

To Our shareholders

**NOTICE OF THE 152nd GENERAL MEETING OF SHAREHOLDERS**

Taisei Corporation would like to take this occasion to express particular thanks for the support of our shareholders.

Notice is hereby given that the 152nd General Meeting of Shareholders of Taisei Corporation (the “Company”) will be held as indicated below.

**Since those unable to attend the Meeting are entitled to exercise their voting rights in writing or by an electromagnetic file, you, if unable to attend, are requested to study the attached documents, and to exercise your voting rights through either of the following methods:**

**[Voting by post]**

Please indicate your preferences on each item of the matters to be voted on in the enclosed Voting Form, and return the Form by post to be **received no later than 5:30 P.M. on Wednesday, June 27, 2012(Tokyo time)**.

**[Voting through the Internet]**

Please access the designated website for voting of the Company (<http://www.it-soukai.com/>), enter the “*Giketsuken-koushi (Voting) Code*” and “Password” as indicated on the enclosed Voting Form, and follow the instructions on the screen to enter your preferences **no later than 5:30 P.M. on Wednesday, June 27, 2012 (Tokyo time)**. For more information, please refer to “Voting through the Internet” on pages 62-63.

In the event that you vote both by post and through the Internet, only the voting through the Internet shall be valid. In addition, if you vote through the Internet more than once, the last voting shall be valid.

1. **Date:** Thursday, June 28, 2012, 10:00 A.M. (Tokyo time)

2. **Place:** The Main Hall, 52nd floor

Taisei Corporation Head Office

Shinjuku Center Building

25-1, Nishi-Shinjuku 1-chome

Shinjuku-ku, Tokyo 163-0606, Japan

3. **Agenda:**

- (1) Subjects to be reported:**
1. Business Report, Consolidated Financial Statements, and Auditing Reports of Accounting Auditor and Board of Corporate Auditors for Consolidated Financial Statements, for fiscal year ended March 31, 2012 (the 152nd Business Year commenced April 1, 2011 and ended March 31, 2012)
  2. Financial Statements, for fiscal year ended March 31, 2012 (the 152nd Business Year commenced April 1, 2011 and ended March 31, 2012)

**(2) Matters to be voted on by Shareholders:**

- Item No. 1:** Appropriation of earned surplus
- Item No. 2:** Partial Alteration of the Articles of Incorporation
- Item No. 3:** Election of one (1) Member of the Board
- Item No. 4:** Election of two (2) Corporate Auditors

#### 4. Exercising of Voting Rights by Proxy

If exercising your voting rights by proxy, you can appoint one of the other Shareholders of the Company who is entitled to vote and ask that person to attend the General Meeting of Shareholders as your proxy. In this case, please be advised that a Letter of Proxy shall be submitted along with a Voting Form.

Your presence at the Meeting is cordially requested.

Yours sincerely,

TAISEI CORPORATION

Takashi YAMAUCHI

President and

Chief Executive Officer

Chairman of the Board

#### Notes:

1. Shareholders attending the Meeting are requested to submit the Voting Form to the reception desk at the Place of the Meeting.
2. The temperature in the venue will be set at 28°C and the lighting will be reduced on the day as our endeavor for electricity saving.  
We would appreciate your cooperation and understanding.
3. In the event that any amendment is made in Reference Materials for the General Meeting of Shareholders, Business Report, Financial Statements or Consolidated Financial Statements, the Company will disclose the amended matter on its website (<http://www.taisei.co.jp>).

#### IMPORTANT NOTE:

English translations of the “Notice of the 152nd General Meeting of Shareholders (*Dai-152-kai Teiji Kabunushi Sokai Shoshu Go-Tsuchi*)”, “Business Report (*Jigyo Hokoku*)”, “Consolidated Balance Sheet (*Renketsu Taishaku Taisyohyo*)”, Consolidated Statement of Income (*Renketsu Soneki Keisansho*)”, “Consolidated Statement of Changes in Net Assets (*Renketsu Kabunushi Shihon tou Hendo Keisansho*)”, “Notes to Consolidated Financial Statements (*Renketsu Chuukihyo*)”, “Non-Consolidated Balance Sheet (*Taishaku Taisyohyo*)”, “Non-Consolidated Statement of Income (*Soneki Keisansho*)”, “Non-Consolidated Statement of Changes in Net Assets (*Kabunushi Shihon tou Hendo Keisansho*)”, Notes to Non-Consolidated Financial Statements (*Kobetsu Chuukihyo*), “Reference Materials for the General Meeting of Shareholders (*Kabunushi Sokai Sanko Shorui*)” and others of Taisei Corporation dated June 4, 2012, are prepared solely for the convenience of Shareholders who are non-Japanese speakers. In the event that any of the information contained in these English translations is inconsistent with the information contained in the Japanese original documents, the Japanese original texts shall prevail.

(Attached Document)

## Business Report

(From April 1, 2011 to March 31, 2012)

### I . Current State of the Affiliated Companies

#### (1) Progress and Results of Operations

Although the Japanese economy showed tentative signs of recovery this year from its decline caused by the Great East Japan Earthquake, the economy has yet to get on a full-fledged recovery path due to reasons including the economic slowdown overseas and the effects of the yen's appreciation.

In the domestic construction market, although a positive trend toward a recovery in demand emerged due to reconstruction demand following the earthquake and as a reaction to a rapid decrease in investment after Lehman Shock, it is expected that it will take some time for reconstruction projects to get into full swing. Furthermore, the private sector continued to face a difficult business environment as the competition for orders intensifies.

Under these circumstances, the Company and its affiliated companies (collectively, the “Affiliated Companies”) reported consolidated results of its operations as follows: orders received of ¥1,379.5 billion, a 10% increase compared to the previous year, net sales of ¥1,323.5 billion, an 8.7% increase, recurring income of ¥30.2 billion, a 25.8% increase, and net income for the year of ¥1.1 billion, an 89.1% decrease compared to a year earlier.

The status for orders and sales in each segment is as follows.

#### (CIVIL ENGINEERING BUSINESS)

New orders for the Affiliated Companies during the current term were worth ¥358.7 billion, a 9.1% increase compared to the previous term, as there was growth in new orders received by both the Company and its affiliated companies.

New orders for the Company were worth ¥244.7 billion, a 6.4% increase. The percentages of new orders from government agencies, private companies and overseas construction projects out of the total were 45.2%, 42.5% and 12.3%, respectively, and the percentage of orders won without competitive bidding out of the total was 43.3%.

Net sales for the Affiliated Companies were ¥333.5 billion, a 6.9% increase, because an increase in net sales was observed in both the Company and its affiliated companies.

Net sales for the Company were ¥219.6 billion, a 5.5% increase.

**(BUILDING CONSTRUCTION BUSINESS)**

New orders for the Affiliated Companies during the current term were worth ¥877.6 billion, a 9.4% increase compared to the previous term, as there was an increase in orders received by both the Company and its affiliated companies.

New orders for the Company were worth ¥792.5 billion, a 9.8% increase. The percentages of new orders from government agencies, private companies and overseas construction projects out of the total were 6.9%, 84.1% and 9.0%, respectively, and the percentage of orders won without competitive bidding out of the total was 40.6%.

Net sales for the Affiliated Companies were ¥856.9 billion, a 9.4% increase, because an increase in net sales was observed in both the Company and its affiliated companies.

Net sales for the Company were ¥775.6 billion, a 9.5% increase.

The major construction projects the Company accepted new orders for or completed in its civil engineering and building construction business divisions during the current term are as follows:

Major new orders received during FY ended March 2012:

<b>Client</b>	<b>Project</b>
NTT Urban Development Corporation Taisei Corporation Hulic Co., Ltd. Tokyo City-Development Co., Ltd.	Upper-level Section Redevelopment Project associated with the reconstruction of Shibaura Water Reclamation Center
Northern Airports Corporation (Vietnam)	Noi Bai International Airport Terminal 2 Construction Project
Kitashinagawa 5-chome 1 <sup>st</sup> Area Redevelopment Association	Kitashinagawa 5-chome 1 <sup>st</sup> Area Redevelopment Operation Facility Construction (A1 Building and C1 Building)
Bureau of Sewerage Tokyo Metropolitan Government	Shibaura Water Reclamation Center Storm water storage tanks Construction (Package 3)
West Nippon Expressway Company Limited Kansai Branch	Construction work of the Shinmeishin Expressway Kawanishi tunnel

Major projects completed during FY ended March 2012:

<b>Client</b>	<b>Project</b>
Nishi-Shinjuku 8-chome Naruko Area Urban Land Redevelopment Association	Nishi-Shinjuku 8-chome Naruko Area 1 <sup>st</sup> Type Urban Land Redevelopment of facilities and public facilities construction
Mitsui Fudosan Co., Ltd.	YOKOHAMA MITSUI BUILDING
Road Development Authority, Ministry of Highways (Sri Lanka)	Southern Transport Development Project, JBIC Funded Section , Kottawa to Kurundugahahetekma, Package 2
Roppongi 3-chome Area Urban Land Development	Roppongi 3-chome Area 1 <sup>st</sup> Type Urban Land Development New Facility Construction
NAGOYA HORSE RACING CO., LTD. Japan Racing Association	Remodeling of Racecourse and other work for Chukyo Racecourse

(REAL ESTATE DEVELOPMENT BUSINESS)

In the real estate sales market, condominium sales were relatively strong with support from the favorable tax measures and preferential interest rates for housing loans, despite buyers delaying their purchasing due to the effects of the earthquake. Meanwhile, in the real estate leasing market, operating conditions remained harsh. Vacancy rates in office buildings remained high—though they are trending toward improvement—while rents continued to decline.

Under these circumstances, the Affiliated Companies reported an increase in results in the real estate segment of 10.6% compared with the previous year to ¥85.4 billion due to the increase in the revenues of both the Company and its affiliated companies.

(OTHER BUSINESSES)

In the property management and other businesses, as economic uncertainty remains, companies continued to emphasize the reduction of costs. Competition among participating firms remained intense, amid changes in existing management companies and the review of specifications. These factors led to a difficult operating environment, overall.

Taking into accounting the aforementioned factors, the Affiliated Companies recorded net sales this segment of ¥47.5 billion, up 4.7% compared with the previous fiscal year due to the increase in the revenues of both the Company and its affiliated companies.

