NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

(1) Summary of Significant Accounting Policies

(a) Basis of presenting consolidated financial statements:

The accompanying consolidated financial statements of TOA CORPORATION (the "Company") and its consolidated subsidiaries (the "Companies") are prepared on the basis of accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain reclassifications and rearrangements were made for the convenience of readers outside Japan.

(b) Basis of consolidation:

The Company had 16 and 17 majority-owned subsidiaries as of March 31, 2008 and 2007, respectively.

The consolidated financial statements for the years ended March 31, 2008 and 2007 include the accounts of 9 and 11 majority owned subsidiaries of the Company, respectively.

During the fiscal year 2008, TOA Agency Nishinihon Co., Ltd. that was a consolidated subsidiary of the Company was merged by another consolidated subsidiary of the Company, TOA Agency Co., Ltd. The Company merged its consolidated subsidiary, TOA Real Estate Co., Ltd. In connection with this, Tagawa Real Estate Co., Ltd. changed its name into TOA Real Estate Co., Ltd.

The consolidated subsidiaries for 2008 were TOA Real Estate Co., Ltd., TOA Tekko Co., Ltd., TOA Kikai Kogyo Co., Ltd., Shinko Corporation, TOA Builtec Co., Ltd., TOA Concrete Co., Ltd., TOA Agency Co., Ltd., TOA Kaiun Sangyo Co., Ltd., and Tsurumi Rinko Co., Ltd.

Other subsidiaries were not consolidated as they were not significant in terms of total assets, net sales, retained earnings or net income in the aggregate.

The assets and liabilities of consolidated subsidiaries are incorporated into the consolidated financial statements at fair value at the time of acquisition, and the differences between the cost of investments in consolidated subsidiaries and the equity in their net assets at date of acquisition are amortized over a period of five years.

Investments in non-consolidated subsidiaries and affiliates were not significant in terms of net income or retained earnings in the aggregate and are carried at cost. The Company has written down an permanent impairment in the value of its investment.

All significant inter-company accounts and transactions have been eliminated in consolidation.

(c) Foreign currency translation:

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rate prevailing at the balance sheet date. Resulting gains and losses are included in net income or loss for the period.

(d) Cash and cash equivalents:

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits able to withdrawn on demand and short-term investment with an original maturity of three months or less and which represent a minor risk of fluctuation in value.

(e) Financial instruments:

(I) Derivatives

With changes in fair value included in net income or loss for the period in which they arise, derivatives are stated at fair value, except for derivatives that are designated as "hedging instruments" (see (III) Hedge Accounting, specified below).

(II) Securities

Securities held by the Companies are classified into three categories;

Held-to-maturity debt securities, that the Companies have intent to hold to maturity, are stated at cost after accounting for premium or discount on acquisition, which are amortized over the period to maturity.

Other securities for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate component of the net assets at a net-of-tax amount.

Other securities for which market quotations are unavailable are stated at cost, primarily based on the moving average cost method. Other than temporary declines in the value of other securities are reflected in net income.

In cases where the fair value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliates, or other securities has declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in net income or loss for the period.

(III) Hedge Accounting

Gains or losses arising from changes in fair value of the derivatives designated as "hedging instruments" are deferred as an asset or liability and included in net income or loss in the same period during which the gains and losses on the hedged items or transactions are recognized.

The derivatives designated as hedging instruments by the Companies are principally interest swaps and forward exchange contracts. The related hedged items are trade accounts receivable and payable as well as bank loans.

The Companies have a policy to utilize the above hedging instruments in order to reduce the Company's exposure to the risk of interest rate fluctuation and adverse fluctuation in foreign exchange rates. Thus, the Company's purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items.

The Companies evaluate effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

For interest rate swaps, if certain hedging criteria are met, interest rate swaps are not recognized at their fair values as an alternative method under Japanese accounting standards.

The amounts received or paid for such interest swap arrangements are charged or credited to income as incurred.

(f) Inventories:

Cost on contracts in progress and real estate for sale are stated at specific cost for each contract. Materials and supplies are stated at moving average cost.

