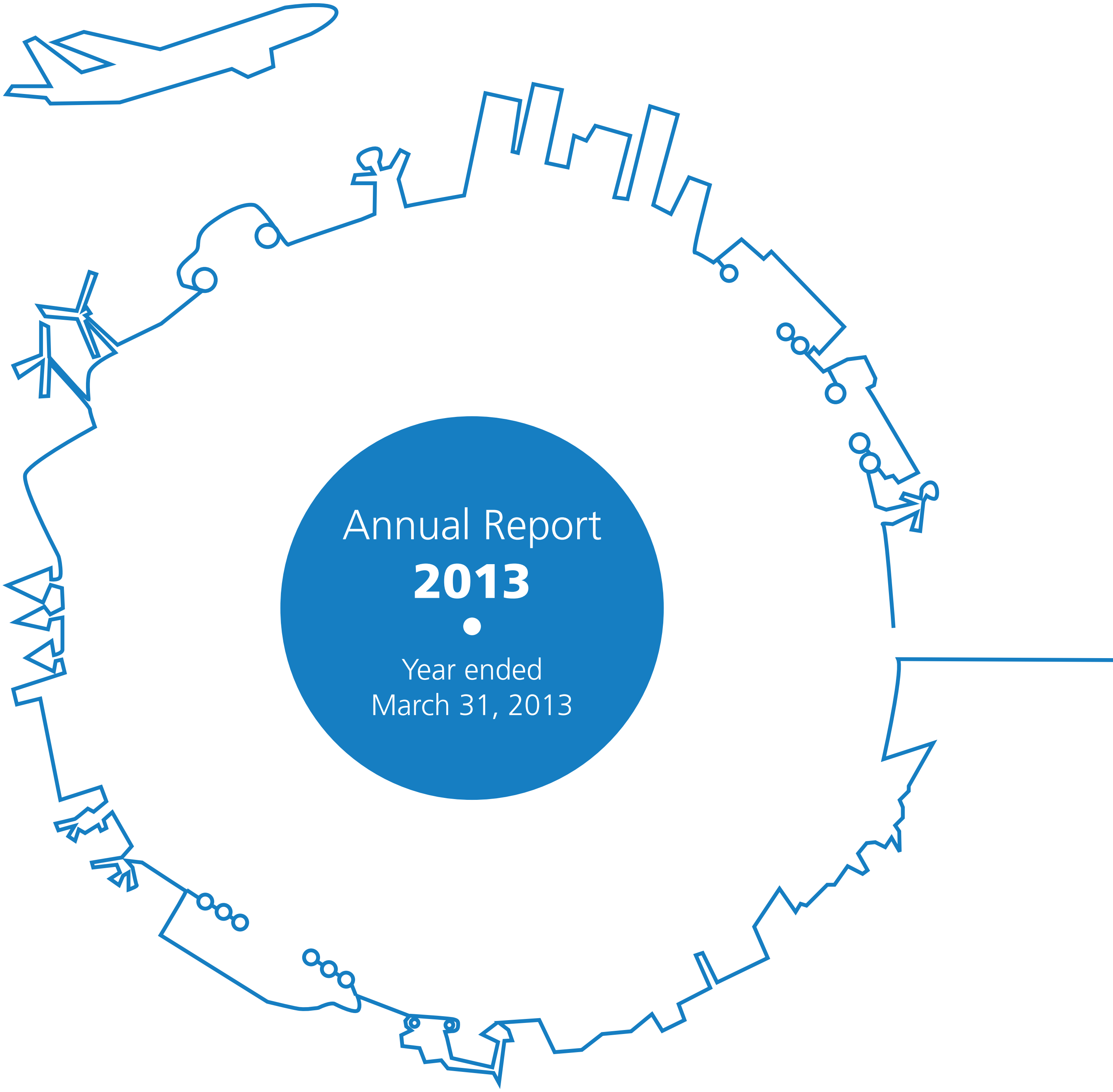
NIPPON KOEI



Annual Report 2013

Year ended
March 31, 2013

Company Profile

Nippon Koei Co., Ltd. established in 1946, specializes in engineering consulting and electric power engineering. Since its foundation, the Company has adhered to a policy of contributing to society through technology.

Our engineering consulting services, provided by the Consulting Administration Group, draws on the technical expertise of specialists in diverse fields. Since our first overseas venture, a hydroelectric power project in Myanmar in 1954, we have participated in a broad variety of sophisticated development projects worldwide.

The Engineering Administration Group spearheads the Company's electric power engineering business. Here, we provide a complete engineering package, from surveys and designs to the installation of a wide range of equipment, including power stations and substations, transmission lines, and end-user equipment. We are active both in Japan and overseas.

Committed to responsible corporate citizenship, Nippon Koei and its employees dedicate their efforts to creating comfortable living environments for people around the world.

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Financial Highlights

Consolidated

	Millions of Yen		Thousands of U.S. Dollars
Years Ended March 31	**2013**	2012	**2013**
Net sales	**¥72,412**	¥65,945	**$769,931**
Net income	**2,850**	1,420	**30,303**
Net income per share (Yen/Dollars)	**37.76**	18.39	**0.40**
As of March 31			
Total assets	**84,795**	79,372	**901,595**
Equity	**46,929**	43,505	**498,979**

Nonconsolidated

	Millions of Yen		Thousands of U.S. Dollars
Years Ended March 31	**2013**	2012	**2013**
Net sales	**¥55,507**	¥49,852	**$590,186**
Net income	**2,154**	1,203	**22,903**
Net income per share (Yen/Dollars)	**28.54**	15.58	**0.30**
As of March 31			
Total assets	**75,510**	71,601	**802,871**
Equity	**42,495**	39,921	**451,834**

Notes: 1. Per share amounts are based on the weighted average number of shares outstanding during each period.
2. The dollar amounts in this report represent translations of yen, for convenience only, at the rate of ¥94.05=US$1, the rate of exchange at March 31, 2013.

Consolidated Business Report for Fiscal Year Ended March 31, 2013

1. Overview of Performance and Cash Flow

(1) Performance

During the fiscal year under review (April 1, 2012, through March 31, 2013), the Japanese economy struggled to stage a full-fledged recovery. Strong public investment projects were buoyed by demand related to reconstruction efforts from the Great East Japan Earthquake. This was offset, however, by lower exports and capital expenditure due to the slowdown in the global economy amid growing concern about the future external economic environment, triggered by sovereign debts in a number of European countries and a slowdown in the emerging economies.

On the other hand, following the Liberal Democratic Party's return to power and the formation of a new administration in December, the yen retreated from its excessively high level on the back of expectations of monetary easing and improved economic and fiscal policies, with signs of economic recovery seen at the end of the year.

The Nippon Koei Group's domestic consulting operations remained healthy thanks to increased public projects related mainly to post-quake reconstruction work, as well as large supplementary budgets consisting implemented by the Abe administration, which consisted chiefly of reconstruction projects and disaster prevention measures.

Our overseas operations also benefited from an increase in the Official Development Assistance (ODA) budget and growing demand for infrastructure projects in developing countries.

Our electric power engineering operations remained weak due to a reduction in budgets for new capital expenditure and repair works in response to calls for cost cutting from electric power companies whose business conditions remained under pressure. Concurrently, signs of recovery began to emerge following the resumption of maintenance and updating works of existing facilities.

Against this backdrop, the Group as a whole focused on continuing to assist with post-quake reconstruction efforts in the disaster-hit regions. The fiscal year under review was the first year of our Medium-Term Management Plan (FY2013–FY2015), which sets as its basic principles (1) enhancement of global operations, and (2) exploration and formulation of new business domains, we sought to bolster our existing business bases, explore new business models and enter into new businesses.

In addition, we launched an initiative designed to enhance the work-life balance, in an effort to improve our working environment and raise productivity.

As a result, consolidated orders received increased 2.7% year on year to total ¥71,135 million, while consolidated sales grew 9.8% to ¥72,412 million.

Operating income jumped 53.2% on a year-on-year basis to ¥4,642 million, and net income ballooned 100.7% to ¥2,850 million, buoyed by higher sales and continued efforts to improve profitability by reviewing cost items.

The performance for each segment is outlined below.

Domestic Consulting Operations

Orders were fueled by a host of projects including post-quake recovery and reconstruction, national disaster preparedness against tsunami and earthquakes and extending the life and preserving the functions of public facilities. As a result, orders rose 2.2% year on year to ¥38,423 million, while sales expanded 3.3% to ¥35,547 million. Segment profit totaled ¥1,195 million, up ¥317 million.

Overseas Consulting Operations

Orders remained firm for projects to be financed by Japan's ODA budget, as demand grew for infrastructure development in emerging countries and orders expanded for the development and improvement of urban infrastructure. We also stepped up sales efforts in Sub-Saharan African countries, Myanmar and other emerging countries and sought to win orders for a feasibility study of industrial parks to be funded by private capital. As a result, orders climbed 2.5% year on year to total ¥20,147 million, while sales rose 14.2% to ¥18,638 million. Segment profit came to ¥1,440 million, up ¥465 million.

Power Engineering Operations

Electric power companies, our main clients, cut back on capital investments and maintenance budgets. In this harsh environment, we concentrated on proposition-style activities for upgrades of their dated facilities and successfully secured a higher order total than in the previous year. We also saw orders increase for digital public safety ratio communications systems and post-quake recovery projects in our key mechatronics consulting operations. Orders rose 4.6% year on year to ¥12,542 million, while sales soared 23.2% to ¥15,930 million. Segment profit was up ¥1,088 million to ¥1,925 million.

Real Estate Leasing Operations

Sales from our real estate leasing operations declined by 5.2% year on year to reach ¥1,131 million, while segment profit grew ¥26 million to ¥848 million.

(2) Cash Flows

Cash and cash equivalents at the end of the fiscal year under review totaled ¥6,579 million, increasing ¥656 million over the previous year. The factors behind this increase included the following.
Net cash provided by operating activities totaled ¥3,373 million (versus a net outflow of ¥1,195 million during the prior year). This was due primarily to an increase of ¥3,033 million in trade accounts receivable while income before income taxes and minority interests totaled ¥5,086 million, an increase of ¥2,096 million.
Net cash provided by investing activities totaled ¥237 million (versus a net inflow of ¥1 million a year earlier). This was due primarily to proceeds from sales and redemption of investment securities.
Net cash used in financing activities amounted to ¥3,084 million (versus a net inflow of ¥1,950 million the previous year). This was due primarily to repayments of short-term borrowings.
The table below shows trends in cash flow-related indicators for the Group.

Reference: Trends in Cash Flow-related Indicators

	Fiscal Year Ended March 2009	Fiscal Year Ended March 2010	Fiscal Year Ended March 2011	Fiscal Year Ended March 2012	Fiscal Year Ended March 2013
Capital-to-asset ratio (%)	52.2	53.8	58.1	54.5	55.0
Capital-to-asset ratio on market value basis (%)	22.7	27.5	32.0	27.4	34.5
Interest-bearing debt-to-cash flow ratio (times)	2.5	9.5	1.6	—	3.1
Interest coverage ratio (times)	28.0	9.8	52.3	—	73.7

Capital-to-asset ratio: stockholders' equity / total assets
Capital-to-asset ratio on market value basis: market capitalization / total assets
Interest-bearing debt-to-cash flow ratio: interest-bearing debts / cash flow
Interest coverage ratio: cash flow / interest payment

Notes:
1. All figures are calculated on the basis of consolidated financial figures.
2. Market capitalization is computed on the basis of the number of shares issued, excluding treasury stocks.
3. Cash flow here means operating cash flow.
4. Interest-bearing debt here comprises all debts included in the balance sheet on which interest is paid.
5. The interest-bearing debt-to-cash flow and interest coverage ratios for the fiscal year ended March 2012, were negative as indicated by "—."

2. Production, New Orders and Sales

(1) New Orders

Business Category	This Consolidated Fiscal Year (Millions of yen)	Change on Previous Year (%)
New Orders		
Domestic consulting operations	¥38,423	2.2
Overseas consulting operations (Note. 1)	20,147	2.5
Power engineering operations	12,542	4.6
Other business operations	23	-29.2
Total new orders	71,135	2.7
Outstanding orders		
Domestic consulting operations	13,247	6.7
Overseas consulting operations	34,305	1.1
Power engineering operations	5,453	-19.4
Other business operations	4	-78.9
Total orders on hand	¥53,009	-0.3

Notes: 1. The figure of new orders of Overseas consulting operations includes ¥639 million ($6,794 thousand) outstanding orders of NIPPON KOEI INDIA PVT. LTD. (“NKI”) when it was consolidated. The Company consolidated NKI from this fiscal year.
2. Figures above do not include consumption tax.
3. The above figures are related to transactions with non-Group organizations: They do not include internal transactions between Group segments or the transfer amounts involved.