**TRANSLATION, For Your Reference Purpose Only**

The new orders received, net sales, and total balance of contract backlog for each segment of the Affiliated Companies are as follows:

(Unit: ¥ Billion)

	Backlog at the Beginning of this Period (April 1, 2011)	New Orders Received	Net Sales	Backlog carried over Next Period
CIVIL ENGINEERING	395.3	358.7	333.5	420.5
BUILDING CONSTRUCTION	1,211.4	877.6	856.9	1,232.2
REAL ESTATE DEVELOPMENT BUSINESS	0.2	95.6	85.4	10.3
OTHER BUSINESSES	0.3	47.4	47.5	0.2
<b>TOTAL:</b>	<b>1,607.3</b>	<b>1,379.5</b>	<b>1,323.5</b>	<b>1,663.4</b>

The new orders received, net sales, and total balance of contract backlog for each segment of the Company are as follows:

(Unit: ¥ Billion)

	Backlog at the Beginning of this Period (April 1, 2011)	New Orders Received	Net Sales	Backlog carried over Next Period
CIVIL ENGINEERING	358.9	244.7	219.6	384.0
BUILDING CONSTRUCTION	1,156.1	792.5	775.6	1,173.0
<b>SUB TOTAL:</b>	<b>1,515.1</b>	<b>1,037.2</b>	<b>995.2</b>	<b>1,557.1</b>
REAL ESTATE DEVELOPMENT BUSINESS	0.2	30.5	20.3	10.3
OTHER BUSINESSES	—	9.4	9.4	—
<b>TOTAL:</b>	<b>1,515.3</b>	<b>1,077.2</b>	<b>1,025.1</b>	<b>1,567.5</b>

**(2) Investments in Plant and Equipment**

The Affiliated Companies' plant and equipment investment during FY ended March 2012 was ¥7.7 billion in total. Major investments included the purchase and replacement of construction machinery, equipment, and other items.

**(3) Fund Raising**

The Company issued the 32<sup>nd</sup> unsecured straight corporate bonds (¥10.0 billion) in September 2011.

#### (4) Issues to Be Dealt with

The Company and the Affiliated Companies have positioned their next three years as “a period for building a foundation towards future sustained growth” in order to deal with the harsh business environment which is expected to continue in the future. In this context, steps were taken to formulate a medium-term business plan covering the three-year period from FY 2012 to FY 2014.

The Company will formulate strategies for each business segment and specific measures based on the above plan, and will strive to solve the business issues.

#### Outline of Medium-term Business Plan (FY 2012–2014)

##### Basic Policy

1. Fulfillment of social responsibilities imposed on the construction industry
2. Establishment of a business structure for the creation of high-added value

##### Business Issues

##### (1) Construction business: Strengthening of the core business

- Further improve profitability in the civil-engineering business
- Maintain high profitability in the building construction business

##### (2) Development/improvement of social infrastructure and Contribution to post-earthquake reconstruction

- Contribute to the development of a Japan that is more resilient to natural disasters
- Contribute to debris removal and decontamination projects

##### (3) Overseas business: Establishment of an earnings structure

- Strengthen the Company’s management systems for income/expenditure control and work execution
- Focus on areas/fields in which the Company can leverage its advantages

##### (4) Strengthening of initiatives and expansion of business fields to create high-added value

- Create high added value in existing business areas
- Venture into business fields related to the construction business

##### (5) Development/improvement of robust business foundations

- Strengthen human resources
- Develop new technologies
- Enhance governance in the Affiliated Companies
- Strengthen financial standing

**(5) Transition of Assets and Income**

(Transition of Assets and Income of the Affiliated Companies)

	FY Ended March 2009	FY Ended March 2010	FY Ended March 2011	FY Ended March 2012 (Current FY)
(Unit: ¥ Billion )				
New Orders Received	1,524.5	1,244.4	1,254.0	1,379.5
Net Sales	1,641.1	1,441.9	1,218.1	1,323.5
Net Income or (Loss)	(24.4)	21.2	10.8	1.1
Net Income or (Loss) per Share (*Unit: Yen)	*(22.93)	*19.74	*9.58	*1.04
Total Assets	1,671.4	1,501.2	1,395.4	1,494.6
Shareholders' Equity	284.7	297.1	290.5	292.6

(Transition of Assets and Income of the Company)

	FY Ended March 2009	FY Ended March 2010	FY Ended March 2011	FY Ended March 2012 (Current FY)
(Unit: ¥ Billion )				
New Orders Received	1,179.4	982.9	973.7	1,077.2
Net Sales	1,294.7	1,130.4	938.4	1,025.1
Net Income or (Loss)	(23.1)	7.2	8.8	3.1
Net Income or (Loss) per Share (*Unit: Yen)	*(21.77)	*6.79	*7.76	*2.74
Total Assets	1,350.0	1,231.4	1,143.4	1,263.7
Shareholders' Equity	237.3	254.7	257.1	259.7

**(6) Major Subsidiaries and Technological Tie-ups**

(a) The major subsidiaries are as follows:

Name of Company	Paid-up Capital	% of Equity Ownership	Major Lines of Business
	(¥ bn.)	(%)	
Taisei Rotec Corporation	11.3	100.0	Design, construction and supervision of works related to pavement and to other civil engineering work as well as the manufacture and sale of asphalt for pavement
Yuraku Real Estate Co., Ltd.	18.6	100.0	Sale, lease, sub-lease, management, brokerage, appraisal, and consultation of real estate, and insurance agent business
Taisei U-Lec Co., Ltd.	4.5	100.0	Research, surveying, planning, design, supervision, construction and technical assistance for building construction, civil engineering and all the other construction works
Taisei Setsubi Co., Ltd.	0.6	99.9	Works for air-conditioning facilities, sanitary engineering and electrical engineering, and all the other businesses related to building facilities
Taisei Service Co., Ltd.	0.1	100.0	Management of buildings, condominiums and other premises, and lands and their attached facilities, and insurance agent business

Note: Yuraku Real Estate Co.,Ltd.(extinct company) has been merged with Taisei Service Co.,Ltd.(surviving company), as of April 1<sup>st</sup>, 2012. The surviving company has been renamed Taisei-Yuraku Real Estate Co.,Ltd. as of the same date.

(b) The major technological tie-ups with the Company are as follows:

- NCC International AB (Sweden)
- The Foundation Delft Hydraulics (Netherlands)
- SK Engineering & Construction Co., Ltd (South Korea)
- Bouygues Travaux Publics (France)
- Carnegie Mellon University (U.S.A.)

**(7) Main Lines of Business**

The Affiliated Companies' main business segments are as follows:

Civil engineering business;

All the business related to Civil Engineering works

Building construction business;

All the business related to Building Construction works

Real estate development business; and

Sale & purchase, lease, brokerage and all the other businesses related to real estate;

Other businesses;

Property management, projects incidental or related to construction such as research undertaking, provision of technology and environmental measurements, leisure-related businesses, and other services

The Company, licensed by the Ministry of Land, Infrastructure and Transport as a Specific Construction Contractor (license (S-23) No. 300) under the Construction Business Law, and as a Licensed Real-Estate Transaction Agent (license (13) No. 607) under the Real-Estate Transaction Business Law, is engaged mainly in the following lines of business operations:

- (a) Planning, surveying, design, supervision, construction and installation, engineering and consulting services, related to civil engineering, building construction, and other construction works of all kinds;
- (b) Sale, purchase, lease, brokerage and management of real estate; and
- (c) Urban development, regional development, etc.

**(8) Major Offices**

(a) The Company

Head Office:25-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo, Japan

Branch Offices:

Tokyo Branch	(Shinjuku-ku, Tokyo)
Kansai Branch	(Osaka City)
Nagoya Branch	(Nagoya City)
Kyushu Branch	(Fukuoka City)
Sapporo Branch	(Sapporo City)
Tohoku Branch	(Sendai City)
Chugoku Branch	(Hiroshima City)
Yokohama Branch	(Yokohama City)
Hokushinetsu Branch	(Niigata City)
Shikoku Branch	(Takamatsu City)
Chiba Branch	(Chiba City)
Kanto Branch	(Saitama City)
Kobe Branch	(Kobe City)
Kyoto Branch	(Kyoto City)
International Operations Headquarters	(Shinjuku-ku, Tokyo)

Overseas Offices:

Taipei Office	
Kuala Lumpur Office	
Jakarta Office	
India Office	(New Delhi)
North Africa Office	(Egypt)
U.S.A. Office	(California)

Note: The Company closed its Middle East Branch in U.A.E. as of March 31, 2012, and opened a Middle East Office in Qatar as of April 1, 2012.

Taisei Technology Center	(Yokohama City)
--------------------------	-----------------

(b) Major Subsidiaries

Taisei Rotec Corporation	(Chuo-ku, Tokyo)
Yuraku Real Estate Co., Ltd.	(Chuo-ku, Tokyo)
Taisei U-Lec Co., Ltd.	(Shinagawa-ku, Tokyo)
Taisei Setsubi Co., Ltd.	(Shinjuku-ku, Tokyo)
Taisei Service Co., Ltd.	(Chuo-ku, Tokyo)

**(9) Status of Employees**

(a) The Affiliated Companies

(\*Decrease)

Business Segments	Number of Employees (Unit: Persons)			
	At the Year-End		Change from Previous Year End	
CIVIL ENGINEERING BUSINESS	3,891	[833]	*193	[180]
BUILDING CONSTRUCTION BUSINESS	7,793	[1,000]	36	[207]
REAL ESTATE DEVELOPMENT BUSINESS	934	[62]	*86	[1]
OTHER BUSINESSES	1,158	[1,601]	*20	[*59]
<b>TOTAL:</b>	<b>13,776</b>	<b>[3,496]</b>	<b>*263</b>	<b>[329]</b>

- Notes: 1. The “Number of Employees” includes the workers on loan from other companies and excludes the employees on loan working in other companies.
2. The [number] shows the yearly average of temporary employees, which is not included in the “Number of Employees”.

(b) The Company

(\*Decrease)

Number of Employees (Unit: Persons)				Average Years of Employment
At the Year-End	Change from Previous Year End	Average Age		
8,087	*1	42.5		19.1

- Notes: 1. The “Number of Employees” includes the workers on loan from other companies and excludes the employees on loan working in other companies.
2. The number of employees is 8,081, which includes the employees on loan working in other companies.

**(10) Major Companies Providing Loans to the Affiliated Companies**

(Unit: ¥ Billion)

Name of Lender	Loaned Amount
Mizuho Corporate Bank Co., Ltd.	75.6
Mizuho Trust & Banking Co., Ltd.	27.9
Resona Bank, Limited.	23.8
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	18.5
The Norinchukin Bank	14.5

**II Matters concerning the Shares of the Company**

(1) **Number of shares authorized:** 2,200,000,000-

(2) **Number of shares issued:** 1,140,268,860-

Number of shares issued includes the Company's own shares, number of which are 704,234 .

(3) **Number of Shareholders:** 106,272-

(4) **Major Shareholders (Top 10):**

Name of Shareholder	Number of Shares held (Unit: Thousand shares)	Ratio of Shares held (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	61,942	5.44
The Master Trust Bank of Japan, Ltd. (Trust Account)	44,332	3.89
Taisei Employees' Shareholding Plan	33,592	2.95
Taisei Associates' Shareholding Plan	28,601	2.51

**TRANSLATION, For Your Reference Purpose Only**

SSBT OD05 OMNIBUS ACCOUNT–TREATY CLIENTS	25,836	2.27
Retirement Benefit Trust in Mizuho Trust (Mizuho Corporate Bank, Ltd. Account)	23,180	2.03
Mitsubishi Estate Co., Ltd.	17,604	1.54
Retirement Benefit Trust in Mizuho Trust (Mizuho Bank, Ltd. Account)	16,108	1.41
Meiji Yasuda Life Insurance Company	14,238	1.25
Mizuho Trust & Banking Co.,Ltd.	12,766	1.12

---

Note: The Company's own shares (704,234 ) are excluded in calculating the Ratio of Shares held.

