**$122,125**	**$91,594**	**$93,303**	**$ (967)**	**$1,559**	**$(2)**	**$611**	**$308,223**

See accompanying notes.

Consolidated Statements of Cash Flows

HAZAMA Corporation and Consolidated Subsidiaries
For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Cash flows from operating activities:			
Income before income taxes	**¥1,522**	¥ 2,533	**$15,490**
Adjustment to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	**678**	818	**6,900**
Net gain (loss) on provision for allowance for doubtful accounts	**2,038**	(16)	**20,741**
Interest and dividends income	**(230)**	(286)	**(2,341)**
Interest expense	**988**	1,024	**10,055**
Foreign exchange loss	**359**	486	**3,654**
Write-down of investments in securities	**16**	29	**163**
Net gain (loss) on sale of property and equipment	**47**	(82)	**478**
Net gain on sale of investments in securities	**(699)**	(183)	**(7,114)**
Changes in assets and liabilities:			
(Increase) decrease in notes and accounts receivable	**(7,204)**	2,936	**(73,316)**
(Increase) decrease in inventories	**1,258**	(1,938)	**12,803**
Decrease in advances paid	**19**	7,055	**193**
Increase (decrease) in notes and accounts payable	**5,874**	(10,411)	**59,780**
Increase (decrease) in advances received	**(5,005)**	7,097	**(50,936)**
Decrease in deposit received	**(1,856)**	(4,195)	**(18,889)**
Increase (decrease) in consumption tax payable	**2,546**	(1,173)	**25,911**
Other, net	**376**	(1,372)	**3,827**
Subtotal	**727**	2,322	**7,399**
Interest and dividends received	**266**	267	**2,707**
Interest paid	**(939)**	(1,073)	**(9,556)**
Income taxes paid	**(389)**	(867)	**(3,959)**
Net cash provided by (used in) operating activities	**(335)**	649	**(3,409)**
Cash flows from investing activities:			
Purchase of marketable securities and investments in securities	**(106)**	(594)	**(1,079)**
Sale of marketable securities and investments in securities	**3,214**	490	**32,709**
Acquisitions of property and equipment	**(176)**	(180)	**(1,791)**
Sale of property and equipment	**103**	221	**1,048**
Increase in loans receivable	**(110)**	(119)	**(1,119)**
Decrease in loans receivable	**153**	104	**1,557**
Other, net	**80**	418	**814**
Net cash provided by investing activities	**3,158**	340	**32,139**
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	**50**	(400)	**509**
Proceeds from long-term debt	**12,371**	3,500	**125,901**
Repayments of long-term debt	**(14,228)**	(4,790)	**(144,800)**
Cash dividends paid	**(432)**	(375)	**(4,396)**
Other, net	**(87)**	—	**(886)**
Net cash used in financing activities	**(2,326)**	(2,065)	**(23,672)**
Effect of exchange rate changes on cash and cash equivalents	**(359)**	(499)	**(3,654)**
Net increase (decrease) in cash and cash equivalents	**138**	(1,575)	**1,404**
Cash and cash equivalents at beginning of year	**25,528**	27,103	**259,801**
Cash and cash equivalents at end of year (Note 4)	**¥25,666**	¥25,528	**$261,205**

See accompanying notes.

Notes to Consolidated Financial Statements

HAZAMA Corporation and Consolidated Subsidiaries
For the years ended March 31, 2009 and 2008

1. Basis of Presenting Consolidated Financial Statements

HAZAMA CORPORATION (the "Company") was incorporated on October 1, 2003 as a result of company split-up under the former Commercial Code of Japan. Upon the split-up, the Company succeeded all the construction business and construction-related subsidiaries from former Hazama Corporation (the "Old Hazama"), which was renamed AOYAMA KANZAI CORPORATION on October 1, 2003. The accompanying consolidated financial statements of the Company and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English with some expanded descriptions from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2009, which was ¥98.26 to U.S. $1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(1) Consolidation

The consolidated financial statements include the accounts of the Company and its significant subsidiaries (the "Companies"). All significant intercompany transactions and unrealized profits and losses among the Companies have been eliminated in consolidation.

All companies are required to consolidate all significant investees, which are controlled through substantial ownership of majority voting rights or existence of certain conditions. Investments in affiliates over which the Company has the ability to exercise significant influence over operating and financial policies of the investees, are accounted for by the equity method.

Investments in remaining unconsolidated subsidiaries and affiliates, which have immaterial effect on the consolidated financial statements, are accounted for at cost. Such investments are adjusted for any non-recoverable diminution in value, and income from these unconsolidated subsidiaries and affiliates is recognized only when the Companies receive dividends therefrom.

(2) Revenue recognition

Revenues from and related costs of construction contracts are generally recorded under the percentage-of-completion method. In case that a construction work takes within one year or its contract amount is below ¥100 million (US$1,018 thousand), the completed-contract method is applied.

Revenues and related costs recorded under the percentage-of-completion method in the year ended March 31, 2009 were ¥144,993 million (US$1,475,606 thousand) and ¥134,614 million (US$1,369,978 thousand), meanwhile in the year ended March 31, 2008, were ¥128,896 million and ¥120,000 million, respectively.

(3) Foreign currency translation

Revenues and expenses are translated at the rates of exchange prevailing when transactions are made. Assets and liabilities denominated in foreign currencies are generally translated at the rates of foreign exchange prevailing at the balance sheet date and the resulting translation gains or losses are included in earnings.