(2) Sales Performance

Business Category	This Consolidated Fiscal Year (Millions of yen)	Change on Previous Year (%)
Domestic consulting operations	¥35,547	3.3
Overseas consulting operations (Note. 1)	18,638	14.2
Power engineering operations	15,930	23.2
Real estate leasing operations	1,131	-5.2
Other business operations	1,166	8.8
Total sales	¥72,412	9.8

Notes: 1. Production status is not stated due to difficulties in defining consolidated group production performance.
2. Transactions between business segments are offset and eliminated.
3. Amounts above do not include consumption tax.
4. Sales to major customers as a proportion of total sales are given as follows.

Customer	**This Consolidated Fiscal Year**		Previous Consolidated Fiscal Year	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Ministry of Land, Infrastructure, Transport and Tourism	**¥12,973**	**17.9**	¥12,976	19.7
Japan International Cooperation Agency	**8,474**	**11.7**	6,701	10.2
Tokyo Electric Power Co., Ltd.	**8,470**	**11.7**	6,092	9.2

3. Future Challenges

(1) Management Policy

The Nippon Koei Group takes the management philosophy "Contributing to society through technology with sincerity." Guided by the slogan "Challenging mind, Changing dynamics," the Group is aiming to realize its management philosophy.

Looking ahead, under this management philosophy and slogan, we see that reconstruction demand related to the Great East Japan Earthquake is merely temporary and that the growth of emerging markets in Asia and other parts of the world is expected to fuel demand for overseas infrastructure construction. Working against this backdrop, we will continue to make further inroads into the global market. Accordingly, while maintaining a secure technical foundation in Japan (construction consulting and engineering businesses), the NK Group will focus on the expanding infrastructure development market in developing countries to significantly expand its businesses. On the other hand, to attain sustainable growth, the overseas office and/or group companies should take the initiative of exploring and forming new business domains. In line with this long-term goal, the NK Group has been addressing the key challenges listed below, based on the three-year Medium-Term Management Plan started in FY2013. In FY2014, to the list of key challenges we added "(4) Enhancement of the work-life balance."

(1) Development and management of overseas offices and/or group companies (introduction of multi-domestic management)
(2) Enhancement of the existing business sectors and expansion of business domains
(3) Exploration of new business models including new initiatives in project management
(4) Enhancement of the work-life balance

In view of the Medium-Term Management Plan, we will address the key challenges in the next fiscal year that covers a 15-month period from April 1, 2013, through June 30, 2014, due to a change in our fiscal year-end.

1) Development and management of overseas offices and/or group companies (introduction of multi-domestic management)

Overseas offices and/or group companies will be established and/or enhanced in the four major markets (Asia, the Middle East and North Africa, Latin America, and Sub-Saharan Africa). The sales structure will be built around region-based marketing with appropriate levels of responsibility and authority granted to local bases, in an effort to aggressively engage the non-ODA market in addition to the current ODA market.

2) Enhancement of the existing business sectors and expansion of business domains

In response to drastic changes occurring in the existing business sectors where the NK Group operates, we intend to identify business domains to expand each business operation, develop technologies, and employ, train and strengthen human resources, in a bid to steadily expand our businesses. Specifically, our domestic consulting operations will focus on disaster recovery projects and infrastructure management operations, while overseas consulting operations will concentrate on urban development projects in emerging countries and power engineering operations will direct efforts to expanding the mechanical and electrical consulting operation.

3) Exploration of new business models including new initiatives in project management

We have designated water power generation as our key new business model and will promote this business through increased cross-departmental cooperation.

4) Enhancement of the work-life balance

We will review the current working environment through company-wide initiatives led by the Work-Life Balance Promotion Committee to improve the balance between work and other aspects of employees' lives. Based on these policies, the Nippon Koei Group will proactively engage in business operations and address these issues in an effort to improve our performance further.

(2) Basic Policy Governing Corporate Decision-Makers on Financial Affairs and Operations

Our basic policy governing corporate decision-makers on financial affairs and operations (Governance Principles) is as detailed below.

1) Governance Principles

As a publicly listed company allowing its shares to be traded freely, we believe that whether or not we will sell shares in response to a particular person's attempt to acquire a large number of shares (an attempt to acquire a large number of shares) should be determined ultimately by our shareholders.

However, we are proud of our company's track record as a good corporate citizen. Nippon Koei has been charged with fulfilling a social mission and public works projects, including construction consulting. The power of our brand is backed by a wide range of technological expertise, years of experience, and a rock-solid performance record. It would be impossible to manage Nippon Koei, improve its corporate value, or bring profit to its shareholders without a good understanding of everything the brand stands for or without the relationship of mutual trust that has been built between Nippon Koei and its customers, employees, suppliers, and other stakeholders in Japan and abroad.

We believe that, in the event of a takeover bid, any party attempting to acquire a large number of shares (the bidder) should provide shareholders with all the information necessary for them to make a sound decision.

2) Special measures for realization of the Basic Policy

At Nippon Koei, we implement the following special measures in line with the Governance Principles described in 1) above.

(i) Medium-term goals

Our medium-term goals and specific measures under our Medium-Term Management Plan are as described in the section entitled "(1) Management Policy."

(ii) Enhancing corporate governance

Working to boost the corporate value of Nippon Koei and the Nippon Koei Group as a whole, we are continually improving corporate governance by strengthening management oversight, ensuring transparency, and establishing a system that will enable us to quickly perform our operations. We also focus on compliance as well as risk management to enhance the effectiveness of internal controls and have adopted a corporate auditor system. The Board of Directors provides oversight of our operations, while the Board of Corporate Auditors audits the directors' activities.

3) Preventing an undesirable takeover in accordance with the Basic Policy

In line with the Governance Principles described in 1) above, we maintain an anti-takeover policy (hereinafter the "Policy on Substantial Acquisition of Shares") that is intended to prevent undesirable control over decisions on our financial and operational policies. The Policy on Substantial Acquisition of Shares generally applies to any bidder attempting to acquire a large number of Nippon Koei shares in a bid to control 20% or more of the voting rights held by a certain group of shareholders or acquiring enough shares to change the balance of power to ensure that a certain group of shareholders has 20% or more of the voting rights. The Policy requires the bidder to (1) provide the Board of Directors with all relevant information including written notification declaring his/her exact intentions in advance, and (2) begin purchasing shares only after the elapse of a tender assessment period to be specified by the Nippon Koei Board of Directors.

The Policy on Substantial Acquisition of Shares was first introduced upon resolution by the Board of Directors in May 2006, after which the Board voted to partially revise and continue it in June 2007. The Policy was later partially

revised upon approval of shareholders at the 63rd general shareholders' meeting held in June 2008, and was again partially revised upon approval of shareholders at the 66th general shareholders' meeting held in June 2011.
The details of the Policy on Substantial Acquisition of Shares have been made available on the Nippon Koei Group website (http://www.n-koei.co.jp/).

4) Board of Directors' decision concerning the measures described in 2) and 3) above and the reason

The measures described in 2) above are in line with the Governance Principles described in 1) above, since they were implemented for the purpose of enhancing corporate value and carried out in the common interests of our shareholders. These measures emphasize protecting the interests of our shareholders over protecting the corporate directors from being replaced.
The measures described in 3) above (the Policy on Substantial Acquisition of Shares) are in line with the Governance Principles described in 1) above. It protects the interests of our shareholders over protecting the corporate directors from being replaced in the following ways:

a. The Policy on Substantial Acquisition of Shares meets the three basic requirements set forth in the Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests published by the Ministry of Economy, Trade and Industry (METI) and the Ministry of Justice on May 27, 2005. It also incorporates a June 30, 2008, report entitled "Proper Role of Takeover Defense Measures in Light of Changes in Various Environments" published by METI's Corporate Value Study Group.
b. The Policy enables our shareholders to make an informed decision on whether a takeover would be beneficial, prevents any apparent infringement on Nippon Koei's corporate value and is in the best interest of Nippon Koei and its shareholders.
c. The Rules on Substantial Acquisition of Shares and the necessary conditions for taking countermeasures are reasonable in light of our aim to maintain and enhance Nippon Koei's corporate value and protect the interests of its shareholders.
d. The Rules on Substantial Acquisition of Shares and the necessary conditions for taking countermeasures are concrete and clear enough to make it possible for the shareholders, investors and potential bidders to make fair predictions about the future.
e. The policy was enacted by a vote of the shareholders at a shareholders' meeting. Nippon Koei's Board of Directors can convene a shareholders' meeting to verify the shareholders' intentions to implement a countermeasure or not. Decisions about whether to maintain, rescind or alter the policy, made in the form of a resolution to be voted on at a general meeting of shareholders, will ensure that the wishes of the shareholders are reflected in company policy.
f. The policy establishes objective and clear conditions for taking countermeasures. It also establishes prior conditions needed to implement countermeasures, requiring that Nippon Koei's Board of Directors consult its independently established ad hoc committee in advance concerning the initiation of countermeasures. Only after carefully considering the recommendations of the committee will the Board make its final decision on implementing counter-takeover measures. The Policy on Substantial Acquisition of Shares ensures that all decisions of the Board regarding countermeasures are objective and reasonable.
g. The policy empowers the ad hoc committee to seek the advice of independent experts at Nippon Koei's expense. The policy goes to such great lengths that it leaves no room for doubt about the fairness and objectivity of the ad hoc committee's recommendations.
h. The Policy on Substantial Acquisition of Shares is not intended to be a dead-hand takeover defense and may be abolished subject to a vote at the Company's general meeting of shareholders or at a Board of Directors' meeting comprised of directors elected at a general meeting of shareholders. It is not a slow-hand takeover defense either, since the term of Nippon Koei's Board members is one year.

4. Business Risks

The following are deemed to be risks that could affect Nippon Koei's future financial status or corporate performance as of the date this report was submitted. These risks listed here are not intended to be all encompassing or exhaustive.

Uneven Annual Distribution of Performance Results

The primary operations of the Nippon Koei Group include domestic and overseas construction consultancy and power engineering and equipment manufacturing. In particular, the domestic construction consultancy operations entail national and local government projects whose orders come in as a cluster toward the end of the fiscal year (March). As a result, approximately 70% of Group sales tend to occur during the period from January through March.

Dependence on Major Customers

Our domestic and overseas construction consultancy operations rely on national and local government contracts and projects based on the Japanese ODA budget for some 90% of sales. Sales performance on the domestic front tends to be affected by trends in government spending, while our international orders are a reflection of the Japanese ODA budget.

Since about 50% of our power engineering operations are for the Tokyo Electric Power Company (TEPCO), our sales performance is largely dictated by capital investments by TEPCO.

5. Operationally Significant Contracts

The Group reports no operationally significant contracts.

6. Analysis of Financial Status and Management Performance

Below is an analysis of the Nippon Koei Group's financial status and management performance as well as its cash flow status for the fiscal year under review.

(1) Analysis of Financial Status

Group consolidated assets at the end of the fiscal year under review amounted to ¥84,795 million, up ¥5,423 million over the previous year.

The main causes for this increase were a rise of ¥5,345 million in current assets and a ¥161 million increase in investments and other assets, despite a ¥83 million decrease in net property, plant and equipment.

The increase in current assets was due primarily to a ¥656 million increase in cash and cash equivalents, a ¥3,161 million increase in trade notes and trade accounts receivable as well as a ¥894 million increase in inventories.

The decrease in property, plant and equipment was due primarily to a ¥354 million increase in accumulated depreciation, despite a rise of ¥360 million in buildings and structures.

The increase in investments and other assets was due primarily to a ¥301 million expansion in investment securities.

Consolidated liabilities at the end of the fiscal year under review rose ¥1,999 million compared to the previous year, to ¥37,866 million.

This increase was due to a ¥1,160 million increase in current liabilities and a ¥839 million increase in long-term liabilities.

The increase in current liabilities was due primarily to a ¥1,200 million increase in trade notes and trade accounts payable and a ¥913 million rise in income taxes payable despite a ¥3,000 million decrease in short-term borrowings.

The increase in long-term liabilities was due primarily to a ¥428 million increase in long-term debt, a ¥112 million increase in liability for retirement benefits and a ¥505 million increase in deferred tax liabilities.

Equity (net assets) at the end of this fiscal year rose ¥3,424 million above last year's total to reach ¥46,929 million. The main cause behind this uptick was an increase of ¥2,388 million in retained earnings, and an unrealized gain on available-for-sale securities of ¥615 million (compared with an unrealized loss on available-for-sales securities of ¥517 million the previous year), despite an increase of ¥81 million in treasury stock.

(2) Performance Analysis

Net sales for the increased ¥6,467 million (9.8%) over the previous year to ¥72,412 million.

Operating income increased by ¥1,612 million (53.2%) over the previous year to ¥4,642 million. The cost of sales ratio was 72.8%, down 0.8 percentage points from the previous year, while the ratio of SG&A expenses to net sales was 20.8%, a decrease of 1.0 percentage point over the previous year. These results brought the ratio of operating income to net sales up 1.8 percentage points year on year to 6.4%.

Other income—net amounted to ¥444 million, up ¥484 million from a year earlier, due mainly to a ¥179 million increase in foreign currency exchange gain.