**III.Matters concerning New Share Subscription Rights in the Company, Etc.**

The Company issued bonds with new share subscription rights in accordance with the Companies Act as follows:

(As of March 31, 2012)

The Company's first series of unsecured mandatorily acquirable subordinated convertible bonds with new share subscription rights.	
Date of issue	April 30, 2009
Number of new share subscription rights	40
Type of shares for which new share subscription rights can be exercised	The common share of the Company
Number of shares for which new share subscription rights can be exercised	58,479,532
Amount to be paid when new share subscription rights are exercised	¥342 per share
Period during which new share subscription rights can be exercised	From June 1, 2009 to July 24, 2014
Payment substitute	When new share subscription rights are exercised, all bonds related thereto shall be used to pay for new shares issued, and the value of the bonds to be used for payment shall be equal to the face value of the bonds.

Balance of bonds with new share subscription rights	¥20.0 billion
---	---------------

#### **IV Matters concerning Members of the Board and Corporate Auditors**

##### **(1) Members of the Board and Corporate Auditors**

<u>Name</u>	<u>Position</u> <i>Business In Charge</i>	<u>Important Concurrent</u> <u>Position</u>
Takashi Yamauchi	President and Chief Executive Officer, Chairman of the Board	External Director of the Building & Housing Center of Japan
Hirofumi Ichihara	Member of the Board  <i>Chief of Marketing &amp; Sales Division (Integrated); Deputy Chief of Corporate Planning Office and In Charge of Safety Administration</i>	
Hiroyuki Kimura	Member of the Board  <i>Chief of Civil Engineering Division; and Deputy Chief of Corporate Planning Office</i>	
Misao Akune	Member of the Board  <i>Chief of Business Administration Division; and Deputy Chief of Corporate Planning Office; and In Charge of International Operations</i>	
Satoru Ogata	Member of the Board  <i>Chief Executive, International Operations Headquarters</i>	
Yasuhiro Arai	Member of the Board  <i>Deputy, in charge of Civil Engineering, International Operations Headquarters</i>	
Toshio Tominaga	Member of the Board  <i>Chief of Architecture &amp; Engineering Division (Integrated) and Chief of Building Construction Division, and Deputy Chief of Corporate Planning Office</i>	Director of Construction-ec.com Co.,Ltd

**TRANSLATION, For Your Reference Purpose Only**

<u>Name</u>	<u>Position</u> <i>Business In Charge</i>	<u>Important Concurrent</u> <u>Position</u>
Nobuharu Shimizu	Member of the Board  <i>Chief of Urban Development Division</i>	Representative Director of Symbol Tower Development Co., Ltd.; and  Representative Director of Taisei Building Management Corporation
Toru Tsuji	Member of the Board	Advisor of Marubeni Corporation  External Director of KONICA MINOLTA HOLDINGS, INC.  Outside Director of SEKISUI CHEMICAL CO.,LTD.
Fumio Sudo	Member of the Board	Honorary Advisor of JFE Holdings, Inc.  Chairperson of the Board of Governors of Japan Broadcasting Corporation  President of Operations Research Society of Japan  External Director of JS Group Corporation  External Director of NEW OTANI CO., LTD.  External Director of Takeda Pharmaceutical Company Limited
Atsushi Okamoto	Senior Corporate Auditor (full-time)	
Nobuyuki Motegi	Senior Corporate Auditor (full-time)	
Yasushi Nagasawa	Corporate Auditor	Vice President of Educational Foundation Kogakuin University
Masakuni Sekimoto	Corporate Auditor	

**TRANSLATION, For Your Reference Purpose Only**

<u>Name</u>	<u>Position Business In Charge</u>	<u>Important Concurrent Position</u>
Terunobu Maeda	Corporate Auditor	Commissioner of National Public Safety Commission  Chairperson of the Medium and Small Business Research Institute  Chairperson of Japan Economic Research Institute

- Notes:
1. Mr. Nobuharu Shimizu resigned as Member of the Board on March 31, 2012.
  2. Messrs. Toru Tsuji and Fumio Sudo are External Members of the Board.
  3. Messrs. Yasushi Nagasawa, Masakuni Sekimoto and Terunobu Maeda are External Corporate Auditors.
  4. Mr. Masakuni Sekimoto has been engaged in Board of Audit (“*Kaikei-Kensa-In*”) for over the years and has considerable knowledge and insight about finance and accounting.
  5. Mr. Terunobu Maeda has been engaged in banking and management for over the years and has considerable knowledge and insight about finance and accounting.
  6. Corporate Auditor Messrs. Yasushi Nagasawa, Masakuni Sekimoto and Terunobu Maeda meet the requirements of impartiality prescribed by Tokyo Stock Exchange, and are registered as independent officers according to the sub-Clause 436-2 of Securities Listing Regulations of Tokyo Stock Exchange.

**(2) Amounts of Remuneration and Others Paid to Members of the Board and Corporate Auditors**

(Unit: ¥ Million)

Category	Total		External Members of the Board and External Corporate Auditors	
	Number of Payees	Amount Paid	Number of Payees	Amount Paid
Members of the Board	13	400	4	23
Corporate Auditors	8	98	5	31

- Note:
1. Maximum amount of remunerations for Members of the Board in total is ¥70 million per month as resolved at 146<sup>th</sup> General Meeting of Shareholders held on June 27, 2006.
  2. Maximum amount of remunerations for Corporate Auditors in total is ¥12 million per month as resolved at 134<sup>th</sup> General Meeting of Shareholders held on June 29, 1994.

**(3) Matters concerning External Members of the Board and External Corporate Auditors**

(Concurrent posts of External **Members of the Board** and External Corporate Auditors)

Director	The company of concurrent post	Concurrent Post	Relation to the Company
Toru Tsuji	Marubeni Corporation	Advisor	Business Partner
	KONICA MINOLTA HOLDINGS,INC	External Director	Business Partner
	SEKISUI CHEMICAL CO.,LTD.	Outside Director	Business Partner
Fumio Sudo	JFE Holdings, Inc.	Honorary Advisor	Business Partner
	Japan Broadcasting Corporation	Chairperson	Business Partner
	Operations Research Society of Japan	President	Business Partner
	JS Group Corporation	External Director	—
	NEW OTANI CO., LTD.	External Director	Business Partner
	Takeda Pharmaceutical Company Limited	External Director	Business Partner

Corporate Auditor	The company of concurrent post	Concurrent Post	Relation to the Company
Yasushi Nagasawa	Educational Foundation	Vice President	—
	Kogakuin University		
MasaKuni Sekimoto	—	—	—

**TRANSLATION, For Your Reference Purpose Only**

Terunobu Maeda	National Public Safety Commission	Commissioner	—
	The Medium and Small Business Research Institute	Chairperson	
	Japan Economic Research Institute	Chairperson	

(Major Activities of External Members of the Board)

Classification	Name	Major activities
Member of the Board	Toru Tsuji	After being appointed as an external director at the 151st general meeting of shareholders held on June 29, 2011, he attended all of the board of directors' meetings held during the current fiscal year. Based on the deep insights obtained from his experience as a manager in a different industry and from his neutral position and view as an external director, he offered useful opinions to the Company's management in order to establish an internal control system and strengthen corporate governance.
Member of the Board	Fumio Sudo	After being appointed as an external director at the 151st general meeting of shareholders held on June 29, 2011, he attended all of the board of directors' meetings held during the current fiscal year. Based on the deep insights obtained from his experience as a manager in a different industry and from his neutral position and view as an external director, he offered useful opinions to the Company's management in order to establish an internal control system and strengthen corporate governance.
Corporate Auditor	Yasushi Nagasawa	He attended 12 out of a total of 13 board of directors' meetings held in the current fiscal year and 13 of a total of 14 board of auditors' meetings held during the same period. He offered his opinions as and when appropriate based on the deep insights obtained from his experience as a university professor, and offered opinions regarding the execution of auditor's duties.

**TRANSLATION, For Your Reference Purpose Only**

Corporate Auditor	Masakuni Sekimoto	After being appointed as external auditor during the 151st general meeting of shareholders held on June 29, 2011, he attended all of the board of directors' meetings and board of auditors meetings held during the current fiscal year. He offered his opinions as and when appropriate based on his broad knowledge of finance and accounting, and offered opinions regarding the execution of auditor's duties.
Corporate Auditor	Terunobu Maeda	After being appointed as external auditor during the 151st general meeting of shareholders held on June 29, 2011, he attended all of the board of directors' meetings and board of auditors meetings held during the current fiscal year. He offered his opinions as and when appropriate based on his broad knowledge of finance and accounting, and offered opinions regarding the execution of auditor's duties.

(Descriptions of the Contract to Limit the Liability)

In order for External Members of the Board and External Corporate Auditors to fulfill their expected roles, Articles of Incorporation provides that the Company may enter into contracts with External Members of the Board and External Corporate Auditors to limit their maximum liability for damages to the Company within a certain range.

The gist of the Contracts to Limit the Liability that the Company has entered into with External Members of the Board and External Corporate Auditors in accordance with the relevant provisions of the Articles of Incorporation is as follows:

(a) Contracts to Limit the Liability with External Members of the Board

With regard to the liability specified in Paragraph 1 of Article 423 of the Companies Act, External Members of the Board shall be held liable for damages up to the higher of an amount of ¥ 10 million or the total amount specified in Items 1 and 2 of Paragraph 1 of Article 425 of the Companies Act, provided that the External Member of the Board has performed his duties in good faith and without gross negligence.

(b) Contracts to Limit the Liability with External Corporate Auditors

With regard to the liability specified in Paragraph 1 of Article 423 of the Companies Act, External Corporate Auditor shall be held liable for damages up to the higher of an amount of ¥ 10 million or the total amount specified in Items 1 and 2 of Paragraph 1

**TRANSLATION, For Your Reference Purpose Only**

of Article 425 of the Companies Act, provided that the External Corporate Auditor has performed his duties in good faith and without gross negligence.

**V Accounting Auditor****(1) Name of Accounting Auditor**

KPMG AZSA Limited Liability Company.

**(2) Descriptions of the Contract to Limit the Liability**

The Articles of Incorporation provides that the Company may enter into a contract with Accounting Auditor to limit its maximum liability for damages to the Company within a certain range.

The gist of the Contract to Limit the Liability that the Company has entered into with Accounting Auditor in accordance with the relevant provision of the Articles of Incorporation is as follows:

With regard to the liability specified in Paragraph 1 of Article 423 of the Companies Act, Accounting Auditor shall be held liable for damages up to the higher of an amount of ¥ 100 million or the total amount specified in Items 1 and 2 of Paragraph 1 of Article 425 of the Companies Act, provided that Accounting Auditor has performed its duties in good faith and without gross negligence.