(4) Cash and cash equivalents

Cash and cash equivalents include cash on hand, highly liquid investments with maturity of three month or less from the purchase date. See Note 4 as to a reconciliation of cash and cash equivalents reported in the consolidated statements of cash flows with cash and time deposits reported in the consolidated balance sheets.

(5) Allowance for doubtful accounts

The Companies' policy is to set up a provision for doubtful accounts using the following methods.

(a) Normal receivables

For receivables from debtors who are not particularly in financial difficulties, an allowance for doubtful accounts is estimated by applying the historical overall credit loss rates.

(b) Doubtful receivables and failed receivables

For receivables from debtors who have not yet failed but are or would probably be in financial difficulties, and those who have either actually or substantially failed, an allowance for doubtful accounts is provided at the estimated uncollectible amount based on the specific analysis of collectibility of such individual receivables.

Under the “Accounting Standard for Financial Instruments” issued by Business Accounting Deliberation Council on January 22, 1999, “Long-term accounts receivable” and “Claims in bankruptcy, reorganization claims and similar claims” included in the consolidated balance sheets as “Other” in investments and other assets are reported at the amounts net of the estimated uncollectible amounts of ¥317 million (US$3,226 thousand) and ¥323 million, at March 31, 2009 and 2008, respectively.

(6) Inventories

Inventories are stated at cost as determined on a specific project basis.

Effective from the year ended March 31, 2009, the Companies applied “Accounting Standard for Measurement of Inventories” (Statement No. 9 issued by the Accounting Standards Board of Japan [ASBJ] on July 5, 2006), changing the standard for assessing inventories from the cost method to the lower-of-cost-or-market method (writing down the book value due to a decline in profitability). The impact of this change is immaterial.

(7) Securities

Securities of the Companies are classified into one of the following categories based on the intent of holding, and are accounted for as follows:

(a) Debt securities that are intended to be held to maturity (“held-to-maturity debt securities”) are stated at amortized cost.

(b) Securities other than trading securities, held-to-maturity debt securities and shares issued by unconsolidated subsidiaries and affiliated companies not on the equity method (“available-for-sale securities”) are stated at fair market values, if their fair market values are readily available. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on sale of these securities are computed using moving-average costs. Available-for-sale securities with no available fair market values are stated at moving-average cost.

(8) Derivatives and hedging transactions

Derivative financial instruments are stated at fair value and changes in the fair value are recognized as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Companies defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,

(a) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payables is recognized in the consolidated statements of income in the period which includes the inception date, and

(b) the discount or premium on the contract (that is the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

Also, if interest rate swap contracts are used as hedge and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

The Companies use forward foreign currency contracts and interest rate swap contracts as derivative financial instruments only for the purpose of mitigating future risks of fluctuation of foreign currency exchange rates and interest rate increases.

The Companies evaluate hedge effectiveness by comparing the cumulative changes in cash flows from or the changes in fair value of hedged items and the corresponding changes in the hedging derivative instruments.

(9) Property and equipment, depreciation

Property and equipment are carried at cost. Depreciation of building is provided on the straight-line method, and depreciation of other property and equipment is provided on the declining-balance method over estimated useful lives, except that the declining-balance method is applied to buildings of one consolidated subsidiary.

Expenditures for significant renewals and betterments are capitalized, while expenditures for normal repairs and maintenance are charged to expense when incurred.

In the year ended March 31, 2008, the Companies changed the depreciation method for the tangible fixed assets that the Companies acquired on and after April 1, 2007 in accordance with the revision of the Corporation Tax Law, the Law for Partial Revision of the Income Tax Law (March 30, 2007, Law No. 6) and the Cabinet Order for Partial Revision of the Corporation Tax Law (March 30, 2007, Cabinet Order No. 83). This change had almost no impact on profit and loss.

In the year ended March 31, 2008, in accordance with the revision of the Corporation Tax Law, the Companies depreciate the difference between 5% of the acquisition price and memorandum price of the tangible fixed assets acquired before March 31, 2007 equally in five years from the fiscal year following the year in which the tangible fixed assets are depreciated to 5% of the acquisition costs, based on the Corporation Tax Law prior to its revision. This change was brought a decrease in operating income by ¥99 million and income before income taxes by ¥102 million for the year ended March 31, 2008.

(10) Retirement and severance benefits

Employees whose services with the Companies are terminated are entitled to lump-sum payments and retirement benefits. The amount of the payments is generally determined on the basis of the current basic rate of pay and length of service at the time of termination.

The Companies have established an unfunded retirement plan and the Company has established a funded retirement plan to provide for future payments of retirement benefits.

The liabilities and expenses for retirement and severance benefits are determined based on the amounts actuarially calculated using certain assumptions.

The excess of the projected benefit obligation over the fair value of pension assets as of April 1, 2000 and the liabilities for retirement and severance benefits recorded as of April 1, 2000 (the “net transition obligation”) amounted to ¥9,985 million, and has been amortized in equal amounts over 15 years commencing with the year ended March 31, 2001. The Company recorded additional amortization of the net transition obligation as other expense due to considerable unanticipated decrease of number of employees, amounting to ¥112 million, in the year ended March 31, 2006.

Actuarial differences are recognized in expenses using the straight-line method over period less than the average of the estimated remaining service lives (9 years) commencing with the succeeding period.

Upon the split-up, the Company succeeded the outstanding amounts of transition obligation, prior service costs, and actuarial differences from Old Hazama, and the periods of their amortization include the periods before split-up.