As a result, income before taxes and minority interests totaled ¥5,086 million, and net income reached ¥2,850 million, up ¥1,430 million or 100.7% from the previous year.

Net income per share came to ¥37.76, up ¥19.37 year on year from ¥18.39.

(3) Analysis of Cash Flow Status

An analysis of cash flow status for the fiscal year under review is provided in the section entitled "(2) Cash flow" under "1. Overview of Performance and Cash Flow" in the Consolidated Business Report.

Hirose

Noriaki Hirose
President:

Consolidated Balance Sheet

Nippon Koei Co., Ltd. and Consolidated Subsidiaries
March 31, 2013

	Millions of Yen		Thousands of U.S.Dollars (Note 1)
ASSETS	**2013**	2012	**2013**
CURRENT ASSETS:			
Cash and cash equivalents (Note 13)	**¥ 6,579**	¥ 5,923	**$ 69,952**
Receivables (Note 13):			
Trade notes	**43**	51	**457**
Trade accounts	**33,203**	30,034	**353,036**
Allowance for doubtful accounts	**(38)**	(42)	**(404)**
Inventories (Note 4)	**7,465**	6,571	**79,373**
Deferred tax assets (Note 10)	**1,423**	1,248	**15,130**
Prepaid expenses and other current assets	**1,757**	1,302	**18,681**
Total current assets	**50,432**	45,087	**536,225**
PROPERTY, PLANT AND EQUIPMENT (Notes 5, 6 and 8):			
Land	**13,956**	13,962	**148,389**
Buildings and structures	**20,393**	20,033	**216,831**
Machinery and equipment	**2,613**	2,511	**27,783**
Furniture and fixtures	**2,688**	2,692	**28,581**
Lease assets	**246**	252	**2,616**
Construction in progress	**3**	178	**32**
Total	**39,899**	39,628	**424,232**
Accumulated depreciation	**(16,651)**	(16,297)	**(177,044)**
Net property, plant and equipment	**23,248**	23,331	**247,188**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 13)	**7,423**	7,122	**78,926**
Investments in unconsolidated subsidiaries and associated companies (Note 13(5)(b))	**684**	623	**7,273**
Long-term loans receivable	**22**	26	**234**
Goodwill	**619**	928	**6,582**
Receivables in bankruptcy	**123**	123	**1,308**
Deferred tax assets (Note 10)	**282**	324	**2,998**
Other assets	**2,142**	1,990	**22,775**
Allowance for doubtful accounts	**(180)**	(182)	**(1,914)**
Total investments and other assets	**11,115**	10,954	**118,182**
TOTAL	**¥84,795**	¥79,372	**$901,595**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S.Dollars (Note 1) 2013
CURRENT LIABILITIES:			
Short-term borrowings (Notes 6 and 13)	**¥ 9,000**	¥12,000	**$ 95,694**
Current portion of long-term debt (Notes 6)	**244**	157	**2,594**
Payables (Note 13):			
Trade notes	**695**	391	**7,390**
Trade accounts	**6,357**	5,461	**67,592**
Income taxes payable	**1,947**	1,034	**20,702**
Advances received	**6,180**	5,530	**65,710**
Accrued bonuses	**1,749**	1,733	**18,596**
Allowance for anticipated project loss	**61**	91	**649**
Allowance for loss from a disaster	**2**	12	**21**
Other current liabilities	**5,078**	3,744	**53,992**
Total current liabilities	**31,313**	30,153	**332,940**
LONG-TERM LIABILITIES:			
Long-term debt (Note 6)	**567**	139	**6,029**
Liability for retirement benefits (Note 7)	**3,584**	3,472	**38,107**
Allowance for environmental measures	**34**	57	**362**
Asset retirement obligations	**54**	52	**574**
Deposits received (Note 8)	**1,741**	1,911	**18,511**
Deferred tax liabilities (Note 10)	**573**	68	**6,093**
Negative goodwill		15	
Total long-term liabilities	**6,553**	5,714	**69,676**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 12, 14 and 15)			
EQUITY (Notes 9 and 17):			
Common stock, authorized, 189,580,000 shares; issued, 86,656,510 shares in 2013 and 2012	**7,393**	7,393	**78,607**
Capital surplus	**6,209**	6,132	**66,018**
Retained earnings	**36,018**	33,630	**382,967**
Treasury stock—at cost 11,185,920 shares in 2013 and 11,170,244 shares in 2012	**(3,468)**	(3,387)	**(36,874)**
Accumulated other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities	**615**	(517)	**6,539**
Deferred loss on derivatives under hedge accounting	**(132)**	(1)	**(1,404)**
Foreign currency translation adjustments	**3**	(1)	**32**
Total	**46,638**	43,249	**495,885**
Minority interests	**291**	256	**3,094**
Total equity	**46,929**	43,505	**498,979**
TOTAL	**¥84,795**	¥79,372	**$901,595**

Consolidated Statement of Income and Comprehensive Income

Nippon Koei Co., Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S.Dollars (Note 1)
	2013	2012	**2013**
NET SALES	**¥72,412**	¥65,945	**$769,931**
COST OF SALES	**52,742**	48,560	**560,787**
Gross profit	**19,670**	17,385	**209,144**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 11)	**15,028**	14,355	**159,787**
Operating income	**4,642**	3,030	**49,357**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**359**	319	**3,817**
Interest expense	**(44)**	(56)	**(468)**
Foreign currency exchange gain (loss)	**111**	(68)	**1,180**
Gain on sales of investment securities	**53**	33	**564**
Loss on sales of investment securities	**(128)**	(372)	**(1,361)**
Loss from a natural disaster		(20)	
Other-net	**93**	124	**989**
Other income (expenses)-net	**444**	(40)	**4,721**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**5,086**	2,990	**54,078**
INCOME TAXES (Note 10):			
Current	**2,352**	1,457	**25,008**
Deferred	**(151)**	115	**(1,605)**
Total income taxes	**2,201**	1,572	**23,403**
NET INCOME BEFORE MINORITY INTERESTS	**2,885**	1,418	**30,675**
MINORITY INTERESTS IN NET INCOME (LOSS)	**35**	(2)	**372**
NET INCOME	**2,850**	1,420	**30,303**
MINORITY INTERESTS IN NET INCOME (LOSS)	**35**	(2)	**372**
NET INCOME BEFORE MINORITY INTERESTS	**2,885**	1,418	**30,675**
OTHER COMPREHENSIVE INCOME (Note 16) :			
Unrealized gain on available-for-sale securities	**1,132**	296	**12,036**
Deferred loss on derivatives under hedge accounting	**(131)**	(27)	**(1,393)**
Foreign currency translation adjustment	**6**	2	**64**
Total other comprehensive income	**1,007**	271	**10,707**
COMPREHENSIVE INCOME	**¥ 3,892**	¥ 1,689	**$ 41,382**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	**¥ 3,855**	¥ 1,690	**$ 40,989**
Minority interests	**¥ 37**	¥ (1)	**$ 393**

	Yen		U.S.Dollars (Note 1)
PER SHARE OF COMMON STOCK (Note 2. t.):			
Basic net income	**¥ 37.76**	¥ 18.39	**$ 0.40**
Cash dividends applicable to the year	**7.50**	7.50	**0.08**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Nippon Koei Co., Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2013

	Thousands	Millions of Yen									
						Accumulated Other Comprehensive Income					
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2011	**79,486**	**¥7,393**	**¥6,132**	**¥33,005**	**¥(2,304)**	**¥ (812)**	**¥ 26**	**¥(3)**	**¥43,437**	**¥261**	**¥43,698**
Net income				1,420					1,420		1,420
Cash dividends, ¥7.50 per share				(795)					(795)		(795)
Purchase of treasury stock	(4,000)				(1,083)				(1,083)		(1,083)
Net change in the year						295	(27)	2	270	(5)	265
BALANCE, MARCH 31, 2012	**75,486**	**7,393**	**6,132**	**33,630**	**(3,387)**	**(517)**	**(1)**	**(1)**	**43,249**	**256**	**43,505**
Net income				2,850					2,850		2,850
Cash dividends, ¥7.50 per share				(566)					(566)		(566)
Change of scope of consolidation				104					104		104
Purchase of treasury stock	(32)				(87)				(87)		(87)
Disposal of treasury stock	17		77		6				83		83
Net change in the year						1,132	(131)	4	1,005	35	1,040
BALANCE, MARCH 31, 2013	**75,471**	**¥7,393**	**¥6,209**	**¥36,018**	**¥(3,468)**	**¥ 615**	**¥(132)**	**¥ 3**	**¥46,638**	**¥291**	**¥46,929**

	Thousands of U.S. Dollars (Note 1)									
					Accumulated Other Comprehensive Income					
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2012	**$78,607**	**$65,199**	**$357,576**	**$(36,013)**	**$(5,497)**	**$ (11)**	**$(11)**	**$459,850**	**$2,723**	**$462,573**
Net income			30,303					30,303		30,303
Cash dividends, $0.08 per share			(6,018)					(6,018)		(6,018)
Change of scope of consolidation			1,106					1,106		1,106
Purchase of treasury stock				(925)				(925)		(925)
Disposal of treasury stock		819		64				883		883
Net change in the year					12,036	(1,393)	43	10,686	371	11,057
BALANCE, MARCH 31, 2013	**$78,607**	**$66,018**	**$382,967**	**$(36,874)**	**$ 6,539**	**$(1,404)**	**$ 32**	**$495,885**	**$3,094**	**$498,979**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Nippon Koei Co., Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S.Dollars (Note 1)
OPERATING ACTIVITIES:	**2013**	2012	**2013**
Income before income taxes and minority interests	**¥5,086**	¥2,990	**$54,078**
Adjustments for:			
Income taxes – paid	**(1,535)**	(894)	**(16,321)**
Depreciation and amortization	**906**	946	**9,633**
Gain on sales of property, plant and equipment	**(1)**		**(11)**
Loss on disposal of property, plant and equipment		37	
Loss on sales of investment securities	**49**	339	**521**
Changes in assets and liabilities, net of effects from a newly consolidated subsidiary:			
Increase in trade accounts receivable	**(3,033)**	(5,730)	**(32,249)**
(Increase) decrease in inventories	**(895)**	292	**(9,516)**
Increase in trade accounts payable	**1,190**	746	**12,653**
Increase in liability for retirement benefits	**111**	103	**1,180**
Increase (decrease) in advanced received	**618**	(285)	**6,571**
Other – net	**877**	261	**9,325**
Net cash provided by (used in) operating activities	**3,373**	(1,195)	**35,864**
INVESTING ACTIVITIES:			
Proceeds from sales of property, plant and equipment	**10**	24	**106**
Purchases of property, plant and equipment	**(592)**	(514)	**(6,295)**
Proceeds from sales and redemption of investment securities	**1,842**	1,749	**19,585**
Purchases of investment securities	**(737)**	(1,161)	**(7,836)**
Increase in other assets	**(286)**	(97)	**(3,040)**
Net cash provided by investing activities	**¥ 237**	¥ 1	**$ 2,520**

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S.Dollars (Note 1)
FINANCING ACTIVITIES:	**2013**	2012	**2013**
Net (decrease) increase in short-term borrowings	**¥(3,000)**	¥4,000	**$(31,898)**
Proceeds from long-term debt	**650**		**6,911**
Repayments of long-term debt	**(118)**	(118)	**(1,255)**
Repayments of lease obligations	**(43)**	(52)	**(457)**
Purchase of treasury stock	**(10)**	(354)	**(106)**
Dividends paid	**(565)**	(789)	**(6,007)**
Other – net	**2**	(737)	**21**
Net cash (used in) provided by financing activities	**(3,084)**	1,950	**(32,791)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**93**	10	**989**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**619**	766	**6,582**
CASH AND CASH EQUIVALENTS OF A NEWLY CONSOLIDATED SUBSIDIARY, BEGINNING OF YEAR	**37**		**393**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**5,923**	5,157	**62,977**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 6,579**	¥5,923	**$ 69,952**

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2012 consolidated financial statements to conform to the classifications used in 2013.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Nippon Koei Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥94.05 to $1, the rate of exchange at March 31, 2013. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. ***Consolidation*** — The consolidated financial statements as of March 31, 2013, include the accounts of the Company and its 11 significant (10 in 2012) subsidiaries (together, the "Group").

Under the control concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

Investments in unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiaries at the date of acquisition.

Goodwill and negative goodwill which occurred before March 31, 2010, are amortized using the straight-line method over 5 to 10 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. ***Cash Equivalents*** — Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits and investment trusts, all of which mature or become due within three months of the date of acquisition.

c. ***Inventories*** — Work in process is stated at the lower of cost, mainly determined by the specific identification cost method or net selling value.

d. ***Marketable and Investment Securities*** — Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:
(1) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost and (2) available-for-sale securities, which are not classified as the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, in a separate component of equity.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

e. ***Property, Plant and Equipment*** — Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is computed substantially by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired after April 1, 1998, and lease assets as well as other equipment for rent. The range of useful lives is principally from 3 to 50 years for buildings and structures, from 2 to 15 years for machinery and equipment and from 2 to 20 years for furniture and fixtures. The useful lives for lease assets are the terms of the respective leases.