**(3) The Amount of the Fee for Accounting Auditor for FY ended March 2012, etc.**

Section	Fee
(1) The amount of fee for the services provided as Accounting Auditor for FY ended March 2012	¥ 87 million
(2) The total amount of money and financial benefits to be paid by the Company and its subsidiaries	¥ 190 million

Notes:

- \*1 Under the audit contract between the Company and Accounting Auditor, the fee is not divided into the fee for the audit under the Companies Act and the fee for the audit under the Financial Instruments and Exchange Act, and it is impracticable to divide the fee into those two parts. Therefore, the total amount of those fees is stated in the column 1 above.
- \*2 The Company and its subsidiaries paid Accounting Auditor a consideration for conducting a review of the costs and expenses arising in Japan to prepare tax returns in foreign countries and other services, that is not within the services specified in Paragraph 1 of Article 2 of the Certified Public Accountant Act.

**(4) The Policy to Decide on Dismissal or Non-reappointment of Accounting Auditor**

It is the Company's policy that if any event occurs which could materially impair Accounting Auditor's capability to continuously perform its duties and responsibilities in a satisfactory manner, an agenda shall be submitted to the General Meeting of Shareholders to dismiss or to not reappoint Accounting Auditor, after consultation to the Board of Directors and the Board of Corporate Auditors.

It is also the Company's policy that the Board of Corporate Auditors shall discuss and make a decision as to whether to dismiss Accounting Auditor in accordance with the Regulations of the Board of Corporate Auditors, if Accounting Auditor is found to fall under any of the items of Paragraph 1 of Article 340 of the Companies Act.

## VI. Systems and Policies of the Company

In order to secure a system for properly and efficiently executing business and to ensure the reliability of financial reporting, the Company set out its “Basic Policy for Improvement of Systems to Ensure the Appropriateness of Operations” at the board of directors as follows:

### **Basic Policy for Improvement of Systems to Ensure the Appropriateness of Operations**

#### **(1) Systems to ensure that Members of the Board and employees comply with laws and regulations and the Articles of Incorporation when performing their duties**

- (a) Members of the Board shall be keenly aware that the establishment of compliance management is the foundation of management and shall faithfully observe compliance-related regulations, including Action Guidelines for Taisei Personnel and the Taisei Group as a Whole, on their own initiative.
- (b) The Company shall secure compliance by enhancing the consciousness and autonomy of each member of the officers and employees:
  - by implementing various programs as recommended by the Compliance Committee, such as stricter application of disciplinary punishments and other procedures to the officers and employees who violates the laws and regulations, development of the business structure to prevent collusive bidding practices, and the proper operation of the Corporate Ethics Helpline; and
  - by promoting education of compliance and internal audits (self-audits) at the level of individual departments.
- (c) The General Affairs Department shall guide the activities by individual corporate bodies to secure compliance management, and the Auditing Department shall ensure the effectiveness of internal audits by working closely with the individual corporate bodies.

#### **(2) Structure to retain and manage information regarding performance of duties by Members of the Board**

- (a) The Company shall codify the rules and procedures concerning information and shall develop the structure to appropriately manage information belonging to the Company, in order to appropriately record and retain information relating to the performance of the duty of Members of the Board, to prevent the leakage and unauthorized use of the information, and to make effective use of the information.

#### **(3) Structure relating rules and other measures to manage risk of losses**

- (a) The Company shall develop the structure to appropriately manage the primary risks relating to quality, safety, environment, compliance, information, profit and loss, and others, in accordance with the Company’s Basic Policy for Development of Risk Management Structure.

## TRANSLATION, For Your Reference Purpose Only

- (b) The Company shall develop the structure to manage the risks in the event of an emergency or a large disaster that includes arrangements for ensuring the business continuity.
- (c) Each corporate body shall enhance its risk management capabilities as a business unit by providing its members with risk management education and other programs.
- (d) The General Affairs Department will promote the proper management related to company-wide risks, and the Auditing Department will promote endeavors for continuous improvement of the risk management system through internal auditing

### **(4) Structure to ensure the efficient performance of the duties of the Members of the Board**

- (a) The Company shall facilitate the swift and efficient management of operations by utilizing the system of Executive Officers in order to separate the business execution function from the corporate decision-making and supervisory function. Also, the Company shall make the decision making process of the Board of Directors dynamic and substantive by utilizing the committees within the Board of Directors to preliminarily examine important issues before submitted to the meetings of the Board and by exercising the system of the External Members of the Board.
- (b) The Company shall develop and improve the rules and procedures for decision making and for authorities of managers, for quicker decision makings and more efficient management including the execution of duties, responding changes in environment for management.

### **(5) Structure to ensure proper operations of businesses throughout the Affiliated Companies**

- (a) The Affiliated Companies shall share the Taisei Group Ideal (objectives the Company and its affiliated companies continue to pursue and the vision that is their objective), the Taisei Spirit (concepts considered important by all Affiliated Companies directors and employees), and the Overall Principles of Conduct (basic principles of conduct as an organization, as well as criteria for action and decision-making that all directors and employees of the Affiliated Companies should actively practice and strictly adhere to), as well as clarify each Affiliated Company's functions and roles, and develop necessary systems such as the creation of a group management conference in order to enhance the governance of Affiliated Companies as a group.
- (b) The Company shall develop the group-level risk management and compliance structures by establishing common rules to be shared throughout the Affiliated Companies and by promoting the internal rules and procedures of the each Affiliated Company.
- (c) The Company shall ensure the effective structures for risk management and compliance through the Auditing Department's internal audits of the Affiliated Companies and the mutual communication between the Company and the other Affiliated Companies such

as the conferences among the Company's Legal Department and the Affiliated Companies.

**(6) Structure to assign employees to assist Corporate Auditors with their performance of duties if Corporate Auditors require such assistance, and to ensure independence of such employees from Members of the Board;**

**Structure to require Members of the Board and employees to report to Corporate Auditors and other structures for reporting to Corporate Auditors; and Structure to ensure Corporate Auditors' efficient performance of their audit**

- (a) Corporate Auditors and General Manager of the Personnel Department shall discuss in advance as to assignments, transfers, evaluations and others of the staff of the Auditor's Secretarial Department, of which primary role is to assist the performance of duties by Corporate Auditors.
- (b) In order for Corporate Auditors to audit the implementation of the internal controls, the Company shall develop the structure to enable Corporate Auditors to receive reports from the management and employees at any time such as identifying the issues to be reported to Corporate Auditors by the management and employees, and the structure to facilitate the officers and employees to report violations of laws and ordinances via the Corporate Ethics Helpline to Corporate Auditors.
- (c) The Members of the Board representing the Company and Corporate Auditors shall facilitate their mutual understandings through their discussions on regular meetings about development of environment for auditing by Corporate Auditors, important issues regarding the auditing and others.
- (d) Close relationship with Corporate Auditors shall be secured by the measures, such as:
  - Corporate Auditors and General Manager of the Auditing Department shall exchange documents regarding linkage between Corporate Auditors and the Auditing Department; and
  - The Auditing Department and Accounting Auditor shall have regular meetings with Corporate Auditors.

**(7) Structure to ensure appropriateness of the financial reports**

- (a) The Company shall develop the internal control structure necessary to ensure appropriateness of the financial reports.

**TAISEI CORPORATION**  
**CONSOLIDATED**  
**BALANCE SHEET**

March 31, 2012

<u>ASSETS</u>	Millions of Yen
Current assets:	<u>Yen</u>
Cash and time deposits -----	¥ 243,736
Notes and accounts receivable, trade -----	384,779
Cost of uncompleted contracts -----	111,012
Cost of development projects in progress -----	145,359
Other inventories -----	10,250
Deferred income tax assets -----	36,595
Other current assets -----	52,310
Allowance for doubtful accounts -----	( 1,112)
Total current assets -----	982,931
Fixed assets:	
Property, plant and equipment:	
Buildings and structures -----	64,436
Machinery, vehicles and equipment -----	5,750
Land -----	141,848
Construction in progress -----	603
Total property, plant and equipment -----	212,638
Intangibles -----	7,167
Investments and other assets:	
Investment securities -----	194,057
Deferred income tax assets -----	38,277
Other assets -----	74,814
Allowance for doubtful accounts -----	( 15,191)
Total investments and other assets -----	291,958
Total fixed assets -----	511,764
Total assets -----	¥ <u>1,494,695</u>

TRANSLATION, For Your Reference Purpose Only

<u>LIABILITIES</u>	Millions of Yen
Current liabilities:	
Notes and accounts payable, trade -----	¥ 447,520
Short-term borrowings -----	197,947
Straight bonds due within one year -----	2,200
Lease obligations -----	274
Advances received and progress billings	
on uncompleted contracts -----	132,007
Deposits received -----	85,675
Allowance for warranty on completed contracts-----	2,168
Allowance for losses on construction contracts-----	24,084
Other current liabilities -----	29,319
Total current liabilities -----	<u>921,195</u>
Long-term liabilities:	
Straight bonds -----	48,400
Convertible Bonds -----	20,000
Long-term borrowings -----	150,701
Lease obligations -----	700
Deferred income tax liabilities for revaluation of land-----	5,921
Retirement benefits for executive officers and employees -----	31,859
Retirement benefits for directors and corporate auditors -----	386
Allowance for losses on investments in subsidiaries and affiliates----	1,184
Allowance for environmental spending-----	308
Other long-term liabilities -----	21,436
Total long-term liabilities -----	<u>280,898</u>
Total liabilities -----	<u>1,202,094</u>
<u>NET ASSETS</u>	
Shareholders' equity:	
Common stock -----	112,448
Capital surplus -----	94,169
Retained earnings -----	78,292
Treasury stock -----	( 196)
Total shareholders' equity -----	<u>284,713</u>
Accumulated other comprehensive income:	
Unrealized gains on available-for-sale securities, net of taxes-----	9,942
Unrealized losses on hedging derivatives, net of taxes -----	( 61)
Revaluation reserve for land -----	( 587)
Foreign currency translation adjustments-----	( 2,739)
Total accumulated other comprehensive income -----	6,554
Minority interests -----	1,333
Total net assets -----	<u>292,601</u>
Total liabilities and net assets -----	<u>¥ 1,494,695</u>

**TAISEI CORPORATION**  
**CONSOLIDATED**  
**STATEMENT OF INCOME**

Year ended March 31, 2012

	Millions of Yen	
Net sales:		
Construction business	¥ 1,171,926	
Development projects	<u>151,577</u>	¥ 1,323,503
Cost of Sales:		
Construction business	1,065,693	
Development projects	<u>140,320</u>	<u>1,206,013</u>
Gross profit:		
Construction business	106,233	
Development projects	<u>11,257</u>	117,490
Selling, general and administrative expenses		<u>81,004</u>
Operating income		<u>36,485</u>
Non-operating income:		
Interest and dividends	3,171	
Other non-operating income	<u>1,277</u>	4,448
Non-operating expenses:		
Interest expenses	7,505	
Foreign exchange losses	1,934	
Other non-operating expenses	<u>1,252</u>	<u>10,692</u>
Ordinary income		<u>30,242</u>
Extraordinary gains:		
Gains on sale of investment securities	1,474	
Other extraordinary gains	<u>123</u>	<u>1,597</u>
Extraordinary losses:		
Impairment losses on fixed assets	12,174	
Losses on investments in subsidiaries and affiliates	1,569	
Other extraordinary losses	<u>1,422</u>	<u>15,166</u>
Income before income taxes		16,672
Income taxes:		
Current	6,337	
Deferred	<u>9,142</u>	<u>15,479</u>
Income before minority interests		1,193
Minority interest in consolidated subsidiaries		11
Net income		<u>¥ 1,181</u>