(11) Allowance for losses on construction contracts

Allowance for losses on construction contracts is provided at the fiscal year-end when substantial losses are anticipated in the future and such losses can be reasonably estimated.

(12) Allowance for environmental spending

Allowance for environmental spending is provided based on estimated cost for treatment of Polychlorinated Biphenyl waste, which is obligated to treat by the Act on Special Measures Concerning Promotion of Proper Treatment of PCB Waste.

(13) Lease transactions

(a) Finance leases which transfer ownership of leased assets

Leased assets arising from finance lease transactions which transfer ownership to the lessee are depreciated by the same method as the depreciation of fixed assets.

(b) Finance leases which do not transfer ownership of leased assets

Leased assets arising from finance lease transactions which do not transfer ownership to the lessee are depreciated to a residual value of zero by the straight-line method using the contract term as useful life.

(14) Income taxes

The Companies recognize tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting purposes. The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(15) Appropriations of retained earnings

Appropriations of retained earnings are reflected in the accompanying consolidated financial statements for the following year upon the shareholders' meeting approval.

(16) Amounts per share

Basic net income per share is based on the weighted average number of common stock outstanding during the period, and diluted net income per share reflects the potential dilution that could occur if preferred stock were converted into common stock or share subscription rights were exercised.

A net assets per share is reported at the amounts of ¥191.04 (US$1.94) and ¥198.06 at March 31, 2009 and 2008, respectively.

(17) Significant Changes in Accounting Policies

(a) Up to the year ended March 31, 2008, finance lease transactions which do not transfer ownership to lessee were accounted for as operating leases. Effective from the year ended March 31, 2009, as the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 originally issued by the First Committee of the Business Accounting Council on June 17, 1993 and revised by the ASBJ on March 30, 2007), and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 originally issued by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised by the ASBJ on March 30, 2007) have been applied, lease transactions of the Companies are accounted for as finance lease if substantially all of the benefits and risks of ownership have been transferred to the lessee. As permitted, finance leases which commenced prior to April 1, 2008 and have been accounted for as operating leases continue to be accounted for as operating leases. This change did not have any impacts on income.

(b) Expenses for estimation of projects with unconfirmed orders had previously been recorded as cost of sales, and up-front investment expenses for projects for which the Company failed to receive an order recorded as other expenses. Effective from the year ended March 31, 2009, both of these expenses are recorded as selling, general and administrative expenses.

The sales support function of the Estimation Division has become more important with the projected shift in the business climate for securing orders following the introduction of the Overall Evaluation Bidding Method. In view of the degree to which estimation expenses have approached selling expenses, the change in the makeup of up-front costs, and the greater proportion of estimation costs, the Company revised a portion of the management procedures for these costs with the launch of the new medium-term business plan, "Hazama Third Medium-Term Plan" (April 1, 2008 through March 31, 2011). Management of these expenses has been consolidated as strategic sales costs, and recorded as selling, general and administrative expenses to provide a more accurate representation of profit and loss.

As a result of this change, compared to the previous method, cost of sales for the year ended March 31, 2009 decreased by ¥185 million (US$1,883 thousand), selling, general and administrative expenses increased by ¥640 million (US$6,513 thousand), and operating income decreased by ¥455 million (US$4,631 thousand). Income before income taxes was unaffected.

(c) Foreign taxes on overseas income ineligible for tax credits had previously been recorded as current income taxes, but effective from the year ended March 31, 2009 are recorded as cost of sales.

As the monetary significance of nondeductible foreign taxes is increasing, the Company revised a portion of the profitability management method for their overseas businesses with the launch of the new medium-term business plan, "Hazama Third Medium-Term Plan" (April 1, 2008 through March 31, 2011).

This change was implemented to allow for strict cost controls on nondeductible foreign taxes and other overseas business costs, clear presentation of business segment profitability, and more accurate guidance to management.

As a result of this change, compared to the previous method, cost of sales for the year ended March 31, 2009 increased by ¥340 million (US$3,460 thousand), while operating income, and income before income taxes decreased by an equal amount.

(18) Reclassifications

Certain reclassifications have been made in the 2008 consolidated financial statements to conform to the 2009 presentation. These reclassifications had no impact on previously reported results of operations.

3. Securities

(1) The following tables summarize acquisition costs and book values of available-for-sale securities with available fair values as of March 31, 2009 and 2008:

	Millions of yen					
	2009			2008		
Type	Acquisition costs	Book values	Difference	Acquisition costs	Book values	Difference
Equity securities	**¥2,736**	**¥3,396**	**¥660**	¥7,116	¥9,662	¥2,546
Others	**2,298**	**1,897**	**(401)**	318	295	(23)
Total	**¥5,034**	**¥5,293**	**¥259**	¥7,434	¥9,957	¥2,523

	Thousands of U.S. dollars		
	2009		
Type	Acquisition costs	Book values	Difference
Equity securities	**$27,844**	**$34,561**	**$6,717**
Others	**23,387**	**19,306**	**(4,081)**
Total	**$51,231**	**$53,867**	**$2,636**

(2) The following tables summarize book values of securities with no available fair values as of March 31, 2009 and 2008:
(a) Held-to-maturity debt securities

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Type	Book values	Book values	Book values
Discount bond	**¥ —**	¥ —	**$ —**
Others	**0**	1	**4**
Total	**¥ 0**	¥ 1	**$4**

(b) Available-for-sale securities

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Type	Book values	Book values	Book values
Unlisted securities	**¥2,518**	¥2,532	**$25,626**
Total	**¥2,518**	¥2,532	**$25,626**