Change in Accounting Policy which is difficult to distinguish from Change in Accounting Estimate —
Due to an amendment of the Corporation Tax Act, from the reporting fiscal year, the Company and its domestic consolidated subsidiaries have applied a new depreciation method in accordance with the new Corporation Tax Act with respect to property, plant and equipment obtained after April 1, 2012.
The influence on profit and loss in the reporting fiscal year due to this change is minor.

f. ***Long-Lived Assets*** — The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

g. ***Allowance for Doubtful Accounts*** — The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

h. ***Retirement and Pension Plans*** — The Group has contributory defined benefit pension plans and unfunded retirement benefit plans for the benefit of its employees.

Effective April 1, 2000, the Group adopted a new accounting standard for employees' retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The transitional obligation of ¥2,016 million for the subsidiaries, determined as of April 1, 2000, is being amortized over mainly 15 years.

Unrecognized actuarial gain or loss is recognized by the straight-line method over mainly 13 years.

Unrecognized prior service costs are recognized by the straight-line method over mainly 13 years.

Retirement benefits for directors and Audit & Supervisory Board members are provided at the amount which would be required if all directors and Audit & Supervisory Board members retired at the balance sheet date.

i. ***Allowance for Anticipated Project Loss*** — The Group has made a provision for anticipated losses on uncompleted project contracts.

j. ***Asset Retirement Obligations*** — In March 2008, the Accounting Standards Board of Japan (the "ASBJ") published ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

k. ***Research and Development Costs*** — Research and development costs are charged to income as incurred.

l. ***Leases*** — In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be measured at the amount of obligation under finance leases less interest expense at the transition date and recorded as acquisition cost of lease assets.

The Group applied the revised accounting standard effective April 1, 2008. In addition, the Group accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as acquisition cost of lease assets measured at the amount of obligation under finance leases at the transition date.

All other leases are accounted for as operating leases.

m. ***Accrued Bonuses*** — Bonuses to employees, directors and Audit & Supervisory Board members are accrued at the end of the year to which such bonuses are attributable.

n. ***Allowance for Environmental Measures*** — The Group has made a provision for treatment of the Polychlorinated Biphenyl (PCB) Wastes based on the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes.

o. ***Allowance for Loss from a Disaster*** — The Group has made a provision for rehabilitation of property, plant and equipment which were damaged by the Great East Japan Earthquake.

p. ***Income Taxes*** — The provision for income taxes is computed based on the pretax income included in the consolidated statement of income and comprehensive income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

q. ***Foreign Currency Transactions*** — All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income and comprehensive income.

r. ***Revenue Recognition*** — If the outcome of a construction contract can be estimated reliably, the contract revenue is recognized by the percentage-of-completion method which is measured by reference to the percentage of total cost incurred to date to estimated total cost.

All other construction projects, except the aforementioned, are recorded using the completed-contract method (including the partially completed-contract method).

s. ***Derivatives and Hedging Activities*** — The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange. Foreign exchange forward contracts are utilized by the Group to reduce its exposures to fluctuations in foreign currency exchange rates. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income and comprehensive income and (2) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Foreign exchange forward contracts are measured at fair value but the unrealized gains / losses are deferred until the underlying transactions are completed.

t. ***Per-Share Information*** — Basic net income per share is computed by dividing net income available to shareholders of common stock by the weighted-average number of shares of common stock outstanding for the period. The weighted-average numbers of shares of common stock for the years ended March 31, 2013 and 2012, were 75,469,721 and 77,190,579, respectively.

Diluted net income per share of common stock is not disclosed because the Group had no securities outstanding which might dilute the per-share information for the years ended March 31, 2013 and 2012.

Cash dividends per share presented in the accompanying consolidated statements of income and comprehensive income are dividends applicable to the respective years including dividends to be paid after the end of the year.

u. ***Accounting Changes and Error Corrections*** —In December 2009, the ASBJ issued ASBJ Statement No. 24 "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:

(1) Changes in Accounting Policies:
When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.

(2) Changes in Presentation:
When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates:
A change in an accounting estimate is accounted for in the period of the change if the change affects that period only and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior-Period Errors:
When an error in prior-period financial statements is discovered, those statements are restated.

v. ***New Accounting Pronouncements***
Accounting Standard for Retirement Benefits — On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and followed by partial amendments from time to time through 2009.

Major changes are as follows:

(a) *Treatment in the balance sheet*

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, is recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and the deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) *Treatment in the statement of income and comprehensive income*

The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss shall be included in other comprehensive income, and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

This accounting standard and the guidance are effective for the end of annual periods beginning on or after April 1, 2013, with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Group expects to apply the revised accounting standard from the end of the annual period beginning on April 1, 2013, and is in the process of measuring the effects of applying the revised accounting standard for the year ending June 30, 2013.

w. Additional Information

Employee Stock Ownership Plan Trust — The Group has introduced an employee incentive plan, "Employee Stock Ownership Plan Trust" ("ESOP"). Acquisition and sales of the Group's shares are accounted for under the assumption that the Group and ESOP are the same entity, and its liabilities are guaranteed by the Group. Accordingly, assets, including the Group's shares owned by ESOP, and liabilities, and profits and loss of ESOP are included in the Group's consolidated balance sheet, consolidated statement of income and comprehensive income and consolidated statement of changes in equity.

3. INVESTMENT SECURITIES

Investment securities as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Non-current:			
Marketable equity securities	**¥6,115**	¥5,941	**$65,019**
Government and corporate bonds	**780**	745	**8,293**
Other	**528**	436	**5,614**
Total	**¥7,423**	¥7,122	**$78,926**

The carrying amounts and aggregate fair values of investment securities at March 31, 2013 and 2012, were as follows:

	Millions of Yen			
March 31, 2013	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**¥4,875**	**¥1,063**	**¥116**	**¥5,822**
Debt securities	**550**	**96**	**12**	**634**
Other	**624**	**9**	**104**	**529**
Total	**¥6,049**	**¥1,168**	**¥232**	**¥6,985**

March 31, 2012	Millions of Yen Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥6,274	¥312	¥ 963	¥5,623
Debt securities	550	72	22	600
Other	624		187	437
Total	¥7,448	¥384	¥1,172	¥6,660

March 31, 2013	Thousands of U.S. Dollars Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**$51,834**	**$11,302**	**$1,233**	**$61,903**
Debt securities	**5,848**	**1,021**	**128**	**6,741**
Other	**6,635**	**96**	**1,106**	**5,625**
Total	**$64,317**	**$12,419**	**$2,467**	**$74,269**

The proceeds, realized gains and realized losses of the available-for-sale securities which were sold during the years ended March 31, 2013 and 2012, were as follows:

March 31, 2013	Millions of Yen Proceeds	Realized Gains	Realized Losses
Securities classified as:			
Available-for-sale:			
Equity securities	**¥1,970**	**¥49**	**¥100**
Debt securities			
Other			
Total	**¥1,970**	**¥49**	**¥100**

March 31, 2012	Millions of Yen Proceeds	Realized Gains	Realized Losses
Securities classified as:			
Available-for-sale:			
Equity securities	¥1,054	¥162	¥309
Debt securities	426	28	
Other	73		61
Total	¥1,553	¥190	¥370

March 31, 2013	Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Losses
Securities classified as:			
Available-for-sale:			
Equity securities	**$20,946**	**$521**	**$1,063**
Debt securities			
Other			
Total	**$20,946**	**$521**	**$1,063**

The carrying values of debt securities and other by contractual maturities for securities classified as available-for-sale at March 31, 2013, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due after 10 years	¥550	$5,848
Total	¥550	$5,848

4. INVENTORIES

Inventories at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Merchandise	**¥ 42**	¥ 42	**$ 447**
Work in process	**7,271**	6,380	**77,310**
Raw materials and supplies	**152**	149	**1,616**
Total	**¥7,465**	¥6,571	**$79,373**

5. INVESTMENT PROPERTY

On November 2008, the ASBJ issued ASBJ Statement No. 20, "Accounting Standard for Investment Property and Related Disclosures" and issued ASBJ Guidance No. 23, "Guidance on Accounting Standard for Investment Property and Related Disclosures."

The Group owns some rental properties such as office buildings and land in the metropolitan area. The net of rental income and operating expenses for those rental properties was ¥848 million ($9,016 thousand) and ¥822 million for the fiscal years ended March 31, 2013 and 2012, respectively.

In addition, the carrying amounts, changes in such balances and market prices of such properties are as follows:

Millions of Yen			
Carrying Amount			Fair Value
April 1, 2012	Decrease	March 31, 2013	March 31, 2013
¥7,284	**¥(151)**	**¥7,133**	**¥13,586**

Millions of Yen			
Carrying Amount			Fair Value
April 1, 2011	Decrease	April 1, 2012	April 1, 2012
¥8,158	¥(874)	¥7,284	¥13,642

Thousands of U.S. Dollars			
Carrying amount			Fair value
April 1, 2012	Decrease	March 31, 2013	March 31, 2013
$77,448	**$(1,605)**	**$75,843**	**$144,455**

Notes:
1. Carrying amount recognized in the consolidated balance sheets is net of accumulated depreciation and accumulated impairment losses, if any.
2. Decrease during the fiscal year ended March 31, 2013, represents net amount of the recognition of depreciation and the acquisition of investment property.
3. Fair value of properties was measured by the Group in accordance with its Real-Estate Appraisal Standard.

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2013 and 2012, consisted of notes to banks. The annual interest rates applicable to the short-term borrowings ranged from 0.485% to 0.770% and 0.505% to 0.780% at March 31, 2013 and 2012, respectively.

Long-term debt at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Unsecured loan from bank due serially to 2018 with interest rate of 0.860%	**¥650**		**$6,911**
Loan from bank due serially to 2013 with interest rate of 1.250%	**79**	¥197	**840**
Obligation under finance leases	**82**	99	**872**
Total	**811**	296	**8,623**
Less current portion	**(244)**	(157)	**(2,594)**
Long-term debt, less current portion	**¥567**	¥139	**$6,029**

Annual maturities of long-term debt at March 31, 2013, for the five years and thereafter were as follows:

Year Ending March 31	Millions of Yen		Thousands of U.S. Dollars	
	Long-Term Debt	Lease Obligations	Long-Term Debt	Lease Obligations
2014	¥209	¥35	$2,222	$372
2015	130	26	1,382	276
2016	130	16	1,382	170
2017	130	3	1,382	32
2018 and thereafter	130	2	1,382	21
Total	¥729	¥82	$7,750	$871

The Group had a commitment-line contract of ¥8,000 million ($85,061 thousand) over three years with financial institutions in order to secure the stability of long-term funding. The contract included a restrictive financial covenant. At March 31, 2013, the Group had utilized ¥4,000 million ($42,531 thousand) of the commitment line. In addition, the Group had overdraft contracts of ¥10,200 million ($108,453 thousand) in total. At March 31, 2013, the Group had utilized ¥4,000 million ($42,531 thousand) of the overdraft.

Financial covenants

Short-term borrowings of ¥4,000 million include financial covenants, with which the Group is in compliance.
The major financial covenants are as follows:
If the Group fails to comply with the following covenants, creditors may require repayment of all debt.

(1) Shareholder's equity of each fiscal year will not fall below 75% of the higher of the following:

a. Shareholder's equity of fiscal year immediately preceding the fiscal year; or
b. Shareholder's equity of fiscal year ending on March 31, 2011

(2) Ordinary income for each fiscal year will not be negative for two consecutive fiscal years.

At March 31, 2013, land and building of ¥1,990 million ($21,159 thousand) were pledged as collateral for long-term debt of ¥79 million ($840 thousand).

7. RETIREMENT AND PENSION PLANS

The Group has severance payment plans for employees, directors and Audit & Supervisory Board members.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from its consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

In addition, the Group completely transitioned from the approved pension plan to the defined benefit corporate pension plan in October 2010.

The liabilities for retirement benefits at March 31, 2013 and 2012, for directors and Audit & Supervisory Board members were ¥65 million ($691 thousand) and ¥92 million, respectively. The retirement benefits for directors and Audit & Supervisory Board members are paid subject to the approval of the shareholders.