**TAISEI CORPORATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**

Year ended March 31, 2012

Millions of Yen

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of April 1, 2011	112,448	94,169	83,857	△193	290,282
Changes during the period					
Dividends			△5,697		△5,697
Net income			1,181		1,181
Sale of treasury stock		△0		0	0
Acquisition of treasury stock				△4	△4
Reversal of revaluation reserve for land			△1,047		△1,047
Changes other than shareholders' equity, net (*1)					
Total changes during the period	—	△0	△5,564	△3	△5,568
Balance as of March 31, 2012	112,448	94,169	78,292	△196	284,713

	Accumulated other comprehensive income					Minority interests	Total net assets
	Unrealized gains on available-for-sale securities, net of taxes	Unrealized losses on hedging derivatives, net of taxes	Revaluation reserve for land	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance as of April 1, 2011	4,792	△138	△2,483	△3,063	△892	1,209	290,598
Changes during the period							
Dividends							△5,697
Net income							1,181
Sale of treasury stock							0
Acquisition of treasury stock							△4
Reversal of revaluation reserve for land			1,047		1,047		—
Changes other than shareholders' equity, net (*1)	5,150	76	848	324	6,399	124	6,523
Total changes during the period	5,150	76	1,896	324	7,447	124	2,003
Balance as of March 31, 2012	9,942	△61	△587	△2,739	6,554	1,333	292,601

(\*1) Excluding the reversal of revaluation reserve for land.



② Non-consolidated subsidiaries and affiliated companies that have not been accounted for using the equity method

Main non-consolidated subsidiaries that have not been accounted for using the equity method

Tokyo academic service Co., Ltd.

EHIME HOSPITAL PARTNERS.Ltd.

Main affiliated companies that have not been accounted for using the equity method

Chiba Sencity Corporation

Kaga Ascon Co., Ltd.

(The reason for excluding these companies from the scope of equity method)

Non-consolidated subsidiaries and affiliated companies that have not been accounted for using the equity method are excluded from the equity method scope because not only each company's net income and retained earnings but also sums of each of these figures have not had any significant impacts on the consolidated financial statements.

(3) Summary of accounting policies

① Valuation of material assets

**【Securities】**

- Debt securities intended to be held to maturity

Debt securities intended to be held to maturity are stated at amortized cost.

- Securities other than trading securities, held-to-maturity securities, and equity securities issued by subsidiaries and affiliates (hereafter, "available-for-sale securities")

Available-for-sale securities with fair market value readily available

Available-for-sale securities with fair market value readily available are stated at fair value as of the balance sheet date, the difference between the acquisition costs and the fair value is not reflected in income, but included directly in the net assets. Cost of available-for-sale securities sold is calculated using the moving-average method.

Available-for-sale securities with fair market value not readily available

Available-for-sale securities with fair market value not readily available are stated at moving-average cost.

**【Inventories】**

- Cost of uncompleted contracts

Cost of uncompleted contracts is mainly stated at cost based on the specific-identification cost method.

- Cost of development projects in progress

Cost of development projects in progress is mainly stated at the lower of cost based on the specific-identification cost method or net realizable value.

- Other inventories

Cost of other projects

Cost of other project is mainly stated at the lower of cost based on the specific-identification cost method or net realizable value.

Raw materials and supplies

Raw materials and supplies are mainly stated at the lower of cost based on the moving-average method or net realizable value.

**【Derivative financial instruments】**

Derivative financial instruments are stated at fair value.

- ② Depreciation method of material depreciable assets

**【Buildings】**

Buildings are mainly depreciated using the straight-line method.

**【Other tangible fixed assets】**

Other tangible fixed assets are mainly depreciated using the declining-balance method.

- ③ Allowance

**【Allowance for doubtful accounts】**

Allowance for doubtful accounts is provided to cover probable losses on collection. It consists of an estimated uncollectible amount of certain identified doubtful receivables and an amount calculated applying percentages of losses on collection in the past to the rest of the receivables.

**【Allowance for warranty on completed contracts】**

Allowance for warranty on completed contracts is provided as an estimated amount calculated using an actual percentage of related losses during a past certain period.

**【Allowance for losses on construction contracts】**

Allowance for losses on construction contracts is provided with respect to construction projects for which eventual losses are reasonably estimated.

**【Retirement benefits for executive officers and employees】**

Retirement benefits for executive officers and employees are provided for severance and retirement benefits for executive officers of the Company's certain consolidated

subsidiaries and employees based on estimated amounts of projected benefit obligation and fair value of the plan assets at the year-end.

Past service costs are amortized using the straight-line method (some consolidated subsidiaries use the declining-balance method) over 1~10 years, which is not longer than an estimated average remaining service period of the employees.

Unrecognized actuarial gains and losses are amortized from the next financial year using the straight-line method (some consolidated subsidiaries use the declining-balance method) over 1~10 years, which is not longer than an estimated average remaining service period of the employees.

**【Retirement benefits for directors and corporate auditors】**

In the Company's certain consolidated subsidiaries, retirement benefits for directors and corporate auditors are provided as 100% of the amount that would be required to be paid in accordance with relevant internal rules under the assumption that all directors and corporate auditors retired at the balance sheet date.

**【Allowance for losses on investments in subsidiaries and affiliates】**

Allowance for losses on investments in subsidiaries and affiliates are provided for estimated losses from certain subsidiaries and affiliates in liquidation.

**【Allowance for environmental spending】**

Allowance for environmental spending is provided based on estimate costs for disposal of Polychlorinated Biphenyl ("PCB") waste, which is obligated to dispose by the Act on Special Measures Concerning Promotion of Proper Treatment of PCB Waste.

④ Other accounting policies on the consolidated financial statements

**【Revenue recognition of construction】**

Contract revenue associated with construction contracts of which the outcome can be reliably estimated is accounted for by the percentage-of-completion method; otherwise contract revenue is accounted for by the completed-contract method. The percentage of completion at the end of the reporting period is determined by the percentage of the cost incurred to the estimated total costs.

**【Hedge accounting】**

Gains or losses resulting from hedging instruments are deferred until related losses or gains on hedged items are recognized. For an interest rate swap contract which meets certain conditions, a net amount to be paid or received under the contract is added to or deducted from interest on liabilities for which the swap contract has been concluded.

**【Amortization of goodwill】**

Goodwill, which is the excesses of investment cost over net equity of consolidated subsidiaries and affiliated companies accounted for using the equity method, is amortized over the period less than 20 years for which the goodwill is expected to contribute to consolidated net income, using the straight-line method, or is charged to income in the year incurred if the goodwill is immaterial.

**【National consumption tax and local consumption tax】**

National consumption tax and local consumption tax are excluded from other accounts in the financial statements.

**【Income taxes】**

Income taxes are calculated based on the system of consolidated tax returns.

## 2. Consolidated Balance Sheet

## (1) Pledged assets and related debt

## ① Pledged assets

Cash and time deposits -----	¥	42 Million
Cost of development projects in progress -		4,785 Million
Buildings and structures -----		19,373 Million
Land -----		42,247 Million
Investment securities -----		1,917 Million
<u>Other assets (Investments and other assets)</u>		<u>2,446 Million</u>
Total -----		70,813 Million

## ② Debt related to the assets

Long -term borrowings -----	¥	45,033 Million
(The amount of ¥27,122 million transferred to Short-term borrowings is included.)		
Other long-term liabilities		
<u>(Deposits from tenants) -----</u>		<u>42 Million</u>
Total -----		45,075 Million

The assets are also pledged as collateral for borrowings of non-consolidated companies.

(2) Accumulated depreciation of tangible fixed assets ----- ¥ 135,544 Million

## (3) Contingent liabilities

## ① Contingent liabilities due to guarantees made

The Company and its consolidated subsidiaries are contingently liable as guarantors for loans of the following companies that are not consolidated.

TAISEI FUJISAN NANRYO KAIHATSU Co., Ltd. ----- ¥ 4,500 Million  
 JR TAKATSUKI STATION HOKUTOU TOCHI KUKAKU SEIRI KUMIAI  
 (Takatsuki City JR Takatsuki Station North East

**TRANSLATION, For Your Reference Purpose Only**

Land Adjustment Association) -----	1,034 Million
<u>Others ( 7companies) -----</u>	<u>1,298 Million</u>
Total -----	6,832 Million

② Additional investment obligations

The Company is contingently liable to invest in the following Special Purpose Companies for their repayment and other obligations of borrowings.

SURUGADAI KAIHATSU TMK -----	¥ 15,680 Million
<u>TMK AZERIAHIRUZU -----</u>	<u>2,700 Million</u>
Total -----	18,380 Million

The amount for SURUGADAI KAIHATSU TMK indicates the Company and its consolidated subsidiaries' share of the additional investment obligation.

(4) Revaluation reserve for Land

Certain consolidated domestic subsidiaries revaluated their land in accordance with the Act on Revaluation of Land (the "Act"). As a result, differences between book values before and after revaluation, net of income taxes were stated as "Revaluation reserve for land" in the net assets on the consolidated balance sheet.

- Revaluation method  
The revaluation was executed in accordance with the method prescribed in the Article 2, Items 3, 4 and 5 of the Act.
- Revaluation date  
On November 30, 2001 and March 31, 2002.
- Excess amount of the book values of the revaluated land over the fair values as of March 31, 2012 (Including the excess amount of ¥1,474 million related to investment and rental property)  
¥ 6,612 Million

(5) Cost of uncompleted contracts in relation to allowance for losses on construction contracts ----- ¥ 11,797 Million

(6) Amount of notes receivable and notes payable with the maturity on the balance sheet date (the bank holiday)

Notes receivable	759 Million
Notes payable	8,856 Million

The amounts above are included in the notes receivable and the notes payable respectively on the balance sheet because banks were closed on March 31, 2012.

3. Consolidated Statement of Income

(1) Net sales recognized on the percentage-of-completion method----- ¥ 839,734 Million

(2) Provision for loss on construction contracts

included in cost of sales ----- ¥ 16,393 Million

(3) Research and development expenses ----- ¥ 8,530 Million

4. Consolidated Statement of Changes in Net Assets

(1) Number of outstanding shares (in thousands share) ----- 1,140,268

(2) Dividends

① Dividends paid

Resolution	Classes of stocks	Total of dividend	Dividend per share	Record date	Effective date
June 29, 2011 Annual shareholders' meeting	Common stock	¥ 2,848 Million	¥ 2.50	March 31, 2011	June 30, 2011
November 10, 2011 Board meeting	Common stock	¥ 2,848 Million	¥ 2.50	September 30, 2011	December 5, 2011

② Dividend with the record date in the year ended March 31, 2012 and the effective date in the next financial year

The Company will propose to the annual shareholders' meeting on June 28, 2012 that the dividend on the common stocks will be as follows:

- Total of dividend ----- ¥ 2,848 Million
- Dividend per share (in yen) ----- ¥ 2.50
- Record date ----- March 31, 2012
- Effective date ----- June 29, 2012

The dividend will be allocated from retained earnings.