However, in the case that net selling value falls below the acquisition cost at the end of the period, inventories except for cost on contracts in progress are carried at the net selling value on the balance sheet, regarded as decreased profitability of assets.

Effective the year ended March 31, 2008, the Company has adopted Accounting Standard for Measurement of Inventories (Accounting Standards Board of Japan Statement No.9 issued on July 5, 2006).

This adoption decreased operating income by ¥231 million (US$2,310 thousand) and income before income taxes and minority interests by ¥1,879 million (US$18,790 thousand).

(g) Research and development expenses:

Research and development expenses are charged to income as incurred. Research and development expenses charged to income in each of two years ended March 31, 2008 and 2007 were ¥1,260 million (US$12,600 thousand) and ¥1,149 million, respectively.

(h) Allowance for doubtful accounts:

Allowance for general receivables are established in amounts considered to be appropriate based upon credit loss experience. For specific receivables such as doubtful accounts, allowance for these are established in amounts considered to be uncollectible based upon an evaluation of possibility of collection in each outstanding receivable.

(i) Reserve for indemnity on completed contracts:

Reserve for indemnity on completed contracts is provided for the future defect expenses based upon the estimated indemnity amount for net sales for the year.

(j) Reserve for loss on construction works:

Reserve for loss on construction works is provided for the amount equivalent to cover future loss by evaluating individual construction from which loss is assumed and estimated.

(k) Reserve for retirement benefits:

The reserve for retirement benefits represents the estimated present value of projected benefit obligations in excess of the fair value of the plan assets as adjusted for unrecognized actuarial differences and unrecognized prior service costs. The unrecognized actuarial differences are amortized on a straight-line basis over a period of 15 years commencing the year following the year in which they arise.

Unrecognized prior service costs are amortized based on the straight-line method over a period of five years, beginning at the date of adoption of the plan amendment.

(l) Property, plant and equipment and depreciation:

Depreciation is principally computed by the declining-balance method at rates based on the estimated useful lives. Useful lives and residual value are in conformity with the provisions of the Corporation Tax Law of Japan. However, depreciation of buildings which the Companies acquired on or after April 1, 1998, is computed on a straight-line basis over the shortened estimated period.

In accordance with changes in the Corporation Tax Law introduced in the 2007 tax reform, concerning the depreciation of fixed assets acquired on or after April 1, 2007, method of computing depreciation expenses has been changed to that prescribed in the new regulation. The effect of this change was to decrease both operating income and income before income taxes and minority interests by ¥166 million (US$1,660 thousand).

As for property, plant and equipment acquired before April 1, 2007, the Company depreciates the residual value over a period of five years equally from the following year when the concerned property, plant and equipment reached allowable limit for depreciation based on the pre-revised depreciation method. This is effective from the year ended March 31, 2008.

As a result, both operating income and income before income taxes and minority interests decreased by ¥101 million (US$1,010 thousand).

(m) Impairment of fixed assets:

To judge an indicator of impairment of fixed assets, idle properties are grouped by each asset. Loss on impairment of ¥421 million (US$4,212 thousand) for 2008 and ¥6 million for 2007 was recognized on idle properties with no specific plan of future use.

(n) Income taxes:

The Companies have adopted the asset-liability method of tax effect, amounting to recognize the effect of temporary differences in the recognition of tax basis assets and liabilities and their financial report amounts.

(o) Consumption tax:

In Japan, consumption tax at the flat rate of 5% for 2008 and 2007 on all domestic consumption of goods and services (with certain exemptions) is levied.

The Companies have adopted the accounting method by which the consumption tax does not primarily affect net income.

(p) Recognition of contract revenue:

The Companies adopt the completion method for revenue recognition for the construction-type contracts with contract amount less than ¥100 million, and the percentage-of-completion method for the construction-type contracts with contract amount of ¥100 million or more and construction period of more than one year, the percentage are measured by the ratio of the costs incurred to the estimated total costs for each contract.

The amounts of contract revenue which are accounted for by the percentage-of-completion method were ¥110,403 million (US$1,104,030 thousand) for 2008 and ¥96,240 million for 2007.