The liability for employees' retirement benefits at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Projected benefit obligation	**¥(14,506)**	¥(13,984)	**$(154,237)**
Fair value of plan assets	**9,795**	8,373	**104,147**
Unrecognized actuarial loss	**1,282**	2,087	**13,631**
Unrecognized transitional obligation	**270**	408	**2,871**
Unrecognized prior service cost	**270**	291	**2,871**
Prepaid pension cost	**(630)**	(555)	**(6,699)**
Net liability	**¥ (3,519)**	¥ (3,380)	**$ (37,416)**

The components of net periodic benefit costs for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Service cost	**¥ 960**	¥ 920	**$10,207**
Interest cost	**262**	302	**2,786**
Expected return on plan assets	**(167)**	(195)	**(1,776)**
Amortization of prior service cost	**21**	40	**223**
Recognized actuarial loss	**428**	414	**4,552**
Amortization of transitional obligation	**138**	135	**1,467**
Net periodic benefit costs	**¥1,642**	¥1,616	**$17,459**

Note:
The net periodic benefit costs above exclude required funding for the multiemployer pension plan amounting to ¥857 million ($9,112 thousand) and ¥849 million at March 31, 2013 and 2012, respectively, for which plan assets could not be allocated to each participating employer.

Assumptions used for the years ended March 31, 2013 and 2012, were set forth as follows:

	2013	2012
Discount rate	**1.50%**	2.00%
Expected rate of return on plan assets	**2.00%**	2.50%
Amortization of prior service cost	**13 years**	13 years
Recognition period of actuarial gain / loss	**13 years**	13 years
Amortization period of transitional obligation	**15 years**	15 years

Funded status of the multiemployer pension plan at March 31, 2012 (available information as of March 31, 2013), to which contributions were recorded as net periodic retirement benefit costs, was as follows:

	Millions of Yen
	2012
Fair value of plan assets	**¥145,345**
Pension benefit obligation recorded by pension fund	**176,729**
Difference	**¥ (31,384)**

The Groups' contribution percentage for multiemployer pension plan 12.5%

Note:
1. The difference mainly resulted from prior service cost of ¥(24,984) million, adjustment of asset valuation of ¥(8,337) million and surplus of ¥1,937 million.
2. Prior service cost is amortized over 15 years.
3. The Group expensed special contributions of ¥329 million in the consolidated statement of income and comprehensive income in the fiscal year ended March 31, 2013.
4. The above contribution ratio does not conform to the actual ratio applied to the Group.

8. DEPOSITS RECEIVED

Deposits received from tenants amounted to ¥1,543 million ($16,406 thousand) at March 31, 2013, and ¥1,710 million at March 31, 2012.

At March 31, 2013, land, building and structures for rent of ¥1,362 million ($14,482 thousand) were pledged as collateral for these deposits.

9. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Audit & Supervisory Board members, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation. The Company meets all the above criteria.
Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the Company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases / Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

10. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in statutory tax rates of approximately 36.8% for the year ended March 31, 2013, and 39.5% for the year ended March 31, 2012.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Deferred tax assets :			
Unrealized loss on available-for-sale securities		¥ 273	
Accrued bonuses	**¥1,103**	811	**$11,728**
Tax loss carryforwards	**111**	1,368	**1,180**
Liability for retirement benefits for directors and Audit & Supervisory Board members	**24**	34	**255**
Liability for retirement benefits for employees	**1,317**	1,265	**14,003**
Allowance for anticipated project loss	**23**	34	**245**
Loss on impairment of long-lived assets	**73**	80	**776**
Other	**1,176**	809	**12,504**
Less valuation allowance	**(1,913)**	(2,727)	**(20,340)**
Total	**¥1,914**	¥1,947	**$20,351**
Deferred tax liabilities:			
Reserve for deferred gains on sale of property	**¥ 175**	¥ 179	**$ 1,861**
Unrealized gain on available-for-sale securities	**319**		**3,392**
Prepaid pension cost	**214**	188	**2,275**
Other	**75**	76	**797**
Total	**¥ 783**	¥ 443	**$ 8,325**
Net deferred tax assets	**¥1,131**	¥1,504	**$12,026**

A reconciliation between the statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income and comprehensive income for the years ended March 31, 2013 and 2012, were as follows:

	2013	2012
Statutory tax rate	**36.8%**	39.5%
Per capita levy of local tax	**2.6**	4.3
Expenses not deductible for tax purposes	**0.9**	1.6
Valuation allowance	**(13.5)**	(4.6)
Other – net	**16.5**	11.8
Actual effective tax rate	**43.3%**	52.6%

As of March 31, 2013, certain subsidiaries have tax loss carryforwards aggregating approximately ¥328 million ($3,488 thousand) which were available to be offset against taxable income of these companies in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2015	¥105	$1,116
2016	98	1,043
2018	35	372
2019	90	957
Total	**¥328**	**$3,488**

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥422 million ($4,487 thousand) and ¥413 million for the years ended March 31, 2013 and 2012, respectively.

12. LEASES

(1) Lessee

The minimum rental commitments under noncancellable operating leases at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Due within one year	**¥2**	¥1	**$21**
Due after one year	**5**	2	**53**
Total	**¥7**	¥3	**$74**

(2) Lessor

The minimum rental commitments under noncancellable operating leases at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Due within one year	**¥ 693**	¥ 695	**$ 7,368**
Due after one year	**1,372**	2,065	**14,588**
Total	**¥2,065**	¥2,760	**$21,956**

13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group uses financial instruments (mainly bank loans) based on its capital financing plan. Cash surpluses, if any, are invested in low-risk financial assets. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below. To clarify the accountability for transactions, the Group set up the investment committee and it examines basic principles of transactions and each financial instrument.

(2) Nature and Extent of Risks Arising from Financial Instruments

Receivables such as trade notes and trade accounts are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position, net of a portion of payables in foreign currencies, is hedged by using forward foreign currency contracts. Marketable and investment securities, mainly held-to-maturity securities and equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are less than one year.

Derivatives mainly include forward foreign currency contracts, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables and investment securities. Please see Note 14 for more detail about derivatives.

(3) Risk Management for Financial Instruments

Credit Risk Management

Credit risk is the risk of economic loss arising from counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment term and balances of major customers by each business administration department to identify the default risk of customers at an early stage. With respect to held-to-maturity financial investments, the Group manages exposure to credit risk by limiting investments to high credit rating bonds in accordance with its internal guidelines.

The maximum credit risk exposure of financial assets is limited to their carrying amounts as of March 31, 2013.

Market risk management (foreign exchange risk and interest rate risk)

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged principally by forward foreign currency contracts.

Marketable and investment securities are managed by monitoring market values and the financial position of issuers on a regular basis.

The basic principles of derivative transactions are approved by the investment committee based on the internal guidelines which prescribe the authority and the limits for each transaction by the corporate treasury department. Reconciliation of the transaction and balances with customers is made, and the transaction data is reported to the chief financial officer on a monthly basis.

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on its maturity dates. The Group manages its liquidity risk by concluding the commitment-line and overdraft contracts, along with adequate financial planning by the corporate treasury department.

(4) Concentration of Credit Risk

41.3% of total receivables are from three major customers of the Group as of March 31, 2013.

(5) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2013	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	**¥ 6,579**	**¥ 6,579**	
Receivables	**33,246**		
Allowance for doubtful accounts	**(39)**		
	33,207	**33,207**	
Investment securities	**6,985**	**6,985**	
Total	**¥46,771**	**¥46,771**	
Short-term borrowings	**¥ 9,000**	**¥ 9,000**	
Payables	**7,052**	**7,052**	
Total	**¥16,052**	**¥16,052**	

	Millions of Yen		
March 31, 2012	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 5,923	¥ 5,923	
Receivables	30,085		
Allowance for doubtful accounts	(42)		
	30,043	30,043	
Investment securities	6,659	6,659	
Total	¥42,625	¥42,625	
Short-term borrowings	¥12,000	¥12,000	
Payables	5,852	5,852	
Total	¥17,852	¥17,852	

	Thousands of U.S. Dollars		
March 31, 2013	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	**$ 69,952**	**$ 69,952**	
Receivables	**353,493**		
Allowance for doubtful accounts	**(415)**		
	353,078	**353,078**	
Investment securities	**74,269**	**74,269**	
Total	**$497,299**	**$497,299**	
Short-term borrowings	**$ 95,694**	**$ 95,694**	
Payables	**74,981**	**74,981**	
Total	**$170,675**	**$170,675**	

Cash and cash equivalents, receivables, payables and short-term borrowings

The carrying values of these financial instruments approximate fair values because of their short maturities.

Investment securities

The fair values of investment securities are measured at the quoted market price of the stock exchange for the equity instruments and at the quoted price obtained from the financial institution for certain debt instruments. The information of the fair value for the investment securities by classification is included in Note 3.

Derivatives

Fair value information for derivatives is included in Note 14.

(b) Carrying amount of financial instruments whose fair values cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
March 31, 2013 and 2012	**2013**	2012	**2013**
Investments in equity instruments that do not have a quoted market price in an active market	**¥977**	¥940	**$10,388**
Investments in debt instruments that do not have a quoted market price in an active market	**¥145**	¥145	**$ 1,542**

(6) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen			
March 31, 2013	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	**¥ 6,579**			
Receivables	**33,246**			
Investment securities				
Available-for-sale securities with contractual maturities				**¥550**
Total	**¥39,825**			**¥550**

	Millions of Yen			
March 31, 2012	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥ 5,923			
Receivables	30,085			
Investment securities				
Available-for-sale securities with contractual maturities				¥550
Total	¥36,008			¥550

March 31, 2013	Thousands of U.S. Dollars Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	**$ 69,952**			
Receivables	**353,493**			
Investment securities				
Available-for-sale securities with contractual maturities				**$5,848**
Total	**$423,445**			**$5,848**

Please see Note 6 for annual maturities of long-term debt.

14. DERIVATIVES

The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange. Foreign exchange forward contracts are utilized by the Group to reduce foreign currency exchange.

It is the Group's policy to use derivatives only for the purpose of reducing risks, not for trading or speculative purpose.

Because the counterparties to these derivatives are limited to domestic banks having high reputations, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

Derivative Transactions to Which Hedge Accounting Is Not Applied

March 31, 2013	Millions of Yen Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain
Foreign currency forward contracts:				
Selling EURO	**¥416**	**¥416**	**¥(63)**	**¥(56)**

March 31, 2013	Thousands of U.S. Dollars Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain
Foreign currency forward contracts:				
Selling EURO	**$4,423**	**$4,423**	**$(670)**	**$(595)**

March 31, 2012	Millions of Yen Contract Amount	Fair Value	Unrealized Gain
Foreign currency forward contracts:			
Selling EURO	¥416	¥(7)	¥(7)

Derivative Transactions to Which Hedge Accounting Is Applied

March 31, 2013	Millions of Yen			
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts: Selling U.S.$	Investment securities	**¥755**	**¥755**	**¥(125)**
Foreign currency forward contracts: Selling EURO	Investment securities	**¥521**	**¥521**	**¥ (77)**

March 31, 2013	Thousands of U.S. Dollars			
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts: Selling U.S.$	Investment securities	**$8,028**	**$8,028**	**$(1,329)**
Foreign currency forward contracts: Selling EURO	Investment securities	**$5,540**	**$5,540**	**$ (819)**

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

The contract amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

15. CONTINGENT LIABILITIES

At March 31, 2013, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Guarantees of bank loans related to employees	¥108	$1,148

16. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Unrealized gain on available-for-sale securities:			
Gains arising during the year	**¥1,673**	¥377	**$17,788**
Reclassification adjustments to profit or loss	**51**	180	**543**
Amount before income tax effect	**1,724**	557	**18,331**
Income tax effect	**(592)**	(261)	**(6,295)**
Total	**¥1,132**	¥296	**$12,036**

Deferred loss on derivatives under hedge accounting:			
Gains arising during the year	**¥ (200)**	¥ (44)	**$ (2,127)**
Reclassification adjustments to profit or loss			
Amount before income tax effect	**(200)**	(44)	**(2,127)**
Income tax effect	**69**	17	**734**
Total	**¥ (131)**	¥ (27)	**$ (1,393)**
Foreign currency translation adjustments:			
Adjustments arising during the year	**¥ 6**	¥ 2	**$ 64**
Reclassification adjustments to profit or loss			
Amount before income tax effect	**6**	2	**64**
Income tax effect			
Total	**¥ 6**	¥ 2	**$ 64**
Total other comprehensive income	**¥1,007**	¥271	**$10,707**

17. SUBSEQUENT EVENTS

Appropriations of Retained Earnings

On May 17, 2013, the following appropriation of retained earnings at March 31, 2013, was resolved by the Board of Directors:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥7.5 ($0.08) per share	¥566	$6,018

The total amount of the dividends above does not include ¥14 million ($149 thousand) dividends to the ESOP because the Group's shares owned by the ESOP are included in the Group's treasury stock.

18. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available, and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group's reportable segments consist of the Domestic, Overseas, Power Engineering and Real estate leasing segments. Domestic consists of consulting services in public and private sectors related to mainly infrastructure development. Overseas consists of consulting services related to mainly ODA-funded development projects. Power Engineering consists of manufacturing of products and appliances related to electric production and distribution systems and engineering services related to construction and maintenance of public and private electric power facilities. Real estate leasing consists of sales of our Group's real estate leasing operation.