5. Financial Instruments

(1) Policy of Financial Instruments

The Company and its consolidated subsidiaries restrict investments to the lower risk assets

**TRANSLATION, For Your Reference Purpose Only**

such as deposits, and raise funds by the indirect finance such as borrowings from bank as well as by the direct finance such as issuing corporate bonds, commercial papers.

Derivative financial instruments are employed mainly for hedging of the fluctuation of the interest rate and foreign currency exchange, and never used for speculation.

(2) Fair Value of Financial Instruments

	<u>Millions of Yen</u>		
	Book Value	Fair Value	Difference
<b>[ASSETS]</b>			
① Cash and time deposits	243,736	243,736	—
② Notes and accounts receivable, trade	384,779	384,675	△103
③ Investment securities			
Debt securities intended to be held to maturity	736	742	5
Available-for-sale securities	125,344	125,344	—
<b>[LIABILITIES]</b>			
① Notes and accounts payable, trade	447,520	447,520	—
② Short-term borrowings	197,947	198,968	△1,021
③ Straight bonds due within one year	2,200	2,227	△27
④ Deposits received	85,675	85,675	—
⑤ Straight bonds	48,400	49,297	△897
⑥ Convertible bonds	20,000	21,364	△1,364
⑦ Long-term borrowings	150,701	152,541	△1,840
[Derivative financial instruments] (*)	(94)	(94)	—

(\*)Note The derivative financial instruments are stated net of assets and liabilities.

( ) indicates net liability position.

Note1: The estimation method of the fair value and securities, derivative transaction

**[ASSETS]**

①Cash and time deposits

The fair values of these financial instruments are equivalent to the book value, because of the short term settlements

②Notes and accounts receivable, trade

The fair values of these financial instruments are equivalent to the book value, because of the short term settlements; although, the fair value of notes and accounts receivable, trade due over one year are based on the present value of discounted cash flows using the interest rate determined by the factors of the estimated collection terms and credit risks, with respect to each receivable categorized by collection terms.

③Investment securities

The fair values of the marketable securities are based on the quoted market value, and bonds are based on the market value, the price indicated by a third party such as broker, or the present value of discounted cash flows, respectively.

**[LIABILITIES]**

①Notes and accounts payable, trade and ④deposits received

The fair values of these financial instruments are equivalent to the book value, because of the short term settlements.

② Short-term borrowings

The fair values of these financial instruments are equivalent to the book value, because of the short term settlements; although the fair value of long-term borrowings due within one year are based on the same method as that for long-term borrowings.

③ Straight bonds due within one year, ⑤ Straight bonds and ⑥ Convertible bonds

The fair values of the marketable bonds are based on the quoted market value, otherwise the fair values of the bonds are the present value of discounted cash flows using the interest rate determined by the factors of the estimated redemption terms and issuer's credit risk.

⑦ Long-term borrowings

The fair values of long-term borrowings are based on the present value of discounted cash flows using the interest rate which may be applicable when the same kind borrowings are made.

[Derivative financial instruments]

The fair values of derivative financial instruments are based on the prices calculated by a correspondent financial institution.

The fair values of an interest rate swap contract which meets certain conditions are including in the fair value of its corresponding long-term borrowings (if due within one year, short-term borrowings) since such swap contracts are embedded derivatives which should not be separated from underlying transactions (i.e. borrowings).

Note2: Financial instruments which are difficult to estimate the fair value

Nonmarketable securities (book value amount to ¥ 67,976 million) are not included in the above [Asset] ③ Investment securities – Available-for-sale securities; since it is difficult to estimate the fair values thereof because neither market quoted value is available nor future cash flows can be estimated.

6. Investment and Rental Property

(1) Context of Investment and Rental Property

The Company and certain consolidated subsidiaries are holding some office buildings for rent in Tokyo and other areas.

(2) Fair Value of Investment and Rental Property

		Millions of Yen
Book Value	Fair Value	
89,120	93,283	

Note1: The book value is a net book value amount.

Note2: The book value includes asset retirement obligations (¥404 million).

Note3: The fair value of investment and rental property as of March 31, 2012 are mainly estimated by the Company according to the appraisal standard of real-estate (including those which are estimated by employing the land price index with necessary adjustments, if any).

7. Per Share Data

(1) Net assets worth per share (in Yen) -----	¥ 255.60
(2) Net income per share (in Yen) -----	¥ 1.04

8. Others

(1) Accounting Standards for Accounting Changes and Error Corrections

The Company and its consolidated domestic subsidiaries adopted “Accounting Standard for Accounting Changes and Error Corrections” (Accounting Standards Board of Japan (“ASBJ”) Statement No.24 issued on December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, issued on December 4, 2009) for accounting changes and corrections of prior period errors which are made from the fiscal year beginning on April 1, 2011.

(2) Effect of reduction of taxation rate

On December 2, 2011, amendments to the Japanese tax regulations “Act on the Partial Revisions of the Income Tax Act and Others to Establish Taxation System Responding to Changes in Socio-Economic Structure” (Act No.114 of 2011) and “Act on Special Measures Concerning Security of Adequate Financial Sources Required to Implement Measures of Recovery from Great East Japan Earthquake” (Act No.117 of 2011) were enacted into law. As a result of these amendments, the statutory income tax rate for the Company will be reduced for the financial year beginning on or after April 1, 2012. Due to this change in statutory income tax rates, income taxes deferred increased by 7,860 million, minority interest in consolidated subsidiaries decreased by 11 million, and the net income decreased by 7,849 million.

(3) The Merger Agreement

The board of directors of the Company passed the resolution on December 21, 2012 to enter into the proposed merger agreement between two subsidiary companies: TASEI SERVICE CO., LTD and YURAKU REAL ESTATE CO., LTD. The agreement was duly executed between both subsidiaries as of February 24, 2012.

The purpose and outline of the transaction are as follows:

1. Purpose of the merger

In the medium-term business plan (FY 2009- 2011), the Company has been addressed the challenges to enhance its collective strength by increasing the profitability of each group company.

This merger aims to improve business efficiency by integrating real estate related business and unifying knowledge and information between TASEI SERVICE CO., LTD which has been operating real estate management and YURAKU REAL ESTATE CO., LTD which has been operating real estate sales and lease.

2. Outline of the merger

TASEI SERVICE CO., LTD is the continuing company and YURAKU REAL ESTATE CO., LTD is the merged company in this merger. The merger has been effective as of April 1, 2012 and corporate name of the continuing company has been

changed to TAISEI YURAKU REAL ESTATE CO., LTD.

3. Effect of the merger

The effect of this merger on the consolidated business results of the Company is immaterial since this merger is made between two wholly owned subsidiaries of the Company.

**TAISEI CORPORATION**  
**NON-CONSOLIDATED**  
**BALANCE SHEET**

March 31, 2012

<u>ASSETS</u>	Millions of Yen
Current assets:	
Cash and time deposits -----	¥ 223,582
Notes receivable, trade -----	8,920
Accounts receivable, trade -----	310,599
Real estates for sale -----	68,159
Cost of uncompleted contracts -----	99,826
Cost of development projects in progress -----	27,017
Deferred income tax assets -----	33,704
Accounts receivable, other -----	39,720
Other current assets -----	9,717
Allowance for doubtful accounts -----	( 664)
Total current assets -----	820,583
Fixed assets:	
Property, plant and equipment:	
Buildings and structures -----	29,419
Machinery and vehicles -----	1,058
Tools, furniture and fixtures -----	800
Land -----	77,850
Construction in progress -----	182
Total property, plant and equipment -----	109,311
Intangibles -----	3,537
Investments and other assets:	
Investment securities -----	171,311
Investments in subsidiaries and affiliates -----	85,070
Long-term loans receivable -----	8,693
Claims provable in bankruptcy, claims provable in rehabilitation and other -----	6,856
Long-term prepaid expenses -----	356
Deferred income tax assets -----	20,588
Long-term non-operating accounts receivable, other -----	29,530
Other assets -----	27,845
Allowance for doubtful accounts -----	( 19,963)
Total investments and other assets -----	330,290
Total fixed assets -----	443,138
Total assets -----	¥ 1,263,722

**LIABILITIES**

## Current liabilities:

Millions of  
Yen

Notes payable, trade	-----	¥	31,102
Accounts payable, trade	-----		343,867
Short-term borrowings	-----		129,346
Straight bonds due within one year	-----		2,200
Lease obligations	-----		148
Income taxes payable	-----		3,926
Advances received and progress billings on uncompleted contracts	-----		107,868
Advances received on development projects in progress	-----		13,528
Deposits received	-----		135,793
Allowance for warranty on completed contracts	-----		1,491
Allowance for losses on construction contracts	-----		23,419
Other current liabilities	-----		19,401
Total current liabilities	-----		<u>812,093</u>

## Long-term liabilities:

Straight bonds	-----		48,400
Convertible Bonds	-----		20,000
Long-term borrowings	-----		99,012
Lease obligations	-----		388
Retirement benefits for employees	-----		16,701
Allowance for losses on investments in subsidiaries and affiliates	-----		1,972
Allowance for environmental spending	-----		271
Other long-term liabilities	-----		5,135
Total long-term liabilities	-----		<u>191,881</u>
Total liabilities	-----		<u>1,003,974</u>

**NET ASSETS**

## Shareholders' equity:

Common stock	-----		112,448
Capital surplus:			
Additional paid-in-capital	-----		56,538
Other capital surplus	-----		37,648
Total capital surplus	-----		<u>94,187</u>

## Retained earnings:

Other retained earnings:			
Reserve for tax deferral on replacement of fixed assets	-----		3,000
Other reserve	-----		34,500
Retained earnings carried forward	-----		6,478
Total retained earnings	-----		<u>43,978</u>
Treasury stock	-----	(	196)
Total shareholders' equity	-----		<u>250,417</u>

## Accumulated gains from valuation:

Unrealized gains on available-for-sale securities, net of taxes	-----		9,388
Unrealized losses on hedging derivatives, net of taxes	-----	(	58)
Total accumulated gains from valuation	-----		<u>9,329</u>
Total net assets	-----		<u>259,747</u>
Total liabilities and net assets	-----	¥	<u>1,263,722</u>