(3) Held-to-maturity debt securities as of March 31, 2009 and 2008 are as follows:

	Millions of yen			
	2009			
Type	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Discount bond	**¥—**	**¥—**	**¥—**	**¥—**
Others	**0**	**—**	**—**	**—**
Total	**¥ 0**	**¥—**	**¥—**	**¥—**

	Millions of yen			
	2008			
Type	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Discount bond	¥—	¥—	¥—	¥—
Others	1	—	—	—
Total	¥ 1	¥—	¥—	¥—

	Thousands of U.S. dollars			
	2009			
Type	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Discount bond	**$—**	**$—**	**$—**	**$—**
Others	**4**	**—**	**—**	**—**
Total	**$ 4**	**$—**	**$—**	**$—**

(4) Total sales, related gains and losses of available-for-sale securities are as follows:

	Millions of yen		Thousands of U.S. dollars
Type	**2009**	2008	**2009**
Sales	**¥3,199**	¥485	**$32,556**
Related gains	**699**	183	**7,114**
Related losses	**—**	—	**—**

4. Cash and Cash Equivalents

Cash and cash equivalents reported in the consolidated statements of cash flows at March 31, 2009 and 2008 were reconciled with cash and time deposits reported in consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Cash and time deposits	**¥25,668**	¥26,022	**$261,225**
Time deposits with maturities of exceeding three month from the date of acquisition	**(2)**	(494)	**(20)**
Total: Cash and cash equivalents	**¥25,666**	¥25,528	**$261,205**

5. Inventories

Inventories at March 31, 2009 and 2008 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Accumulated costs of uncompleted contracts	**¥10,830**	¥12,718	**$110,218**
Others	**1,608**	978	**16,365**
Total	**¥12,438**	¥13,696	**$126,583**

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

Short-term bank loans are represented mainly by loan on deed. The average interest rates of short-term loans were 2.0% and 2.6% at March 31, 2009 and 2008, respectively.

Long-term debt at March 31, 2009 and 2008 are summarized below:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Long-term debt from banks, insurance companies and others due serially through 2012:			
Secured 2.4% to 3.1%	**¥14,131**	¥15,988	**$143,813**
Less current maturities	**(2,670)**	(6,852)	**(27,173)**
Total	**¥ 11,461**	¥ 9,136	**$116,640**

Repayment schedules for the long-term debt are summarized below:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	**¥ 2,670**	**$ 27,173**
2011	**2,170**	**22,084**
2012	**4,804**	**48,891**
2013	**4,347**	**44,240**
2014	**140**	**1,425**
Total	**¥14,131**	**$143,813**

As is customary in Japan, long-term and short-term bank loans are made under general agreements which provide that additional security and guarantees for present and future indebtedness will be given under certain circumstances at the request of the banks, and that any collateral furnished will be applicable to all indebtedness due to that bank.

In addition, the agreements provide that the bank has the right to offset cash deposited against any long-term and short-term debt that become due and in case of default and certain other specified events, against all other debts payable to the bank. Such rights have never been exercised by the bank.

7. Pledged Assets

The following assets were pledged to secure short-term bank loans, long-term debt and certain other obligation at March 31, 2009:

	Millions of yen	Thousands of U.S. dollars
Marketable securities	**¥ 0**	**$ 4**
Property and equipment	**18,335**	**186,592**
Investment and other assets	**834**	**8,488**
Total	**¥19,169**	**$195,084**

8. Research and Development Expenses

Research and development expenses included in manufacturing costs, and selling, general and administrative expenses amounted to ¥1,333 million (US$13,566 thousand) and ¥1,338 million for the years ended March 31, 2009 and 2008.

9. Advances Received

As is customary in Japan, the Companies normally receive payments from customers on a progress basis in accordance with the terms of the respective construction contracts.

10. Retirement and Severance Benefits

The liabilities for retirement and severance benefits included in the consolidated balance sheets as of March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Projected benefit obligation	**¥(21,636)**	¥(22,060)	**$(220,191)**
Fair value of pension assets	**8,821**	11,685	**89,772**
Less unrecognized net transition obligation	**2,015**	2,350	**20,507**
Less unrecognized actuarial differences	**5,122**	3,174	**52,127**
Retirement and severance benefits	**¥(5,678)**	¥ (4,851)	**$(57,785)**

Included in the consolidated statements of income for the years ended March 31, 2009 and 2008 are retirement and severance benefit expenses as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Service costs-benefits earned during the year	**¥ 958**	¥ 963	**$ 9,750**
Interest cost on projected benefit obligation	**530**	535	**5,394**
Expected return on pensions assets	**(292)**	(342)	**(2,972)**
Amortization of net transition obligation	**336**	343	**3,419**
Amortization of net actuarial differences	**721**	453	**7,338**
Retirement and severance benefit expense	**¥2,253**	¥1,952	**$22,929**

The discount rate used by the Company is 2.5% both at March 31, 2009 and 2008.

The rate of expected return on pension assets is 2.5% both at March 31, 2009 and 2008.

The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated total service years.

Actuarial differences are recognized in the consolidated statements of income using the straight-line method over 9 years commencing with the succeeding period.

Net transition obligation is recognized using the straight-line method over 15 years.

11. Income Taxes

The Companies were subject to a number of taxes based on income, which, in the aggregate, indicate statutory rate in Japan of approximately 40.7% for the years ended March 31, 2009 and 2008.