(2) Methods of Measurement for the Amount of Sales, Profit (Loss), Assets, Liabilities and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

(3) Information about Sales, Profit (Loss), Assets, Liabilities and Other Items

	Millions of Yen								
	2013								
	Reportable Segment					Others	Total	Reconciliations	Consolidated
	Domestic	Overseas	Power Engineering	Real Estate Leasing	Total				
Sales									
Sales to customers	**¥35,547**	**¥18,638**	**¥15,930**	**¥1,131**	**¥71,246**	**¥ 1,166**	**¥72,412**		**¥72,412**
Intersegment sales	**393**	**3**	**173**	**125**	**694**	**5**	**699**	**¥ (699)**	
Total sales	**35,940**	**18,641**	**16,103**	**1,256**	**71,940**	**1,171**	**73,111**	**(699)**	**72,412**
Segment profit (loss)	**¥ 1,195**	**¥ 1,440**	**¥ 1,925**	**¥ 848**	**¥ 5,408**	**¥ (323)**	**¥ 5,085**	**¥ 1**	**¥ 5,086**
Segment assets	**¥29,563**	**¥13,975**	**¥10,536**	**¥9,827**	**¥63,901**	**¥34,152**	**¥98,053**	**¥(13,258)**	**¥84,795**
Other:									
Depreciation	**¥ 166**	**¥ 52**	**¥ 251**	**¥ 208**	**¥ 677**	**¥ 229**	**¥ 906**		**¥ 906**
Amortization of Goodwill	**309**				**309**		**309**		**309**
Amortization of Negative Goodwill	**14**				**14**		**14**		**14**
Interest income	**35**	**15**	**5**	**18**	**73**	**197**	**270**	**¥ (191)**	**79**
Interest expense	**42**	**62**	**46**	**18**	**168**	**67**	**235**	**(191)**	**44**
Increase in property, plant and intangible assets	**144**	**205**	**403**	**74**	**826**	**161**	**987**		**987**

	Millions of Yen								
	2012								
	Reportable Segment					Others	Total	Reconciliations	Consolidated
	Domestic	Overseas	Power Engineering	Real Estate Leasing	Total				
Sales									
Sales to customers	¥34,423	¥16,326	¥12,932	¥1,193	¥64,874	¥ 1,071	¥ 65,945		¥65,945
Intersegment sales	343	2	172	123	640	4	644	¥ (644)	
Total sales	34,766	16,328	13,104	1,316	65,514	1,075	66,589	(644)	65,945
Segment profit (loss)	¥ 878	¥ 975	¥ 837	¥ 822	¥ 3,512	¥ (183)	¥ 3,329	¥ (3)	¥ 3,326
Segment assets	¥28,628	¥11,248	¥ 9,726	¥9,917	¥59,519	¥41,793	¥101,312	¥(21,940)	¥79,372
Other:									
Depreciation	¥ 177	¥ 58	¥ 240	¥ 160	¥ 635	¥ 311	¥ 946		¥ 946
Amortization of Goodwill	310				310		310		310
Amortization of Negative Goodwill	14				14		14		14
Interest income	21	12	2	19	54	201	255	¥ (183)	72
Interest expense	44	54	43	22	163	77	240	(184)	56
Increase in property, plant and intangible assets	64	227	252	3	546	73	619		619

	Thousands of U.S. Dollars								
	2013								
	Reportable Segment					Others	Total	Reconciliations	Consolidated
	Domestic	Overseas	Power Engineering	Real Estate Leasing	Total				
Sales									
Sales to customers	$377,958	$198,171	$169,378	$ 12,026	$757,533	$ 12,398	$ 769,931		$769,931
Intersegment sales	4,179	32	1,839	1,329	7,379	53	7,432	$ (7,432)	
Total sales	382,137	198,203	171,217	13,355	764,912	12,451	777,363	(7,432)	769,931
Segment profit (loss)	$ 12,706	$ 15,311	$ 20,468	$ 9,016	$ 57,501	$ (3,434)	$ 54,067	$ 11	$ 54,078
Segment assets	$314,333	$148,591	$112,025	$104,487	$679,436	$363,127	$1,042,563	$(140,968)	$901,595
Other:									
Depreciation	$ 1,765	$ 553	$ 2,669	$ 2,211	$ 7,198	$ 2,435	$ 9,633		$ 9,633
Amortization of Goodwill	3,285				3,285		3,285		3,285
Amortization of Negative Goodwill	149				149		149		149
Interest income	372	160	53	191	776	2,095	2,871	$ (2,031)	840
Interest expense	447	659	489	191	1,786	713	2,499	(2,031)	468
Increase in property, plant and intangible assets	1,531	2,180	4,285	787	8,783	1,711	10,494		10,494

Notes:
The differences between total amounts for reportable segments and amounts in the consolidated balance sheets or consolidated statements of income and comprehensive income and the main details of these differences, which are related to difference adjustments at March 31, 2013 and 2012, are as follows:

Net sales

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Reportable segment total	**¥71,940**	¥65,514	**$764,912**
Other net sales	**1,171**	1,075	**12,451**
Elimination of intersegment transactions	**(699)**	(644)	**(7,432)**
Net Sales in the consolidated statements of income and comprehensive income	**¥72,412**	¥65,945	**$769,931**

Profit

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Reportable segment total	**¥5,408**	¥3,512	**$57,501**
Other loss	**(323)**	(183)	**(3,434)**
Elimination of intersegment transactions	**1**	(3)	**11**
Non-operating items	**(444)**	(296)	**(4,721)**
Operating income in the consolidated statements of income and comprehensive income	**¥4,642**	¥3,030	**$49,357**

Assets

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Reportable segment total	**¥63,901**	¥59,519	**$679,436**
Other property	**34,152**	41,793	**363,127**
Elimination of intersegment transactions	**(13,258)**	(21,940)	**(140,968)**
Total assets in the consolidated balance sheet	**¥84,795**	¥79,372	**$901,595**

Other items

	Millions of Yen			
	2013			
	Reportable Segment	Others	Reconciliations	Total
Depreciation	**¥677**	**¥229**		**¥906**
Amortization of Goodwill	**309**			**309**
Amortization of Negative Goodwill	**14**			**14**
Interest income	**73**	**197**	**¥(191)**	**79**
Interest expense	**168**	**67**	**(191)**	**44**
Increase in property, plant and intangible assets	**826**	**161**		**987**

	Millions of Yen			
	2012			
	Reportable Segment	Others	Reconciliations	Total
Depreciation	¥635	¥311		¥946
Amortization of Goodwill	310			310
Amortization of Negative Goodwill	14			14
Interest income	54	201	¥(183)	72
Interest expense	163	77	(184)	56
Increase in property, plant and intangible assets	546	73		619

	Thousands of U.S. Dollars			
	2013			
	Reportable Segment	Others	Reconciliations	Total
Depreciation	**$7,198**	**$2,435**		**$ 9,633**
Amortization of Goodwill	**3,285**			**3,285**
Amortization of Negative Goodwill	**149**			**149**
Interest income	**776**	**2,095**	**$(2,031)**	**840**
Interest expense	**1,786**	**713**	**(2,031)**	**468**
Increase in property, plant and intangible assets	**8,783**	**1,711**		**10,494**

Note:
The main reconciling items of interest income and expense are eliminations of corporate interest in accounting for control.

The information about geographical areas at March 31, 2013, was as follows:

Sales

Millions of Yen						
2013						
Japan	Asia	Middle East	Africa	Latain America	Other	Total
¥52,425	**¥12,140**	**¥1,467**	**¥2,599**	**¥3,034**	**¥747**	**¥72,412**

Thousands of U.S. Dollars						
2013						
Japan	Asia	Middle East	Africa	Latain America	Other	Total
$557,416	**$129,080**	**$15,598**	**$27,634**	**$32,259**	**$7,944**	**$769,931**

The information about major customers at March 31, 2013, was as follows:

	Millions of Yen	
	2013	
Name of Customers	Sales	Related Segment Name
Ministry of Land, Infrastructure, Transport and Tourism ..	**¥12,973**	Domestic
Japan International Cooperation Agency	**8,474**	Overseas
Tokyo Electric Power Co., Ltd.	**8,470**	Power Engineering

	Thousands of U.S. Dollars	
	2013	
Name of Customers	Sales	Related Segment Name
Ministry of Land, Infrastructure, Transport and Tourism ..	**$137,937**	Domestic
Japan International Cooperation Agency	**90,101**	Overseas
Tokyo Electric Power Co., Ltd.	**90,058**	Power Engineering

The information about goodwill and negative goodwill at March 31, 2013, was as follows:

	Millions of Yen							
	2013							
	Reportable Segment					Others	Elimination/ Corporate	Consolidated
	Domestic	Overseas	Power Engineering	Real Estate Leasing	Total			
Amortization of Goodwill ...	**¥309**				**¥309**			**¥309**
Goodwill at March 31, 2013 ...	**619**				**619**			**619**
Amortization of Negative Goodwill	**14**				**14**			**14**
Negative Goodwill at March 31, 2013								

	Thousands of U.S. Dollars							
	2013							
	Reportable Segment					Others	Elimination/ Corporate	Consolidated
	Domestic	Overseas	Power Engineering	Real Estate Leasing	Total			
Amortization of Goodwill ..	**$3,285**				**$3,285**			**$3,285**
Goodwill at March 31, 2013 ..	**6,582**				**6,582**			**6,582**
Amortization of Negative Goodwill	**149**				**149**			**149**
Negative Goodwill at March 31, 2013								

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nippon Koei Co., Ltd.:

We have audited the accompanying consolidated balance sheet of Nippon Koei Co., Ltd. and its consolidated subsidiaries as of March 31, 2013, and the related consolidated statements of income and comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Koei Co., Ltd. and its consolidated subsidiaries as of March 31, 2013, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 29, 2013

Member of
Deloitte Touche Tohmatsu Limited

Nonconsolidated Balance Sheet

Nippon Koei Co., Ltd.
March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2013**	2012	**2013**
CURRENT ASSETS:			
Cash and cash equivalents	**¥ 4,758**	¥ 4,181	**$ 50,590**
Receivables:			
Trade notes	**40**	51	**425**
Trade accounts	**24,659**	22,747	**262,190**
Allowance for doubtful accounts	**(2)**	(377)	**(21)**
Short-term loan receivables	**1,807**	2,064	**19,213**
Inventories - work in process	**5,413**	4,809	**57,554**
Deferred tax assets (Note 9)	**1,143**	1,021	**12,153**
Prepaid expenses and other current assets	**1,625**	1,284	**17,279**
Total current assets	**39,443**	35,780	**419,383**
PROPERTY, PLANT AND EQUIPMENT (Notes 5 and 7):			
Land	**11,884**	11,884	**126,358**
Buildings and structures	**18,129**	18,106	**192,759**
Machinery and equipment	**2,290**	2,170	**24,349**
Furniture and fixtures	**2,182**	2,192	**23,200**
Construction in progress	**3**		**32**
Lease assets	**143**	149	**1,521**
Total	**34,631**	34,501	**368,219**
Accumulated depreciation	**(15,049)**	(14,743)	**(160,011)**
Net property, plant and equipment	**19,582**	19,758	**208,208**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 3)	**7,282**	6,997	**77,427**
Investments in and long-term loans to subsidiaries and associated companies (Note 4)	**6,474**	6,402	**68,836**
Deferred tax assets (Note 9)		45	
Other assets	**2,734**	2,625	**29,070**
Allowance for doubtful accounts	**(5)**	(6)	**(53)**
Total investments and other assets	**16,485**	16,063	**175,280**
TOTAL	**¥75,510**	¥71,601	**$802,871**

See notes to nonconsolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
CURRENT LIABILITIES:			
Short-term borrowings (Note 5)	**¥11,980**	¥14,730	**$127,379**
Current portion of long-term debt (Note 5)	**231**	143	**2,456**
Payables:			
Trade notes	**695**	391	**7,390**
Trade accounts	**5,153**	4,612	**54,790**
Income taxes payable	**1,595**	953	**16,959**
Advances received	**4,609**	3,999	**49,006**
Accrued bonuses	**1,474**	1,459	**15,673**
Allowance for anticipated project loss	**39**	68	**415**
Allowance for loss from a disaster	**2**	12	**21**
Other current liabilities	**4,122**	2,921	**43,827**
Total current liabilities	**29,900**	29,288	**317,916**
LONG-TERM LIABILITIES:			
Long-term debt (Note 5)	**548**	107	**5,827**
Liability for retirement benefits (Note 6)	**248**	282	**2,637**
Allowance for environmental measures	**25**	49	**266**
Asset retirement obligations	**48**	43	**510**
Deposits received (Note 7)	**1,741**	1,911	**18,511**
Deferred tax liabilities (Note 9)	**505**		**5,370**
Total long-term liabilities	**3,115**	2,392	**33,121**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 11 and 12)			
EQUITY (Notes 8 and 13):			
Common stock, authorized, 189,580,000 shares; issued, 86,656,510 shares in 2013 and 2012	**7,393**	7,393	**78,607**
Capital surplus:			
Additional paid-in capital	**6,093**	6,093	**64,785**
Other capital surplus	**115**	38	**1,223**
Retained earnings:			
Legal reserve	**1,546**	1,546	**16,438**
Retained earnings - unappropriated	**30,266**	28,679	**321,808**
Unrealized gain (loss) on available-for-sale securities	**612**	(510)	**6,507**
Deferred loss on derivatives under hedge accounting	**(132)**	(1)	**(1,404)**
Treasury stock—at cost 11,185,920 shares in 2013 and 11,170,244 shares in 2012	**(3,398)**	(3,317)	**(36,130)**
Total equity	**42,495**	39,921	**451,834**
TOTAL	**¥75,510**	¥71,601	**$802,871**