**TAISEI CORPORATION**  
**NON-CONSOLIDATED**  
**STATEMENT OF INCOME**

Year ended March 31, 2012

	Millions of Yen	
Net sales:		
Construction business	¥ 995,258	
Development projects	<u>29,842</u>	¥ 1,025,100
Cost of Sales:		
Construction business	906,407	
Development projects	<u>39,016</u>	<u>945,424</u>
Gross profit (loss):		
Construction business	88,850	
Development projects	<u>(9,174)</u>	79,676
Selling, general and administrative expenses		<u>52,197</u>
Operating income		<u>27,478</u>
Non-operating income:		
Interest and dividends	4,894	
Other non-operating income	<u>693</u>	5,588
Non-operating expenses:		
Interest expenses	5,501	
Provision of allowance for doubtful accounts	15	
Foreign exchange losses	1,871	
Other non-operating expenses	<u>1,080</u>	<u>8,469</u>
Ordinary income		<u>24,597</u>
Extraordinary gains:		
Gains on sale of investment securities	1,344	
Other extraordinary gains	<u>50</u>	1,394
Extraordinary losses:		
Losses on valuation of investment securities	521	
Losses on investments in subsidiaries and affiliates	2,420	
Impairment loss	1,504	
Other extraordinary losses	<u>765</u>	<u>5,211</u>
Income before income taxes		20,781
Income taxes:		
Current	5,754	
Deferred	<u>11,898</u>	<u>17,653</u>
Net income		<u>¥ 3,127</u>

**TAISEI CORPORATION**  
**NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**  
Year ended March 31, 2012

Millions of Yen

	Shareholders' equity			
	Common stock	Capital surplus		
		Additional paid-in-capital	Other capital surplus	Total capital surplus
Balance as of April 1, 2011	112,448	56,538	37,649	94,187
Changes during the period				
Provision of reserve for tax deferral on replacement of fixed assets				
Appropriation for other reserve				
Dividends				
Net profits				
Sale of treasury stock			△0	△0
Acquisition of treasury stock				
Changes other than shareholders' equity, net				
Total changes during the period	—	—	△0	△0
Balance as of March 31, 2012	112,448	56,538	37,648	94,187

	Shareholders' equity					
	Retained earnings				Treasury stock	Total shareholders' equity
	Other retained earnings			Total retained earnings		
	Reserve for tax deferral on replacement of fixed assets	Other reserve	Retained earnings carried forward			
Balance as of April 1, 2011	2,822	31,500	12,226	46,549	△193	252,991
Changes during the period						
Provision of reserve for tax deferral on replacement of fixed assets	177		△177	—		—
Appropriation for other reserve		3,000	△3,000	—		—
Dividends			△5,697	△5,697		△5,697
Net profits			3,127	3,127		3,127
Sale of treasury stock					0	0
Acquisition of treasury stock					△4	△4
Changes other than shareholders' equity, net						
Total changes during the period	177	3,000	△5,747	△2,570	△3	△2,574
Balance as of March 31, 2012	3,000	34,500	6,478	43,978	△196	250,417

	Accumulated gains from valuation			Total net assets
	Unrealized gains on available-for-sale securities, net of taxes	Unrealized losses on hedging derivatives, net of taxes	Total accumulated gains from valuation	
Balance as of April 1, 2011	4,255	△135	4,120	257,112
Changes during the period				
Provision of reserve for tax deferral on replacement of fixed assets				—
Appropriation for other reserve				—
Dividends				△5,697
Net profits				3,127
Sale of treasury stock				0
Acquisition of treasury stock				△4
Changes other than shareholders' equity, net	5,133	76	5,209	5,209
Total changes during the period	5,133	76	5,209	2,635
Balance as of March 31, 2012	9,388	△58	9,329	259,747

## **NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**

### Basis of Presenting Non-consolidated Financial Statements:

TAISEI CORPORATION (the “Company”) maintains its official accounting records in accordance with the provisions set forth in the Japanese Companies Act, and accounting principles and practices generally accepted in Japan (“Japanese GAAP”). Certain accounting principles and practices generally accepted in Japan are different from International Financial Reporting Standards and standards in other countries in certain respects as to application and disclosure requirements. Accordingly, the accompanying financial statements are intended for use by those who are informed about Japanese accounting principles and practices.

### 1. Significant Accounting Policies

#### (1) Valuation of assets

##### **【Securities】**

- Debt securities intended to be held to maturity

Debt securities intended to be held to maturity are stated at amortized cost.

- Equity securities of the Company’s subsidiaries and affiliated companies

Equity securities of the Company’s subsidiaries and affiliated companies are stated at cost based on the moving-average method.

- Securities other than trading securities, held-to-maturity securities, and equity securities issued by subsidiaries and affiliates (hereafter, “available-for-sale securities”)

##### Available-for-sale securities with fair market value readily available

Available-for-sale securities with fair market value readily available are stated at fair value as of the balance sheet date, the difference between the acquisition costs and the fair value is not reflected in income, but included directly in the net assets. Cost of available-for-sale securities sold is calculated using the moving-average method.

##### Available-for-sale securities with fair market value not readily available

Available-for-sale securities with fair market value not readily available are stated at moving-average cost.

##### **【Inventories】**

- Real estates for sale

Real estates for sale are stated at the lower of cost based on the specific-identification cost method or net realizable value.

- Cost of uncompleted contracts

Cost of uncompleted contracts is stated at cost based on the specific-identification cost method.

- Cost of development projects in progress

Cost of development projects in progress is stated at the lower of cost based on the specific-identification cost method or net realizable value.

- Raw materials and supplies

Raw materials and supplies are stated at the lower of cost based on the moving-average method or net realizable value.

**【Derivative financial instruments】**

Derivative financial instruments are stated at fair value.

(2) Depreciation method of fixed assets

**【Property, plant and equipment】**

- Buildings

Buildings are depreciated using the straight-line method.

- Other tangible fixed assets

Other tangible fixed assets are depreciated using the declining-balance method.

(3) Allowance

**【Allowance for doubtful accounts】**

Allowance for doubtful accounts is provided to cover probable losses on collection. It consists of an estimated uncollectible amount of certain identified doubtful receivables and an amount calculated applying percentages of losses on collection in the past to the rest of the receivables.

**【Allowance for warranty on completed contracts】**

Allowance for warranty on completed contracts is provided as an estimated amount calculated using an actual percentage of related losses during a past certain period.

**【Allowance for losses on construction contracts】**

Allowance for losses on construction contracts is provided with respect to construction projects for which eventual losses are reasonably estimated.

**【Retirement benefits for employees】**

Retirement benefits for employees are provided for employees' severance and retirement benefits based on estimated amounts of projected benefit obligation and fair value of the plan assets at the year-end.

Past service costs are amortized using the straight-line method over 10 years, which is not longer than an estimated average remaining service period of the employees.

Unrecognized actuarial gains and losses are amortized from the next financial year using the straight-line method over 10 years, which is not longer than an estimated average remaining service period of the employees.

**【Allowance for losses on investments in subsidiaries and affiliates】**

Allowance for losses on investments in subsidiaries and affiliates are provided for estimated losses that exceed amounts of investments and loans to the companies.

**【Allowance for environmental spending】**

Allowance for environmental spending is provided based on estimated costs for disposal of

Polychlorinated Biphenyl (“PCB”) waste, which is obligated to dispose by the Act on Special Measures Concerning Promotion of Proper Treatment of PCB Waste.

(4) Revenue and cost recognition

**【Revenue recognition of construction】**

Contract revenue associated with construction contracts of which the outcome can be reliably estimated is accounted for by the percentage-of-completion method; otherwise contract revenue is accounted for by the completed-contract method. The percentage of completion at the end of the reporting period is determined by the percentage of the cost incurred to the estimated total costs.

(5) National consumption tax and local consumption tax

National consumption tax and local consumption tax are excluded from other accounts in the financial statements.

(6) Other accounting policies on the non-consolidated financial statements

**【Income taxes】**

Income taxes are calculated based on the system of consolidated tax returns.

**【Hedge accounting】**

Gains or losses resulting from hedging instruments are deferred until related losses or gains on hedged items are recognized. For an interest rate swap contract which meets certain conditions, a net amount to be paid or received under the contract is added to or deducted from interest on liabilities for which the swap contract has been concluded.

2. Non-consolidated Balance Sheet

(1) Pledged assets and related debt

① Pledged assets

Cash and time deposits----- ¥	42	Million
Real estates for sale -----	749	Million
Investment securities -----	0	Million
Investments in subsidiaries and affiliates --	1,086	Million
Long-term loans receivable -----	2,016	Million
<u>Other assets (Investments and other assets)</u>	<u>6</u>	<u>Million</u>
Total-----	3,900	Million

② Debt related to the assets

Other long-term liabilities		
(Deposits from tenants) ----- ¥	42	Million

The assets are also pledged as collateral for borrowings of companies in which the Company has invested.

(2) Accumulated depreciation of tangible fixed assets ----- ¥ 60,061 Million

(3) Contingent liabilities

① Contingent liabilities due to guarantees made

The Company is contingently liable as the guarantor for borrowings of the following companies.

YURAKU REAL ESTATE CO., LTD.-----¥	70,727 Million
TAISEI FUJISAN NANRYO KAIHATSU Co., Ltd.-----	4,500 Million
SYMBOLTOWER DEVELOPMENT Co., Ltd. -----	2,208 Million
JR TAKATSUKI STATION HOKUTOU TOCHI KUKAKU SEIRI KUMIAI (Takatsuki City JR Takatsuki Station North East Land Adjustment Association) -----	1,034Million
Others (2companies) -----	459 Million
<u>Total -----</u>	<u>78,928Million</u>

② Additional investment obligations

The Company is contingently liable to invest in the following Special Purpose Companies for their repayment and other obligations of borrowings.

SURUGADAI KAIHATSU TMK-----¥	14,240 Million
<u>TMK AZERIAHIRUZU -----</u>	<u>2,700 Million</u>
Total -----	16,940 Million

The amount for SURUGADAI KAIHATSU TMK indicates the Company's share of the additional investment obligation.

(4) Receivables from and payables to subsidiaries and affiliates

Receivables from subsidiaries and affiliates:

Short -term----- ¥	14,312 Million
Long-term -----	15,763 Million

Payables to subsidiaries and affiliates:

Short -term----- ¥	85,892 Million
Long-term -----	497 Million

(5) Cost of uncompleted contracts in relation to allowance for losses on construction contracts ----- ¥ 11,743 Million

(6) Amount of notes receivable and notes payable with the maturity on the balance sheet date (the bank holiday)

Notes receivable	251 Million
Notes payable	8,239 Million

The amounts above are included in the notes receivable and the notes payable respectively on the balance sheet because banks were closed on March 31, 2012.