The following table summarizes the significant differences between the statutory tax rate and the effective tax rate for financial statement purposes for the years ended March 31, 2009 and 2008.

	2009	2008
Statutory tax rate	**40.7%**	40.7%
Non-deductible expenses for tax purposes	**11.5**	11.8
Per capita inhabitant taxes	**13.8**	9.8
Change in Valuation allowance	**(24.4)**	—
Others	**(7.4)**	4.4
Effective tax rate	**34.2%**	66.7%

Significant components of the Companies' deferred income taxes as of March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Deferred income tax assets:			
Non-deductible allowance for doubtful accounts	**¥ 1,392**	¥ 784	**$14,167**
Tax loss carry-forwards	**1,130**	195	**11,500**
Unrealized profits on property and equipment	**210**	210	**2,137**
Non-deductible retirement benefits	**2,287**	1,926	**23,275**
Non-deductible construction costs under the percentage-of-completion method	**864**	499	**8,793**
Others	**2,083**	5,107	**21,199**
Gross deferred income tax assets	**7,966**	8,721	**81,071**
Less: Valuation allowance	**(1,766)**	(2,137)	**(17,973)**
Total deferred income tax assets	**6,200**	6,584	**63,098**
Deferred income tax liabilities:			
Net unrealized holding gains on securities	**105**	1,027	**1,069**
Total deferred income tax liabilities	**105**	1,027	**1,069**
Net deferred income taxes	**¥6,095**	¥5,557	**$62,029**

12. Contingent Liabilities

The Companies were contingently liable for guarantees of loans in the amount of ¥49 million (US$499 thousand) at March 31, 2009.

13. Certain Lease Information

(Lessee)
As discussed in Note 2. (17) (a), the Companies adopted the new accounting standard for leases. Depreciation method was discussed in Note 2. (13).

Finance leases which commenced prior to April 1, 2008 and have been accounted for as operating leases continue to be accounted for as operating leases. A summary of assumed amounts (inclusive of interest) of acquisition cost, accumulated depreciation and net book value of assets under finance leases which do not transfer ownership of leased assets to the lessee at March 31, 2009 and 2008 were as follows:

	Millions of yen					
	2009			2008		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Vehicles, tools, furniture and fixtures	**¥838**	**¥399**	**¥439**	¥934	¥343	¥591
Others	**5**	**3**	**2**	10	6	4
Total	**¥843**	**¥402**	**¥441**	¥944	¥349	¥595

	Thousands of U.S. dollars		
	2009		
	Acquisition cost	Accumulated depreciation	Net book value
Vehicles, tools, furniture and fixtures	**$8,528**	**$4,060**	**$4,468**
Others	**51**	**31**	**20**
Total	**$8,579**	**$4,091**	**$4,488**

Depreciation charges are computed using the straight-line method over lease terms assuming no residual value.

Lease payments and assumed depreciation charges under such finance leases for the years ended March 31, 2009 and 2008 were ¥238 million (US$2,422 thousand) and ¥163 million, respectively.

The following is a schedule by year of future lease payments (inclusive of interest) under finance leases as of March 31, 2009:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	**¥188**	**$1,913**
2011 and after	**253**	**2,575**
Total	**¥441**	**$4,488**

(Lessor)
A summary of assumed amounts (inclusive of interest) of acquisition cost, accumulated depreciation and net book value of assets under finance leases which do not transfer ownership of leased assets to the lessee at March 31, 2008 was as follows:

	Millions of yen		
	2008		
	Acquisition cost	Accumulated depreciation	Net book value
Vehicles, tools, furniture and Fixtures	¥52	¥23	¥29

14. Net Assets

The Japanese Corporate Law (“the Law”) became effective on May 1, 2006, replacing the Commercial Code of Japan (“the Code”).

Under the Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock (or preferred stock). However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus in the accompanying consolidated balance sheets.

Under the Law, in cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock and preferred stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Code, companies were required to set aside an amount equal to at least 10% of cash dividends and other cash appropriations as legal earnings reserve until the total of legal earnings reserve and additional paid-in capital equaled 25% of common stock and preferred stock.

Under the Code, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders’ meeting or could be capitalized by a resolution of the Board of Directors. Under the Law, both of these appropriations generally require a resolution of the shareholders’ meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, additional paid-in capital and legal earnings reserve may be transferred to retained earnings by the resolution of the shareholders’ meeting as long as the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceed 25% of common sock and preferred stock. Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law.

15. Consolidated Statements of Changes in Net Assets

(1) Common stock and preferred stock issued

	Number of shares				
	Common stock	Class I preferred stock	Class II preferred stock	Class III preferred stock	Class IV preferred stock
Balance at March 31, 2009, 2008 and 2007	**100,000,000**	**750,000**	**875,000**	**875,000**	**250,000**

There were no changes of number of shares issued during the years ended March 31, 2009 and 2008.

On December 25, 2003, the Company issued 2,750 thousand shares of its preferred stock at ¥4,000 per each share through a third-party allotment of shares. Holders of preferred stock of each class are entitled to receive annual dividends and distribution of residual assets, in priority to holders of common stock. Holders of preferred stock of each class have neither voting right at shareholders’ meeting, nor right to receive allotments of offered shares or share subscription rights.