Nonconsolidated Statement of Income

Nippon Koei Co., Ltd.
Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	**2013**
NET SALES	**¥55,507**	¥49,852	**$590,186**
COST OF SALES	**40,543**	36,583	**431,079**
Gross profit	**14,964**	13,269	**159,107**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 10)	**11,340**	10,716	**120,574**
Operating income	**3,624**	2,553	**38,533**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**440**	372	**4,678**
Interest expense	**(82)**	(95)	**(872)**
Foreign currency exchange loss	**(51)**	(78)	**(542)**
Gain on sales of investment securities	**49**	29	**521**
Loss on sales of investment securities	**(102)**	(372)	**(1,085)**
Loss from a natural disaster		(20)	
Gain on extinguishment of tie-in shares		10	
Provision of allowance for doubtful accounts of subsidiaries and associated companies		(375)	
Other-net	**152**	312	**1,617**
Other income (expense)-net	**406**	(217)	**4,317**
INCOME BEFORE INCOME TAXES	**4,030**	2,336	**42,850**
INCOME TAXES (Note 9)**:**			
Current	**1,967**	1,264	**20,914**
Deferred	**(91)**	(131)	**(967)**
Total income taxes	**1,876**	1,133	**19,947**
NET INCOME	**¥ 2,154**	¥ 1,203	**$ 22,903**

	Yen		U.S. Dollars (Note 1)
PER SHARE OF COMMON STOCK (Note 2. t.)**:**			
Basic net income	**¥ 28.54**	¥ 15.58	**$ 0.30**
Cash dividends applicable to the year	**7.50**	7.50	**0.08**

See notes to nonconsolidated financial statements.

Nonconsolidated Statement of Changes in Equity

Nippon Koei Co., Ltd.
Year Ended March 31, 2013

	Thousands	Millions of Yen								
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus		Retained Earnings		Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Treasury Stock	Total Equity
			Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated				
BALANCE, MARCH 31, 2011	**79,486**	**¥7,393**	**¥6,093**	**¥ 38**	**¥1,546**	**¥28,271**	**¥ (798)**	**¥ 26**	**¥(2,234)**	**¥40,335**
Net income						1,203				1,203
Cash dividends, ¥7.50 per share						(795)				(795)
Purchase of treasury stock	(4,000)								(1,083)	(1,083)
Net change in the year							288	(27)		261
BALANCE, MARCH 31, 2012	**75,486**	**7,393**	**6,093**	**38**	**1,546**	**28,679**	**(510)**	**(1)**	**(3,317)**	**39,921**
Net income						2,154				2,154
Cash dividends, ¥7.50 per share						(567)				(567)
Purchase of treasury stock	(32)								(87)	(87)
Disposal of treasury stock	17			77					6	83
Net change in the year							1,122	(131)		991
BALANCE, MARCH 31, 2013	**75,471**	**¥7,393**	**¥6,093**	**¥115**	**¥1,546**	**¥30,266**	**¥ 612**	**¥(132)**	**¥(3,398)**	**¥42,495**

	Thousands of U.S. Dollars (Note 1)								
	Common Stock	Capital Surplus		Retained Earnings		Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Treasury Stock	Total Equity
		Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated				
BALANCE, MARCH 31, 2012	**$78,607**	**$64,785**	**$ 404**	**$16,438**	**$304,934**	**$(5,423)**	**$ (11)**	**$(35,269)**	**$424,465**
Net income					22,903				22,903
Cash dividends, $0.08 per share					(6,029)				(6,029)
Purchase of treasury stock								(925)	(925)
Disposal of treasury stock			819					64	883
Net change in the year						11,930	(1,393)		10,537
BALANCE, MARCH 31, 2013	**$78,607**	**$64,785**	**$1,223**	**$16,438**	**$321,808**	**$ 6,507**	**$(1,404)**	**$(36,130)**	**$451,834**

See notes to nonconsolidated financial statements.

Notes to Nonconsolidated Financial Statements

Nippon Koei Co., Ltd.
Year Ended March 31, 2013

1. BASIS OF PRESENTATION OF NONCONSOLIDATED FINANCIAL STATEMENTS

The accompanying nonconsolidated financial statements have been prepared from the accounts maintained by Nippon Koei Co., Ltd. (the "Company") in accordance with the provisions set forth in the Companies Act of Japan and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

As consolidated statements of cash flows and certain disclosures are presented in the consolidated financial statements of the Company, nonconsolidated statements of cash flows and certain disclosures are not presented herein in accordance with accounting principles generally accepted in Japan.

In preparing these nonconsolidated financial statements, certain reclassifications and rearrangements have been made to the Company's nonconsolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2012 nonconsolidated financial statements to conform to the classifications used in 2013.

The nonconsolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥94.05 to $1, the approximate rate of exchange at March 31, 2013. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. ***Nonconsolidation*** — The nonconsolidated financial statements do not include the accounts of subsidiaries. Investments in subsidiaries and associated companies are stated at cost.

b. ***Cash Equivalents*** — Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

   Cash equivalents include time deposits and investment trusts, all of which mature or become due within three months of the date of acquisition.

c. ***Inventories*** — Work in process is stated at the lower of cost, mainly determined by the specific identification cost method or net selling value.

d. ***Marketable and Investment Securities*** — Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:
   (1) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost; (2) available-for-sale securities, which are not classified as the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity and (3) investments in subsidiaries and associated companies are reported at cost.

   Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method.

   For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to operations.

e. ***Property, Plant and Equipment*** — Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is computed substantially by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired after April 1, 1998, and lease assets as well as other equipment for rent. The range of useful lives is principally from 3 to 50 years for buildings and structures, from 2 to 15 years for machinery and equipment and from 2 to 20 years for furniture and fixtures. The useful lives for lease assets are the terms of the respective leases.

   Change in Accounting Policy which is difficult to distinguish from Change in Accounting Estimate — Due to an amendment of the Corporation Tax Act, from the reporting fiscal year, the Company has applied a new depreciation method in accordance with the new Corporation Tax Act with respect to property, plant and

equipment which are obtained after April 1, 2012.
The influence on profit and loss in the reporting fiscal year due to this change is minor.

f. ***Long-Lived Assets*** — The Company reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

g. ***Allowance for Doubtful Accounts*** — The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

h. ***Retirement and Pension Plans*** — The Company has a contributory defined benefit pension plan and unfunded retirement benefit plan for the benefit of its employees.

Effective April 1, 2000, the Company adopted a new accounting standard for employees' retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

Unrecognized actuarial gain or loss is recognized by the straight-line method over 13 years.

Unrecognized prior service costs are recognized by the straight-line method over 13 years.

Retirement benefits for directors and Audit & Supervisory Board members are provided at the amount which would be required if all directors and Audit & Supervisory Board members retired at the balance sheet date.

i. ***Allowance for Anticipated Project Loss*** — The Company has made a provision for anticipated losses on uncompleted project contracts.

j. ***Asset Retirement Obligations*** — In March 2008, the ASBJ published ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

k. ***Research and Development Costs*** — Research and development costs are charged to income as incurred.

l. ***Leases*** — In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized to recognizing lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be measured at the amount of obligation under finance leases less interest expense at the transition date and recorded as acquisition cost of lease assets.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as acquisition cost of lease assets measured at the amount of obligation under finance leases at the transition date.

All other leases are accounted for as operating leases.

m. ***Accrued Bonuses*** — Bonuses to employees, directors and Audit & Supervisory Board members are accrued at the end of the year to which such bonuses are attributable.

n. ***Allowance for Environmental Measures*** — The Company has made a provision for treatment of PCB Wastes based on the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes.

o. ***Allowance for Loss from a Disaster*** — The Company has made a provision for rehabilitation of property, plant and equipment which were damaged by the Great East Japan Earthquake.

p. ***Income Taxes*** — The provision for income taxes is computed based on the pretax income included in the nonconsolidated statement of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

q. ***Foreign Currency Transactions*** — All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the nonconsolidated statements of income.

r. ***Revenue Recognition*** — If the outcome of a construction contract can be estimated reliably, the contract revenue is recognized by the percentage-of-completion method which is measured by reference to the percentage of total cost incurred to date to estimated total cost.
All other construction projects, except the aforementioned, are recorded using the completed-contract method (including the partially completed-contract method).

s. ***Derivatives and Hedging Activities*** — The Company uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange. Foreign exchange forward contracts are utilized by the Company to reduce its exposures to fluctuations in foreign currency exchange rates. The Company does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the nonconsolidated statement of income and (2) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Foreign exchange forward contracts are measured at fair value but the unrealized gains/losses are deferred until the underlying transactions are completed.

t. ***Per-Share Information*** — Basic net operations per share is computed by dividing net operations available to shareholders of common stock by the weighted-average number of shares of common stock outstanding for the period. The weighted-average numbers of shares of common stock for the years ended March 31, 2013 and 2012, were 75,469,721 and 77,190,579, respectively.

Diluted net operations per share of common stock are not disclosed because the Company has nothing that might dilute the per-share information for the years ended March 31, 2013 and 2012.

Cash dividends per share presented in the accompanying nonconsolidated statements of operations are dividends applicable to the respective years including dividends to be paid after the end of the year.

u. Accounting Changes and Error Corrections — In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:

(1) Changes in Accounting Policies-When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.

(2) Changes in Presentation-When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates-A change in an accounting estimate is accounted for in the period of the change if the change affects that period only and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior-Period Errors-When an error in prior-period financial statements is discovered, those statements are restated.

v. Additional Information
Employee Stock Ownership Plan Trust — The Company has introduced an employee incentive plan, "Employee Stock Ownership Plan Trust" ("ESOP"). Acquisition and sales of the Company's shares are accounted for under the assumption that the Company and ESOP are the same entity. Accordingly, assets, including the Company's shares owned by ESOP, and liabilities, and profits and loss of ESOP are included in the Company's nonconsolidated balance sheet, nonconsolidated statement of income and nonconsolidated statement of changes in equity.

3. INVESTMENT SECURITIES

Investment securities as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Non-current:			
Marketable equity securities	**¥6,013**	¥5,844	**$63,934**
Government and corporate bonds	**742**	717	**7,889**
Other	**527**	436	**5,604**
Total	**¥7,282**	¥6,997	**$77,427**

4. INVESTMENTS IN AND LONG-TERM LOANS TO SUBSIDIARIES AND ASSOCIATED COMPANIES

Investments in and advances to subsidiaries and associated companies as of March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Investments	**¥6,208**	¥6,097	**$66,008**
Long-term loans	**266**	305	**2,828**
Total	**¥6,474**	¥6,402	**$68,836**

The value of the investment securities of subsidiaries and associated companies are measured at the original acquisition costs, as their fair value cannot be reliably determined at March 31, 2013, since market value and estimated future cash flows are not available.

5. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2013 and 2012, consisted of notes to banks and subsidiaries. The annual interest rates applicable to the short-term borrowings ranged from 0.485% to 0.860% and 0.505% to 1.475% at March 31, 2013 and 2012, respectively.

Long-term debt at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Unsecured loan from bank due serially to 2018 with interest rate of 0.860%	**¥650**		**$6,911**
Loan from bank due serially to 2013 with interest rate of 1.250%	**79**	¥197	**840**
Obligation under finance leases	**50**	53	**532**
Total	**779**	250	**8,283**
Less current portion	**(231)**	(143)	**(2,456)**
Long-term debt, less current portion	**¥548**	¥107	**$5,827**

Annual maturities of long-term debt at March 31, 2013, for the five years and thereafter were as follows:

Year Ending March 31	Millions of Yen		Thousands of U.S. Dollars	
	Long-Term Debt	Lease Obligations	Long-Term Debt	Lease Obligations
2014	¥209	¥22	$2,222	$234
2015	130	14	1,382	149
2016	130	9	1,382	96
2017	130	3	1,382	32
2018 and thereafter	130	2	1,382	20
Total	¥729	¥50	$7,750	$531

The Company had a commitment line contract of ¥8,000 million ($85,061 thousand) over three years with financial institutions in order to secure the stability of long-term funding. The contract included a restrictive financial covenant. At March 31, 2013, the Company had utilized ¥4,000 million ($42,531 thousand) of the commitment line. In addition, the Company had overdraft contracts of ¥10,200 million ($108,453 thousand) in total. At March 31, 2013, the Company had utilized ¥4,000 million ($42,531 thousand) of the overdraft.