(q) Leases:

Noncancelable leases are primarily accounted for as operating leases (whether such leases are classified as operating or finance leases) except those leases which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

(r) Net income, cash dividends and net assets per share:

Net income per share before dilution is based on the weighted average number of shares of common stock outstanding during the respective years.

Diluted net income per share was not disclosed in 2008 and 2007 due to the fact that there were no bonds with warrant and convertible bonds at the end of 2008 and 2007.

Cash dividends per share for each year represent the dividends declared as applicable to the respective years.

Net assets per share are based on the number of shares of common stock outstanding at the year end.

(2) U.S. Dollar Amounts

The dollar amounts included in the financial statements and notes thereto represent the arithmetical results of translating yen to dollars at rate of ¥100 = US$1, the approximate rate of exchange prevailing on March 31, 2008. The inclusion of such dollar amounts is solely for convenience of readers outside Japan and is not intended to imply that yen and assets and liabilities originating in yen have been or could be readily converted, realized or settled in dollars at this or any other rates.

(3) Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2008 and 2007 consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2008	2007	2008
Cash and time deposits	¥ 28,532	¥ 23,149	$ 285,319
Time deposits due over three months	(169)	(77)	(1,685)
Cash and cash equivalents	¥ 28,363	¥ 23,072	$ 283,634

(4) Marketable Securities and Investments in Securities

The following is certain information related to the aggregate acquisition costs, carrying amount and fair value of securities.

(a) Held-to-maturity debt securities having its market value:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2008	2007	2008
Carrying amount			
Government bond, municipal bond and other	¥ 62	¥ 62	$ 621
Total	¥ 62	¥ 62	$ 621

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2008	2007	2008
Carrying amount	¥ 62	¥ 62	$ 621
Fair value	63	62	631
Unrealized gain	¥ 1	¥ (0)	$ 10

(b) Other securities having its market value:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2008	2007	2008
Carrying amount			
Marketable equity ecurities	¥ 10,134	¥ 14,392	$ 101,346
Debentures	6	8	57
Other	129	269	1,287
Total	¥ 10,269	¥ 14,669	$ 102,690

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2008	2007	2008
Acquisition cost	¥ 8,811	¥ 8,351	$ 88,115
Fair value (Carrying value)	10,269	14,669	102,690
Unrealized gain	¥ 1,458	¥ 6,318	$ 14,575

Securities for which market quotations are not available are principally unlisted securities.

Investments in securities at March 31, 2008 and 2007 comprise investment securities lent to the third party under a security loan agreement amounting to ¥186 million (US$1,860 thousand) and ¥508 million, respectively.

(5) Short-term Borrowings and Long-term Debt

Short-term borrowings were represented generally by 365-day notes in 2008 and 2007 issued by the Companies, and bore interest principally at the short-term prim rates in effect in 2008 and 2007.

As is customary in Japan, the Company and its consolidated domestic subsidiaries maintain deposit balances with banks with which they have short-term bank loans or long-term debt.

Such deposit balances are not legally or contractually restricted as to withdrawal.

Long-term debt as of March 31, 2008 and 2007 consisted of the following:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2008	2007	2008
Loans from banks and insurance companies with interest ranging from 1.92% to 2.02%, due various dates through 2012:	¥24,130	¥36,378	$241,304
Total	24,130	36,378	241,304
Current portion included in current liabilities	(9,315)	(11,396)	(93,154)
Total	¥14,815	¥24,982	$148,150

Certain Companies' long-term debt agreements provide, among other things, that the lender may request the Companies to submit proposals for appropriations of retained earnings (including payment of dividends) for review and, in some instances, approval prior to presentation to the shareholders. However, the Companies have never received such a request.

In addition, as is customary in Japan, substantially all of the Companies' bank borrowings are subject to general agreements with each bank which provide, among other things, that the relevant bank may treat any security furnished to the bank as well as cash deposited with it as security for all present and future indebtedness and may, when the bank deems it necessary, request additional security for loans.