Class I, II and IV preferred stock are non-cumulative and non-participating, and class III preferred stock is cumulative and participating. Exercisable period of each conversion right is as follows:

	Class I preferred stock	Class II preferred stock	Class III preferred stock	Class IV preferred stock
Exercisable period of right convert into common stock	December 25, 2008 to December 24, 2023	December 25, 2010 to December 24, 2025	December 25, 2012 to December 24, 2027	December 25, 2008 to December 24, 2023

(2) Treasury stock outstanding

	Number of shares
Balance at March 31, 2007	25,299
Increase during the year	8,903
Decrease during the year	—
Balance at March 31, 2008	34,202
Increase during the year	889,794
Decrease during the year	—
Balance at March 31, 2009	**923,996**

(3) Share subscription rights outstanding

On March 31, 2006, the Company issued share subscription rights exercisable into 12,500,000 shares of common stock. The share subscription rights are exercisable from April 2, 2007 to December 24, 2010. Exercise price of the share subscription rights is ¥347 per share at the time of issuance, but is adjustable subject to market price of common stock.

16. Segment Information

Business segment information for the years ended March 31, 2009 and 2008 are as follows:

	Millions of yen				
	Construction	Other	Total	Elimination or corporate	Consolidated
Year ended March 31, 2009:					
Revenues:					
Outside customers	**¥212,535**	**¥11,742**	**¥224,277**	**¥ —**	**¥224,277**
Intersegment	**2**	**24,607**	**24,609**	**(24,609)**	**—**
Total	**212,537**	**36,349**	**248,886**	**(24,609)**	**224,277**
Operating expenses	**207,856**	**35,931**	**243,787**	**(23,957)**	**219,830**
Operating income	**¥ 4,681**	**¥ 418**	**¥ 5,099**	**¥ (652)**	**¥ 4,447**
At March 31, 2009:					
Assets	**¥117,703**	**¥17,927**	**¥135,630**	**¥ 22,113**	**¥157,743**
Depreciation and amortization	**560**	**92**	**652**	**26**	**678**
Capital expenditures	**177**	**66**	**243**	**—**	**243**

	Millions of yen				
	Construction	Other	Total	Elimination or corporate	Consolidated
Year ended March 31, 2008:					
Revenues:					
Outside customers	¥208,593	¥12,411	¥221,004	¥ —	¥221,004
Intersegment	1	30,663	30,664	(30,664)	—
Total	208,594	43,074	251,668	(30,664)	221,004
Operating expenses	203,922	42,619	246,541	(29,980)	216,561
Operating income	¥ 4,672	¥ 455	¥ 5,127	¥ (684)	¥ 4,443
At March 31, 2008:					
Assets	¥114,249	¥19,155	¥133,404	¥25,863	¥159,267
Depreciation and amortization	686	108	794	24	818
Capital expenditures	127	46	173	—	173

	Thousands of U.S. dollars				
	Construction	Other	Total	Elimination or corporate	Consolidated
Year ended March 31, 2009:					
Revenues:					
Outside customers	**$2,162,986**	**$119,499**	**$2,282,485**	**$ —**	**$2,282,485**
Intersegment	**20**	**250,427**	**250,447**	**(250,447)**	**—**
Total	**2,163,006**	**369,926**	**2,532,932**	**(250,447)**	**2,282,485**
Operating expenses	**2,115,367**	**365,673**	**2,481,040**	**(243,812)**	**2,237,228**
Operating income	**$ 47,639**	**$ 4,253**	**$ 51,892**	**$ (6,635)**	**$ 45,257**
At March 31, 2009:					
Assets	**$1,197,873**	**$182,445**	**$1,380,318**	**$225,045**	**$1,605,363**
Depreciation and amortization	**5,699**	**936**	**6,635**	**265**	**6,900**
Capital expenditures	**1,801**	**672**	**2,473**	**—**	**2,473**

As discussed in Note 2. (9), in the year ended March 31, 2008, in accordance with the revision of the Corporation Tax Law, the Companies depreciate the difference between 5% of the acquisition price and memorandum price of the tangible fixed assets acquired before March 31, 2007 equally in five years from the fiscal year following the year in which the tangible fixed assets are depreciated to 5% of the acquisition costs, based on the Corporation Tax Law prior to its revision. As a result of this change, compared to the previous method, operating expenses in construction segment increased by ¥76 million, operating expenses in other segment increased by ¥22 million, and both segment's operating income decreased by the same amount each for the year ended March 31, 2008.

As discussed in Note 2. (17). (b), the Company changed its accounting policy. As a result of this change, compared to the previous method, operating income in construction segment decreased by ¥451 million (US$4,590 thousand), operating income in other segment decreased by ¥4 million (US$41 thousand) for the year ended March 31, 2009.

As discussed in Note 2. (17). (c), the Company changed its accounting policy. As a result of this change, compared to the previous method, operating income in construction segment decreased by ¥340 million (US$3,460 thousand), operating income in other segment was not affected for the year ended March 31, 2009.