Financial covenants

Short-term borrowings of ¥4,000 million includes financial covenants with which the Company is in compliance.
The major financial covenants are as follows:
If the Company fails to comply with the following covenants, creditors may require repayment of all debt.

(1) Shareholder’s equity of each fiscal year will not fall below 75% of the higher of the following:

a. Shareholder’s equity of fiscal year immediately preceding the fiscal year; or
b. Shareholder’s equity of fiscal year ending on March 31, 2012

(2) Ordinary income for each fiscal year will not be negative for two consecutive fiscal years.

At March 31, 2013, land and building of ¥1,990 million ($21,159 thousand) were pledged as collateral for long-term debt of ¥79 million ($840 thousand).

6. RETIREMENT AND PENSION PLANS

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

In addition, the Company completely transitioned from the approved pension plan to the defined benefit corporate pension plan in October 2010.

The liabilities for retirement benefits at March 31, 2013 and 2012, for directors and Audit & Supervisory Board members were ¥27 million ($287 thousand) and ¥27 million, respectively. The retirement benefits for directors and Audit & Supervisory Board members are paid subject to the approval of the shareholders.

7. DEPOSITS RECEIVED

Deposits received from tenants amounted to ¥1,543 million ($16,406 thousand) at March 31, 2013, and ¥1,710 million at March 31, 2012.

At March 31, 2013, land, building and structures for rent of ¥1,362 million ($14,482 thousand) were pledged as collateral for these deposits.

8. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.
Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases / Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

9. INCOME TAXES

The Company is subject to Japanese national and local operations taxes which, in the aggregate, resulted in statutory tax rates of approximately 36.8% for the year ended March 31, 2013, and 39.5% for the year ended March 31, 2012.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Deferred tax assets :			
Unrealized loss on available-for-sale securities		¥ 267	
Accrued bonuses	**¥ 892**	672	**$ 9,484**
Liability for retirement benefits for directors and Audit & Supervisory Board members	**9**	9	**96**
Liability for retirement benefits for employees	**78**	90	**829**
Allowance for anticipated project loss	**14**	25	**149**
Allowance for doubtful accounts	**1**	138	**11**
Loss on impairment of long-lived assets	**54**	60	**574**
Carryover of foreign tax credit limit	**406**	221	**4,317**
Other	**562**	361	**5,976**
Less valuation allowance	**(663)**	(405)	**(7,050)**
Total	**¥1,353**	¥1,438	**$14,386**
Deferred tax liabilities:			
Reserve for deferred gains on sale of property	**¥ 175**	¥ 179	**$ 1,861**
Unrealized gain on available-for-sale securities	**321**		**3,413**
Prepaid pension cost	**214**	188	**2,275**
Other	**5**	5	**53**
Total	**¥ 715**	¥372	**$ 7,602**
Net deferred tax assets	**¥ 638**	¥1,066	**$ 6,784**

A reconciliation between the statutory tax rate and the actual effective tax rate reflected in the accompanying nonconsolidated statements of income for the years ended March 31, 2013 and 2012, were as follows:

	2013	2012
Statutory tax rate	**36.8%**	39.5%
Per capita levy of local tax	**2.1**	3.4
Expenses not deductible for tax purposes	**1.0**	1.7
Valuation allowance	**1.9**	(0.8)
Gain on extinguishment of tie-in shares		(0.2)
Other – net	**4.8**	4.9
Actual effective tax rate	**46.6%**	48.5%

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥410 million ($4,359 thousand) and ¥406 million for the years ended March 31, 2013 and 2012, respectively.

11. LEASES

(1) Lessee

The minimum rental commitments under noncancellable operating leases at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Due within one year	**¥2**	¥1	**$21**
Due after one year	**5**	2	**53**
Total	**¥7**	¥3	**$74**

(2) Lessor

The minimum rental commitments under noncancellable operating leases at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Due within one year	**¥ 693**	¥ 696	**$ 7,368**
Due after one year	**1,372**	2,065	**14,588**
Total	**¥2,065**	¥2,761	**$21,956**

12. CONTINGENT LIABILITIES

At March 31, 2013, the Company had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Guarantees of bank loans related to a subsidiary and employees	¥108	$1,148
Refundment bonds of a subsidiary	¥ 21	$ 223

13. SUBSEQUENT EVENTS

Appropriations of Retained Earnings

On May 17, 2013, the following appropriation of retained earnings at March 31, 2013, was resolved by the Board of Directors:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥7.5 ($0.08) per share	¥566	$6,018

The total amount of the dividends above does not include ¥14 million ($149 thousand) dividends to the ESOP because the Company's shares owned by the ESOP are included in the Company's treasury stock.

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nippon Koei Co., Ltd.:

We have audited the accompanying nonconsolidated balance sheet of Nippon Koei Co., Ltd. as of March 31, 2013, and the related nonconsolidated statements of income and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these nonconsolidated financial statements based on our audit. We conducted our audit 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 nonconsolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the nonconsolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the nonconsolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the nonconsolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the nonconsolidated financial statements referred to above present fairly, in all material respects, the financial position of Nippon Koei Co., Ltd. as of March 31, 2013, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the nonconsolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 29, 2013

Member of
Deloitte Touche Tohmatsu Limited

Corporate Information

Board of Directors, Officers and Corporate Auditors

Chairperson
Yoshihiko Tsunoda*

President:
Noriaki Hirose*

Director and Executive Vice Presidents:
Shoji Nishitani*
Katsumi Yoshida
Asao Yamakawa

Director and Senior Managing Executive Officer:
Tamotsu Yoshida

Director and Managing Executive Officers:
Ryuichi Arimoto
Akira Mizukoshi
Noboru Takano
Yoshikimi Inoue

Director and Executive Officer:
Hiroyuki Akiyoshi

Director:
Masahisa Naito

Corporate Auditors:
Toshiaki Shimizu
Izumi Arai
Mineo Enomoto

Senior Managing Executive Officer:
Takashi Karasaki

Managing Executive Officer:
Hiromichi Sekine

Executive Officers:
Masanao Nishimura
Takashi Seki
Hiroyuki Kasahara
Haruyoshi Takura
Naoki Honjo
Yoshikatsu Inada
Shingo Ono
Hiroshi Tanaka
Masanobu Sakamoto
Takayasu Tsuyusaki
Syuichi Ueda
Yasushi Sugo
Akichika Ishibashi

*Representative Directors As of June 27, 2013

Stock Information

Shares authorized	189,580,000
Shares issued	86,656,510
Stockholders of minimum tradable stock unit	6,598

As of March 31, 2013

Major Shareholders

	Share owned (thousands)	Percentage of total owned
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,699	4.3
Meiji Yasuda Life Insurance Company.	3,530	4.1
The Koei Employees' Stockholders Association	2,937	3.4
The Master Trust Bank of Japan, Ltd. (trust a/c)	2,838	3.3
Japan Trustee Services Bank, Ltd. (Trustee)	2,464	2.8
Japan Trustee Services Bank, Ltd. (ESOP trust a/c)	1,911	2.2
Mizuho Corporate Bank, Ltd.	1,911	2.2
Tsukishima Kikai Co.,Ltd	1,843	2.1
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	1,481	1.7
CREDIT SUISSE SECURITIES (EUROPE) LIMITED PB SEC INT NON-TR CLIENT	1,240	1.4

As of March 31, 2013

Besides the above, the Company owns thousands of shares of treasury stock 9,274 (10.7%)

Major Offices and Facilities

Head Office
4 Kojimachi 5-chome, Chiyoda-ku,
Tokyo 102-8539, Japan

Shin-Kojimachi Office
2 Kojimachi 4-chome, Chiyoda-ku,
Tokyo 102-0083, Japan

Hanzomon Office
5 Kojimachi 2-chome, Chiyoda-ku,
Tokyo 102-0083, Japan

Domestic Branch Offices
Tokyo, Sapporo, Sendai, Fukushima, Niigata, Nagoya, Osaka, Hiroshima, Shikoku, Fukuoka

Research Facility
Research and Development Center in Tsukuba Science City, Ibaraki

Overseas Offices (Liaison Office)
Jakarta, Manila, Hanoi(Ho Chi Minh), Bangkok (Vientiane, Phnom Penh), Yangon, New Delhi, Colombo, Middle East(Amman, Baghdad, Tunis, Rabat, Doha), Nairobi, Lima

Major Businesses

Consulting Administration

Field of activity
- Water Resources
- Energy
- Urban & Regional Development
- Transportation
- Agriculture & Rural Development
- Environment
- Climate Change
- Information & Communication Technology
- Geosphere Engineering
- Project and Program Management
- Public Private Partnership/Private Finance Initiative

Services
- Preliminary investigation, Planning, Feasibility studies, Assessment, Detailed design, Construction supervision , Operation and maintenance

Engineering Administration

Field of activity
- Electrical and civil works for electric power facilities (generation, transmission, substation, distribution schemes and wiring of buildings)
- Electric power utilities (turbines, generators, transformers, control deices and communications equipment)
- Electric equipment and devices
- Safety equipment
- Skin electric thermo-system heaters (SECT-heaters)
- Factory automation equipment

Services
- Surveys, Studies, Planning, Design, Construction, Installation, Sale

Major Nippon Koei Group Companies

While mainly focused on engineering consulting, electrical power engineering, and power generation, the Nippon Koei Group is also active in a wide range of related fields. The various businesses peripheral to the activities of Nippon Koei, the main company in the Group, are taken on by subsidiaries and affiliates located both at home and abroad.
These related companies, together with the principle corporation, make up the Nippon Koei Group.
The various firms maintain close cooperation based on relationships of interdependence that enhance the strength and cohesion of the Group as a whole.
As of March 2013, the total number of employees of the Group companies based in Japan came to about 2,880, of which over 1,200 were registered engineers. The Group truly has a wealth of highly skilled technical experts.

The subsidiary companies that comprise the major Nippon Koei Group are as follows:

Tamano Consultants Co., Ltd.
This company is headquartered in the city of Nagoya and provides engineering consulting services centered on the Chubu Region. The company boasts the most highly regarded urban and regional planning group in Japan.

Nippon Civic Consulting Engineers Co., Ltd.
This company provides consulting services centered on planning, design, and construction supervision of underground structures such as urban tunnels. The company specializes in shield tunneling technology and the development of new underground construction technology.

El Koei Co., Ltd.
This company conducts employment and staff supply for Nippon Koei Group. The company provides various fields of qualified human resources to support the activity of the Group Companies.

KRI International Corporation
This company has been established to enhance non-engineering consulting works of the Nippon Koei Group's activities. KRI provides the consulting services mainly in the fields of economic and industrial development including finance and management, education and human resources development, and regional and community development.

Nippon Koei U.K. Co., Ltd.
This company provides engineering consulting services to enforce Nippon Koei's overseas operation in the primary fields of environment, water supply and wastewater.

Nippon Koei Latin America-Caribbean Co., Ltd.
This company has been established to enhance Nippon Koei's operation in Latin America and Caribbean and provides consulting engineering and technical services for various development sectors in the region.

NIPPON KOEI LAC, INC..
This company has been incorporated in Panama in order to promote further localization of Nippon Koei's operation in Latin America and Caribbean region.

NIPPON KOEI LAC DO BRASIL LTDA.
This company has been incorporated in Brasil in order to promote further localization of Nippon Koei's operation in Latin America.

Nippon Koei India Pvt. Ltd.
This company has been established to enhance Nippon Koei's operation in India and provides consulting engineering and technical services for various development sectors focusing on projects in India and other developing countries.

Nippon Koei Vietnam International LLC Co., Ltd.
This company has been established to enhance Nippon Koei's operation in Vietnam and surrounding countries in the Greater Mekong Subregion and provides consulting services for various development sectors in the region.

PT Indokoei International
This company has been incorporated in Indonesia by Nippon Koei Co., Ltd. and Indonesian partner company and provides the services of engineering and management consultancy to clients in Indonesia as well as overseas.

Philkoei International, Inc.
This company has been incorporated in the Philippines by Nippon Koei Co., Ltd. and Filipino investors and providing consulting engineering and technical services for various development sectors focusing on projects in the Philippines and other overseas countries.

Thaikoei International Co., Ltd.
This company has been incorporated in Thailand and providing consulting services for various development sectors focusing on projects in Thailand and other countries in Greater Mekong Subregion.

Nippon Koei Africa Pty. Ltd. / Nippon Koei Mozambique, Ltda.
This company has been established to enhance Nippon Koei's operation in Sub-Saharan Africa and provides consulting engineering and technical services for various development sectors in the region.

Koei System Inc.
This company develops software programs used in computer control applications, dispatches personnel, and provides support and software development for office automation systems on a consignment basis.

Nikki Corporation
This company conducts real estate management, leasing, and insurance services for Nippon Koei and other Group companies. It also sells, imports, and exports electrical power equipment and rents and leases various goods.

NIPPON KOEI CO.,LTD.

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Printed in Japan