The Company had credit lines from 9 banks amounting to ¥35,000 million (US$350,000 thousand) in total at March 31, 2008 and 2007.

Assets pledged as collateral for short-term borrowings, long-term debt and contingent liabilities at March 31, 2008 and 2007 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2008	2007	2008
Assets pledged as collateral:			
Land	¥ 105	¥ 1,578	$ 1,046
Building and structures	—	735	—
Investment securities	¥ 2,878	¥ 3,164	$ 28,783
Loans	597	513	5,967
Others	19	—	190
	¥ 3,599	¥ 5,990	$ 35,986
Liabilities secured thereby:			
Current portion of long-term debt	¥ 100	¥ 787	$ 1,000
Long-term debt	¥ —	¥ 2,263	$ —
Contingent liabilities	¥ 1,763	¥ 2,053	$ 17,629

The aggregate annual maturities of long-term debt (including current portion) as of March 31, 2008 were as follows:

Year ending March 31,	Millions of Japanese Yen	Thousands of U.S. Dollars
2009	¥ 9,315	$ 93,154
2010	8,643	86,430
2011	4,061	40,610
2012 and thereafter	2,111	21,110
Total	¥ 24,130	$241,304

(6) Advances on Contracts in Progress

The Company usually receives payments from customers in the public sector on a progress basis in accordance with terms of the respective construction contracts.

(7) Reserve for Retirement Benefits

The Company and its consolidated subsidiaries adopt the cash balance plan, retirement allowance plan, and additional severance payment covering substantially all employees for the defined benefit retirement plans. Furthermore, the Company set up the retirement benefit trust.

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2008	2007	2008
Projected benefit obligations	¥(23,313)	¥(25,182)	$(233,130)
Plan assets	16,336	23,876	163,358
	(6,977)	(1,306)	(69,772)
Unrecognized actuarial differences	4,941	(1,248)	49,415
Unrecognized prior service cost	—	(1,062)	—
	¥ (2,036)	¥ (3,616)	$ (20,357)

Net pension and severance costs related to the retirement benefits for the years ended March 31, 2008 and 2007 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2008	2007	2008
Service cost	¥ 830	¥ 909	$ 8,294
Interest cost	625	654	6,251
Expected return on plan assets	(327)	(303)	(3,267)
Amortization of unrecognized actuarial differences	67	202	670
Amortization of unrecognized prior service cost	(1,062)	(1,062)	(10,622)
Net pension and severance costs	¥ 133	¥ 400	$ 1,326

Assumptions used in the calculation of the above information were as follows:

	2008	2007
Discount rate	2.5%	2.5%
Expected rate of return on plan assets	2.5%	2.5%
Method of attributing the projected benefits to periods of services	Straight-line basis	Straight-line basis
Amortization period of unrecognized actuarial differences	15 years	15 years
Amortization period of unrecognized prior service cost	5 years	5 years

The balance of reserve for retirement benefits included the reserve for retirement allowance for directors and statutory auditors in amounts of ¥66 million (US$659 thousands) and ¥60 million as of March 31, 2008 and 2007, respectively.

The reserve for retirement allowance for directors and statutory auditors are provided at the amount required on balance sheet dates in accordance with the internal rules of certain consolidated subsidiaries.

(8) Selling, General and Administrative Expenses

The significant components of selling, general and administrative expenses for 2008 and 2007 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2008	2007	2008
Salaries to employees	¥ 4,264	¥ 5,001	$ 42,462
Expenses for retirement benefits	—	67	—
Provision for retirement benefits	30	28	299
Provision for doubtful receivables	674	170	6,737
Depreciation	254	262	2,540
Research expenses	¥ 1,098	¥ 1,322	$ 10,976

(9) Income Taxes

(a) The significant components of deferred tax assets and liabilities at March 31, 2008 and 2007 were as follows.