Geographic segment information for the years ended March 31, 2009 and 2008 are as follows:

	Millions of yen				
	Japan	Other	Total	Elimination or corporate	Consolidated
Year ended March 31, 2009:					
Revenues:					
Outside customers	**¥199,244**	**¥25,033**	**¥224,277**	**¥ —**	**¥224,277**
Intersegment	**6**	**—**	**6**	**(6)**	**—**
Total	**199,250**	**25,033**	**224,283**	**(6)**	**224,277**
Operating expenses	**194,025**	**25,148**	**219,173**	**657**	**219,830**
Operating income (loss)	**¥ 5,225**	**¥ (115)**	**¥ 5,110**	**¥ (663)**	**¥ 4,447**
At March 31, 2009:					
Assets	**¥ 97,285**	**¥25,475**	**¥122,760**	**¥34,983**	**¥157,743**

	Millions of yen				
	Japan	Other	Total	Elimination or corporate	Consolidated
Year ended March 31, 2008:					
Revenues:					
Outside customers	¥185,199	¥35,805	¥221,004	¥ —	¥221,004
Intersegment	6	—	6	(6)	—
Total	185,205	35,805	221,010	(6)	221,004
Operating expenses	181,346	34,551	215,897	664	216,561
Operating income	¥ 3,859	¥ 1,254	¥ 5,113	¥ (670)	¥ 4,443
At March 31, 2008:					
Assets	¥ 95,449	¥22,939	¥118,388	¥40,879	¥159,267

	Thousands of U.S. dollars				
	Japan	Other	Total	Elimination or corporate	Consolidated
Year ended March 31, 2009:					
Revenues:					
Outside customers	**$2,027,722**	**$254,763**	**$2,282,485**	**$ —**	**$2,282,485**
Intersegment	**61**	**—**	**61**	**(61)**	**—**
Total	**2,027,783**	**254,763**	**2,282,546**	**(61)**	**2,282,485**
Operating expenses	**1,974,608**	**255,933**	**2,230,541**	**6,687**	**2,237,228**
Operating income (loss)	**$ 53,175**	**$ (1,170)**	**$ 52,005**	**$ (6,748)**	**$ 45,257**
At March 31, 2009:					
Assets	**$ 990,077**	**$259,261**	**$1,249,338**	**$356,025**	**$1,605,363**

As discussed in Note 2. (9), in the year ended March 31, 2008, in accordance with the revision of the Corporation Tax Law, the Companies depreciate the difference between 5% of the acquisition price and memorandum price of the tangible fixed assets acquired before March 31, 2007 equally in five years from the fiscal year following the year in which the tangible fixed assets are depreciated to 5% of the acquisition costs, based on the Corporation Tax Law prior to its revision. As a result of this change, compared to the previous method, operating expenses in Japan segment increased by ¥99 million, and operating income in Japan segment decreased by the same amount each for the year ended March 31, 2008.

As discussed in Note 2. (17). (b), the Company changed its accounting policy. As a result of this change, compared to the previous method, operating income in Japan segment decreased by ¥445 million (US$4,529 thousand), operating loss in other segment increased by ¥10 million (US$102 thousand) for the year ended March 31, 2009.

As discussed in Note 2. (17). (c), the Company changed its accounting policy. As a result of this change, compared to the previous method, operating loss in other segment increased by ¥340 million (US$3,460 thousand), operating income in Japan segment was not affected for the year ended March 31, 2009.

Overseas sales information for the years ended March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Overseas sales	**¥ 25,033**	¥ 35,805	**$ 254,763**
Total revenues	**224,277**	221,004	**2,282,485**
The proportion of overseas sales to total revenues	**11.2%**	16.2%	**11.2%**

17. Net Income per Share

Basis of calculation of basic and diluted net income per share (the "EPS") for the years ended March 31, 2009 and 2008 are as follows:

	Net income	Weighted-average shares	EPS	
Year ended March 31, 2009:	Millions of yen	Thousands of shares	Yen	U.S. dollars
Basic EPS-Net income available to common shareholders	**¥703**	**99,472**	**¥7.07**	**$0.07**
Effect of dilution				
Cash dividends on preferred stock	**299**	**43,651**		
Shares adjusted by share subscription rights	**—**	**109**		
Diluted EPS-Net income for computation	**¥1,002**	**143,232**	**¥7.00**	**$0.07**

	Net income	Weighted-average shares	EPS
Year ended March 31, 2008:	Millions of yen	Thousands of shares	Yen
Basic EPS-Net income available to common shareholders	¥562	99,969	¥5.62
Effect of dilution			
Cash dividends on preferred stock	282	—	
Shares adjusted by share subscription rights	—	—	
Diluted EPS-Net income for computation	¥844	—	¥ —

18. Stock Option Plans

The stock options outstanding as of March 31, 2009 were mainly as follows:

(1) Content

	The first series of share subscription rights (A)	The first series of share subscription rights (B)
	June 27, 2008	June 27, 2008
Persons granted	Directors of the Company: 8 Executive officers:13	Executive employees:76
Class and number of shares	110,400 shares of common stock	722,000 shares of common stock
Date of grant	July 15, 2008	July 15, 2008
Condition of settlement rights	The person who exercises stock purchase rights shall be a director, or executive officer of the Company, who has continued to work at the Company from the fifth stockholders' meeting to the sixth stockholders' meeting. However, this condition is invalid in case of death or loss of position due to Company circumstances.	The person who exercises stock purchase rights shall be an employee of the Company who has continued to work at the Company from July 15, 2008 until July 15, 2010. However, this condition is invalid in case of death, retirement age or loss of position due to Company circumstances.
Length of service	From July 15, 2008 to July 14, 2009	From July 15, 2008 to July 15, 2010
Exercisable period	From July 15, 2009 to July 14, 2019	From July 16, 2010 to July 15, 2015

(2) Number and price

	The first series of share subscription rights (A)	The first series of share subscription rights (B)
Non-vested shares		
At the beginning of the year	—	—
Granted during the year	110,400	722,000
Forfeited and expired during the year	—	—
Vested during the year	—	—
At the end of the year	110,400	722,000
Vested shares		
At the beginning of the year	—	—
Vested during the year	—	—
Exercised during the year	—	—
Forfeited or expired during the year	—	—
Unexercised at the end of the year	—	—
Exercise price	¥ 1	¥125
Average stock price at exercise	—	—
Fair value price at the grant date	¥107	¥ 30