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2008	2007	2008
Deferred Tax Assets:			
Pension and severance costs	¥ 1,940	¥ 2,527	$ 19,395
Revaluation of inventories	—	6,337	—
Write-down of utility rights	458	503	4,577
Write-down of investments securities	200	217	2,003
Allowance for doubtful accounts	418	412	4,183
Accrued bonus to employees	414	344	4,138

	Millions of Japanese Yen 2008	2007	Thousands of U.S. Dollars 2008
Accrued tax	¥ 77	¥ 52	$ 775
Reserve for loss on construction works	659	—	6,588
Tax loss carryforward.	—	2,663	—
Others	1,915	3,137	19,149
Valuation allowance..	(1,406)	(968)	(14,055)
Deferred Tax Assets ...	¥ 4,675	¥15,224	$ 46,753
Deferred Tax Liabilities:			
Unrealized gain on securities	(¥590)	(¥2,552)	($5,896)
Reserve for land	(1,102)	(1,250)	(11,021)
Other	(104)	(672)	(1,044)
Deferred Tax Liabilities	(1,796)	(4,474)	(17,961)
Net Deferred Tax Assets	¥ 2,879	¥10,751	$ 28,792

(b) A reconciliation between the normal effective statutory tax rate for the year ended March 31, 2008 and 2007, and the actual effective tax rates reflected in the accompanying consolidated statements of income is as follows.

	2008	2007
Normal effective statutory tax rate	40.4 %	40.4 %
Expenses not deductible for income tax purposes	3.9	28.3
Non-taxable income	(0.2)	(5.2)
Per capita levy of inhabitant taxes	0.6	15.2
Valuation allowance	4.9	—
Other-net	(4.4)	12.8
Actual effective tax rates	45.2 %	91.5 %

(10) Net Assets

Corporation Law of Japan ("the Law") become effective on May 1, 2006, replacing the Commercial Code of Japan. Under the Law, certain issuance of common shares is required to be credited to the common stock account for 50% of the proceeds. The Law permits, by resolution of the shareholders meeting, transfer from amounts of additional paid-in capital to the common stock.

The Law provides that an amount equal to 10 % of dividends of surplus shall be appropriated as a legal reserve or additional paid-in capital until the total amount of legal reserve and additional paid-in capital equals 25% of the stated amount of capital stock. Legal reserve and additional paid-in capital may be used to eliminate or reduce a deficit or may be transferred to common stock by resolution of the shareholders' meeting. On condition that the total amount of total amount of legal reserve and additional paid-in capital remains equal to or exceeds 25% of common stock, they are available for distributions by the resolution of the shareholders' meeting.

(11) Leases

Finance Lease

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets at March 31, 2008 and 2007, which would have been reflected in the balance sheets if finance lease accounting had been applied to finance leases currently accounted for as operating leases, and are included an interest portion thereof:

	Millions of Japanese Yen 2008	2007	Thousands of U.S. Dollars 2008
Machinery and equipment and other assets			
Acquisition costs	¥1,478	¥1,601	$ 14,784
Accumulated depreciation	1,025	948	10,251
	¥ 453	¥ 653	$ 4,533

The scheduled maturities of future lease payments, including an interest portion on such lease contracts as of March 31, 2008 and 2007 are as follows:

	Millions of Japanese Yen 2008	2007	Thousands of U.S. Dollars 2008
Due within one year.....	¥ 249	¥ 264	$ 2,491
Due over one year	204	389	2,042
	¥ 453	¥ 653	$ 4,533

Lease expenses incurred in connection with finance leases, other than those which are deemed to transfer the ownership of the leased assets to lessees, amount to ¥273 million (US$2,730 thousand) and ¥255 million for the years ended March 31, 2008 and 2007, respectively.

Operating Lease

The scheduled maturities of future operating lease payments, including an interest portion on such lease contracts as of March 31, 2008 and 2007 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2008	2007	2008
Due within one year.....	¥ 5	—	$ 48
Due over one year........	7	—	72
	¥ 12	—	$ 120

(12) Revaluation of Land

The Company revalued its land held for business purposes based on the value appraised by an appraiser which is regulated by Article 2 No.4 of an Enforcement Ordinance, and No.119 of Law Concerning Land Revaluation (effective March 31, 1998) with certain necessary adjustments.

Deferences arising from the land revaluation have been accounted for as revaluation reserve for land under net assets at a net-of-tax amount.

The carrying value of the land after revaluation exceeded its fair value as of March 31, 2008 by ¥5,943 million (US$59,437 thousand).

(13) Commitments and Contingent Liabilities

The Companies are contingently liable for the following at March 31, 2008 and 2007:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2008	2007	2008
Trade notes receivable discounted and endorsed	¥ 10	¥ 77	$ 100
Guarantees of short-term and long-term debt of employee, customers, unconsolidated subsidiaries and affiliates..	2,908	3,658	29,081
	¥ 2,918	¥ 3,735	$ 29,181

The Company has received a declaration for arbitration from the owner through the “Central dispute committee of construction works” for work which was constructed and completed in 1989 by joint venture. The total construction cost was ¥757 million, including ¥378 million for the Company. At present, the result of arbitration is not predictable.

On December 11, 2007, the Company was brought a lawsuit by a logistic agency on commission fee amounting ¥123 million. At present, the lawsuit is pending and its result is not predictable.

(14) Accounting for business combination

In order to upgrade its group management efficiency, the Company merged its wholly-owned subsidiary, TOA Real Estate Co., Ltd. on December 1, 2007 and took over the subsidiary's business which is sales of land in lots.

The merger was accounted for as a transaction under common control based on Accounting Standard for Business Combinations issued by Business Accounting Council of Japan on October 31, 2003, and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures issued by the Accounting Standard Board of Japan on December 22, 2006.

(15) Subsequent Event

On May 28, 2008, the Board of Directors of the Company resolved an acquisition of treasury stock to ensure a capital policy responding to changes in economic circumstance flexibly.

Upon the resolution, the Company has plan to acquire common stock up to 16,000,000 shares (7.2% of issued shares). The budget for its acquisition is amounting to ¥2,000 million (US$ 20,000 thousand) and an acquisition period is from May 29, 2008 to March 31, 2009.

(16) Segment Information

a. Business Segments

Business segments are principally composed of the following:

Construction ….. Civil Engineering and Architectural Construction
Real Estate ……. Development of Land and Buildings
Other Businesses.. Building and Repair of Vessels and Agency Businesses

Year Ended March 31, 2008 Millions of Japanese Yen

	Construction	Real Estate	Other Businesses	Total	Elimination / Corporate	Consolidated
Net sales:						
External customers	¥ 207,810	¥ 2,150	¥ 3,865	¥ 212,825	¥ —	¥ 213,825
Inter-segment	847	981	1,622	3,450	(3,450)	—
Total	208,657	3,131	5,487	217,275	(3,450)	213,825
Operating expenses	205,185	2,970	5,064	213,218	(3,139)	210,079
Operating income	3,472	161	423	4,057	(311)	3,746
Total assets	142,259	18,346	5,025	165,630	35,313	200,943
Depreciation expenses	2,469	135	72	2,676	6	2,682
Capital Expenditure	¥ 4,575	¥ 7	¥ 41	¥ 4,623	¥ (10)	¥ 4,613

Year Ended March 31, 2007 Millions of Japanese Yen

	Construction	Real Estate	Other Businesses	Total	Elimination / Corporate	Consolidated
Net sales:						
External customers	¥ 181,876	¥ 2,839	¥ 3,858	¥ 188,573	¥ —	¥ 188,573
Inter-segment	1,966	646	1,294	3,906	(3,906)	—
Total	183,842	3,485	5,152	192,479	(3,906)	188,573
Operating expenses	182,946	3,221	4,856	191,023	(3,905)	187,118
Operating income	896	264	296	1,456	(1)	1,455
Total assets	154,427	28,607	4,847	187,881	33,974	221,855
Depreciation expenses	2,033	160	71	2,264	(1)	2,263
Capital Expenditure	¥ 1,951	¥ 92	¥ 20	¥ 2,063	¥ (5)	¥ 2,058