(3) Method to estimate fair value of stock options

(a) Valuing method: Black-Scholes model

(b) Major basic figures and estimating method

	The first series of share subscription rights (A)	The first series of share subscription rights (B)
Stock price volatility (Note 1)	42.3 %	35.6 %
Expected remaining life (Note 2)	6 years	4 years and 6 months
Expected dividend (Note 3)	¥1.5 / share	¥1.5 / share
Risk-free interest rate (Note 4)	1.171 %	1.061 %

Note:

1. (a) The first series of share subscription rights (A)
   Calculated daily based on the stock price information over a period from October 1, 2003 to July 15, 2008.
   (b) The first series of share subscription rights (B)
   Calculated daily based on the stock price information over a period from January 15, 2004 to July 15, 2008.
2. Due to no accumulation of sufficient data, it is difficult to estimate rationally. The Company estimates to be exercised in the mid-point of the exercise period.
3. Actual dividend for the year ended March 2008.
4. Government bond yield over a period corresponding to the expected remaining life.

(4) Method to estimate number of vested stock options

As a rational estimate of the forfeited number of stock options in the future is generally difficult, the Company adopts a method whereby only forfeited numbers are reflected.

19. Subsequent Event

On June 26, 2009, the shareholders of the Company approved the appropriations of retained earnings to pay cash dividends in the amount of ¥447 million (US$4,549 thousand).

Independent Auditors' Report

To the Board of Directors of HAZAMA CORPORATION:

We have audited the accompanying consolidated balance sheets of HAZAMA CORPORATION and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets and cash flows for the years then ended expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of HAZAMA CORPORATION and subsidiaries as of March 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following:

(1) As discussed in Note 2 (17) (b) to the consolidated financial statements, effective for the year ended March 31, 2009, the Company changed accounting policy of expenses for estimation of projects with unconfirmed orders and up-front investment expenses for projects for which the Company failed to receive an order.

(2) As discussed in Note 2 (17) (c) to the consolidated financial statements, effective for the year ended March 31, 2009, the Company changed accounting policy of foreign taxes on overseas income ineligible for tax credits.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 26, 2009

Corporate Data

(As of March 31, 2009)

Name
Hazama Corporation

Address
2-5, Toranomon 2-chome, Minato-ku, Tokyo 105-8479, Japan

Branch Offices
Sapporo, Tohoku, Hokuriku, Kanto-Doboku, Tokyo-Kenchiku, Nagoya, Osaka, Shikoku, Hiroshima, Kyushu, Kokusai-Jigyo-Toukatsu

Founded
April 1889

Established
October 1, 2003

Paid-in Capital
¥12,000,000 thousand

Authorized Shares
Common stock 397,250,000
Preferred stock 2,750,000

Issued Shares
Common stock 100,000,000
Preferred stock 2,750,000

Number of Shareholders
37,337
(Note: This total includes three shareholders of preferred stock.)

Number of Employees
2,070

Board of Directors

(As of July 1, 2009)

President & Representative Director
Toshio ONO

Vice Presidents & Representative Directors
Michio SHISHIDO
Hisanori UENO
Toshihisa KUTSUNA

Director/ Senior Managing Executive Officer
Yoshiyasu ITO

Directors/ Managing Executive Officers
Kenichi YOSHIMI
Takashi ENDO
Tohachiro ISHIDA

Director/ Executive Officer
Hidetoshi YOICHI

Standing Corporate Auditor
Kenji TOKURA

Corporate Auditors
Eiji ISHIMATSU
Chikara TANAKA
Kaoru NOHARA

Senior Managing Executive Officer
Tsugio HAYAKAWA

Managing Executive Officers
Katsuta TAKEUCHI
Shinichi KANAZAWA
Mitsuaki HIGO
Osamu HOSOKAWA
Toru KUMAKI

Executive Officers
Toshimitsu UENO
Yoshimi AKIBA
Hiroyuki YASUHARA
Hiroshi YOKOI
Shigenobu AOKI
Seiki OTANI
Hisayoshi KINOSHITA
Sei ISOGAI
Tatsuhiro MATSUMOTO
Shinichiro IWABUCHI
Fumio SUGIMOTO

Major Subsidiaries and Affiliates

(As of July 1, 2009)

Name	Paid-in capital	Equity ownership	Main business	Address
Hazama Kogyo Co., Ltd.	¥152.5 million	100	Sales of construction materials	1-38-4 Kameido, Koto-ku, Tokyo, Japan Tel.: 81-3-5626-7130
Aoyama Kiko Co., Ltd.	¥200 million	100	Procurement and construction	1-38-4 Kameido, Koto-ku, Tokyo, Japan Tel.: 81-3-5626-8111
Geoscape Corporation	¥100 million	49	Design and consulting	2-2-5 Toranomon, Minato-ku, Tokyo, Japan Tel.: 81-3-3588-5990
Vietnam Development Construction Co., Ltd.	US$1 million	95	Construction	14th Floor, Harbour View Tower, 35 Nguyen Hue Street, District 1, Ho Chi Minh City, Vietnam Tel.: 84-8-38221246

GENERAL CONTRACTORS,
ARCHITECTS & ENGINEERS
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