Year Ended March 31, 2008 Thousands of U.S. Dollars

	Construction	Real Estate	Other Businesses	Total	Elimination / Corporate	Consolidated
Net sales:						
External customers	$2,078,106	$ 21,498	$ 38,647	$2,138,251	$ —	$ 2,138,251
Inter-segment	8,468	9,809	16,222	34,499	(34,499)	—
Total	2,086,574	31,307	54,869	2,172,750	(34,499)	2,138,251
Operating expenses	2,051,850	29,698	50,637	2,132,185	(31,393)	2,100,792
Operating income	34,724	1,609	4,232	40,565	(3,106)	37,459
Total assets	1,422,585	183,458	50,253	1,656,296	353,136	2,009,432
Depreciation expenses	24,687	1,346	725	26,758	63	26,821
Capital Expenditure	$ 45,754	$ 70	$ 410	$ 46,234	$ (99)	$ 46,135

b. Geographical Segments

Each area primarily refers to the following countries:

Southeast Asia ....Singapore, Philippines and Viet Nam

Year Ended March 31, 2008 — Millions of Japanese Yen

	Japan	Southeast Asia	Other Areas	Total	Elimination / Corporate	Consolidated
Net sales:						
External customers	¥ 184,472	¥ 21,017	¥ 8,336	¥ 213,825	¥ —	¥ 213,825
Inter-segment	323	—	—	323	(323)	0
Total	184,795	21,017	8,336	214,148	(323)	213,825
Operating expenses	182,234	20,669	7,499	210,402	(323)	210,079
Operating income	2,561	348	837	3,746	(—)	3,746
Total assets	¥ 141,256	¥ 15,461	¥ 6,286	¥ 163,003	¥ 37,940	¥ 200,943

Year Ended March 31, 2007 — Millions of Japanese Yen

	Japan	Southeast Asia	Other Areas	Total	Elimination / Corporate	Consolidated
Net sales:						
External customers	¥ 152,218	¥ 19,268	¥ 17,087	¥ 188,573	¥ —	¥ 188,573
Inter-segment	—	—	—	—	(—)	—
Total	152,218	19,268	17,087	188,573	(—)	188,573
Operating expenses	150,342	19,586	17,190	187,118	(—)	187,118
Operating income	1,876	(318)	(103)	1,455	(—)	1,455
Total assets	¥ 156,377	¥ 13,232	¥ 13,743	¥ 183,352	¥ 38,503	¥ 221,855

Year Ended March 31, 2008 — Thousands of U.S. Dollars

	Japan	Southeast Asia	Other Areas	Total	Elimination / Corporate	Consolidated
Net sales:						
External customers	$1,844,726	$ 210,165	$ 83,360	$2,138,251	$ —	$2,138,251
Inter-segment	3,232	—	—	3,232	(3,232)	0
Total	1,847,958	210,165	83,360	2,141,483	(3,232)	2,138,251
Operating expenses	1,822,344	206,685	74,995	2,104,024	(3,232)	2,100,792
Operating income	25,614	3,480	8,365	37,459	(—)	37,459
Total assets	$1,412,560	$ 154,608	$ 62,858	$1,630,026	$ 379,406	$2,009,432

c. Overseas Net Sales

Each area primarily refers to the following countries:

Southeast Asia ....Singapore, Philippines and Viet Nam

Year Ended March 31, 2008 — Millions of Japanese Yen

	Southeast Asia	Other Areas	Total
Overseas net sales	¥ 21,017	¥ 8,336	¥ 29,353
Consolidated net sales	—	—	213,825
Ratio (%)	9.8	3.9	13.7

Year Ended March 31, 2007 — Millions of Japanese Yen

	Southeast Asia	Other Areas	Total
Overseas net sales	¥ 19,268	¥ 17,087	¥ 36,355
Consolidated net sales	—	—	188,573
Ratio (%)	10.2	9.1	19.3

Year Ended March 31, 2008 — Thousands of U.S. Dollars

	Southeast Asia	Other Areas	Total
Overseas net sales	$ 210,165	$ 83,360	$ 293,525
Consolidated net sales	—	—	$2,138,251