3. Non-consolidated Statement of Income

(1) Net sales recognized on the percentage-of-completion method -----	¥	777,212 Million
(2) Sales to subsidiaries and affiliates-----	¥	17,821 Million
(3) Purchase from subsidiaries and affiliates included in cost of sales -----	¥	56,637 Million
(4) Provision for loss on construction contracts included in cost of sales -----	¥	15,753 Million
(5) Transactions other than operating transactions with subsidiaries and affiliates -----	¥	964 Million
(6) Research and development expenses -----	¥	8,300 Million

#### 4. Non-consolidated Statement of Changes in Net Assets

Class and number of treasury stock (in thousands share) at the yearend ----- Common stock 704

#### 5. Deferred Income Taxes

Significant components of deferred income tax assets and liabilities

Deferred income tax assets:

Retirement benefits for employees -----	¥	31,719 Million
Inventories -----		26,708 Million
Bad debt expenses and allowance for doubtful accounts -----		15,303 Million
Investments in subsidiaries and affiliates-----		11,996 Million
Investment securities -----		5,430 Million
Accrued bonuses -----		2,665 Million
Others -----		7,270 Million
<u>Subtotal -----</u>		<u>101,095 Million</u>
<u>Valuation allowance -----</u>		<u>△19,155 Million</u>
Total deferred income tax assets-----		81,939 Million

Deferred income tax liabilities:

Gains on securities contribution to employee retirement benefit trust -----	¥	△20,604 Million
Unrealized gains on available-for-sale securities -----		△5,189 Million
Others -----		△1,852 Million
<u>Total deferred income tax liabilities -----</u>		<u>△27,646 Million</u>
Net deferred income tax assets-----	¥	54,292 Million

## 6. Related Party Transactions

### (1) Related companies - Subsidiaries and affiliates

#### ① Description of transactions

Attribution	Name	Voting right share owing (share owned)	Relationship	Nature of transaction	Amounts of transaction	Accounts	Closing balance
Subsidiary	YURAKU REAL ESTATE CO., LTD.	100%	Guaranty of liabilities	Guaranty of liabilities	¥ 70,727 Million	-	¥ -

#### ② Business conditions and policy of business conditions

Guaranty of liabilities was for the borrowings from financial institutions.

## 7. Per Share Data

(1) Net assets per share (in Yen) ----- ¥227.94

(2) Net income per share (in Yen) -----¥2.74

## 8. Others

### (1) Accounting Standards for Accounting Changes and Error Corrections

The Company adopted “Accounting Standard for Accounting Changes and Error Corrections” (Accounting Standards Board of Japan (“ASBJ”) Statement No.24 issued on December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, issued on December 4, 2009) for accounting changes and corrections of prior period errors which are made from the fiscal year beginning on April 1, 2011.

### (2) Effect of reduction of taxation rate

On December 2, 2011, amendments to the Japanese tax regulations “Act on the Partial Revisions of the Income Tax Act and Others to Establish Taxation System Responding to Changes in Socio-Economic Structure” (Act No.114 of 2011) and “Act on Special Measures Concerning Security of Adequate Financial Sources Required to Implement Measures of Recovery from Great East Japan Earthquake” (Act No.117 of 2011) were enacted into law. As a result of these amendments, the statutory income tax rate for the Company will be reduced for the financial year beginning on or after April 1, 2012. Due to this change in statutory income tax rates, income taxes deferred increased by 6,330 million and the net income decreased by 6,330 million.

**Reference Materials  
for  
The General Meeting of Shareholders**

Agenda and Reference Information.

Item No.1 Appropriation of Earned Surplus

The Company has made it a basic policy to pay long-term stable dividend to Shareholders. The Company tries to reinforce internal reserve for the future business operation, and returns the profit to the Shareholders by way of a special dividend and the like when the business performance of the Company is well.

Comprehensively taking into account the results of the fiscal year ended March 31, 2012 and business surroundings in the future, etc., the cash dividend at the end of the fiscal year ended March 31, 2012 is proposed to be ¥2.50 per share, the same as interim dividend, as stated below.

As the result, the total dividend for the fiscal year ended March 31, 2012, including the interim dividend is ¥5.0 per share.

1. Matters Concerning the Year-end Dividend

(1) Cash dividend and its total amount:

Common stock                      ¥ 2.50 per share

Total Amount                      ¥ 2,848,911,565-

(2) Effective date of dividend of surplus: June 29, 2012

2. Matters concerning accumulation of other surplus

(1) Item of decreased surplus and its amount:

Other reserve ¥3,000,000,000

(2) Item of increased surplus and its amount:

Retained earnings carried forward:

¥3,000,000,000

Item No.2 Partial Amendment to Articles of Incorporation

1. The Reason of Amendment

In order to strengthen auditing system, amendment of the number of Corporate Auditors stipulated in Article 30 (Number of Corporate Auditors) of the present Articles of Incorporation is proposed to change the number from “five or less” to “six or less “.

2. The Proposed Amendment

The proposed amendment (*underlined*) is as follows;

Current Articles of Incorporation	Proposed Amended Articles of Incorporation
Chapter V Corporate Auditors and Board of Corporate Auditors	Chapter V Corporate Auditors and Board of Corporate Auditors
Article 30 (Number of Corporate Auditors)	Article 30 (Number of Corporate Auditors)
The number of Corporate Auditors of the Company shall be <u>five (5)</u> or less.	The number of Corporate Auditors of the Company shall be <u>six (6)</u> or less.

Item No.3 Election of one (1) Member of the Board

In order to strengthen management function, an election of one (1) Member of the Board is proposed. His term will expire, according to the Company’s Articles of Incorporation, on the expiration of the other present Members of the Board. The candidate of the Member of the Board is as follows;

No.	Name of the Candidate	Post held at Present	Number of the Company’s shares held by the Candidate
1	Yasushi Suzuki (Born on May 30, 1950)	Managing Executive Officer Chief of Procurement Division and Deputy Chief of Corporate Planning Office	26,000

Notes: 1. There is no special conflict of interests between the Company and the candidate.

2. The above is a new candidate.

Item No.4 Election of Two (2) Corporate Auditors

The terms of offices of Mr. Yasushi Nagasawa, who is currently a Corporate Auditor, expire at the closing of this General Meeting of Shareholders. Therefore, an election of two (2) Corporate Auditors including addition of one (1) for strengthening auditing system, is proposed, subject to Item No.2 “Partial Amendment to Articles of Incorporation” shall be approved. The Board of Corporate Auditors has given prior consent to this item.

The candidates of the Corporate Auditors are as follows:

No.	Name of the Candidate	Post held at Present	Number of the Company's shares held by the Candidate
*1	Shigeru Morichi (Born on ,September 29,1943)	Director, Policy Research Center, National Graduate Institute for Policy Studies	0
*2	Kiwamu Miyakoshi (Born on, July12, 1953)	Director-General of Kanto Regional Police Bureau	0

- Notes:
1. There is no special conflict of interests between the Company and the candidates.
  2. Messrs. Shigeru Morichi and Kiwamu Miyakoshi are the candidates for External Corporate Auditor and meet the requirements of impartiality prescribed by Tokyo Stock Exchange, and will be registered as independent officers according to the sub-Clause 436-2 of Securities Listing Regulations of Tokyo Stock Exchange.
  3. Special information on External Corporate Auditors are as follows:
    - (1) Reasons and qualifications for nominating Messrs. Shigeru Morichi and Kiwamu Miyakoshi as the candidates of External Corporate Auditor.
      - (a) Mr. Shigeru Morichi has his considerable and long experience as a university professor and his deep insight based on academic background although he has not been involved in management of a company. Thus the Company decided with expectation that he would fulfill his official duty as an External Corporate Auditor with his personality and insight.
      - (b) Mr. Kiwamu Miyakoshi has his considerable and long experience as an police officer and his deep insight through his experience although he has not been involved in management of a company. Thus the Company decided with expectation that he would fulfill his official duty as an External Corporate Auditor with his personality and insight.

**TRANSLATION, For Your Reference Purpose Only**

(2) Contract with External Corporate Auditor to limit their liability.

In order for External Corporate Auditors to fulfill their expected roles, Articles of Incorporation provides that the Company may enter into contracts with External Corporate Auditors to limit their maximum liability for damages to the Company within a certain range.

According to this provision, the Company will enter into the contract with Messrs. Shigeru Morichi and Kiwamu Miyakoshi to limit their liability.

The gist of the contract is as follows:

With regard to the liability specified in Paragraph 1 of Article 423 of the Corporation Act, External Corporate Auditor shall be held liable for damages up to the higher of an amount of ¥ 10 million or the total amount specified in Items 1 and 2 of Paragraph 1 of Article 425 of the Corporation Act, provided that the External Corporate Auditor performed his duties in good faith and without gross negligence.

4 \* Marks represent new candidates.

**FOR YOUR REFERENCE:**

The Executive Officers (“Shikko-Yakuin”) as of April 1, 2012, are as follows:

<b><u>Title</u></b> Business in Charge	<b><u>Name</u></b>
President and Chief Executive Officer	Takashi Yamauchi
Executive Vice President Chief of Marketing & Sales Division (Integrated), Deputy Chief of Corporate Planning Office, and In charge of Safety Administration	Hirofumi Ichihara
Executive Vice President Chief of Civil Engineering Division and Deputy Chief of Corporate Planning Office	Hiroyuki Kimura
Executive Vice President Chief of Business Administration Division, Deputy Chief of Corporate Planning Office, and In charge of International Operations	Misao Akune
Executive Vice President In charge of Marketing & Sales (Building Construction) , Marketing & Sales Division(Integrated)	Hiroshi Tada
Executive Vice President Chief Executive, International Operations Headquarters	Satoru Ogata
Senior Managing Executive Officer Deputy, in charge of Civil Engendering, International Operations Headquarters	Yasuhiro Arai
Senior Managing Executive Officer In Charge of Marketing & Sales (Building Construction), Marketing & Sales Division(Integrated)	Jyunji Yamada
Senior Managing Executive Officer Chief of Architecture & Engineering Division (Integrated) and Chief of Building Construction Division, and Deputy Chief of Corporate Planning Office	Toshio Tominaga
Senior Managing Executive Officer Chief of Marketing & Sales(Civil Engineering) Division, and Deputy Chief of Corporate Planning Office	Kazuhiko Dai
Senior Managing Executive Officer In charge of Engineering and Marketing & Sales	Fumihisa Otsuka
Managing Executive Officer Chief of Nagoya Branch	Takashi Furumaya
Managing Executive Officer In charge of Civil Engineering Projects, International Operations Headquarters	Hidemi Omi
Managing Executive Officer Chief of Marketing & Sales (Building Construction ) Division III	Masatake Taniuchi

**TRANSLATION, For Your Reference Purpose Only**

<b><u>Title</u></b> Business in Charge	<b><u>Name</u></b>
Managing Executive Officer Chief of Kansai Branch	Fumihiko Yamada
Managing Executive Officer Chief of Marketing & Sales (Building Construction ) Division II	Hidetoshi Yasukawa
Managing Executive Officer In charge of Civil Engineering	Shigeki Watanabe
Managing Executive Officer Chief of Corporate Planning Office	Akito Sakamaki
Managing Executive Officer Chief of Procurement Division and Deputy Chief of Corporate Planning Office	Yasushi Suzuki
Managing Executive Officer Chief of Tokyo Branch and In charge of Marketing & Sales	Norimitsu Yoshihama
Managing Executive Officer Chief of Tohoku Branch	Junji Katsura
Managing Executive Officer In charge of Marketing & Sales (Building Construction), Marketing & Sales Division(Integrated)	Junichi Ikeguchi
Managing Executive Officer Chief of Marketing & Sales (Building Construction ) Division I	Masatsugu Yamada
Managing Executive Officer Deputy Chief of Civil Engineering Division and General Manager, Civil Engineering Department	Hisao Tamura
Executive Officer Chief of Safety Administration Division	Toshio Matsuda
Executive Officer Chief of Taisei Technology Center	Osamu Tsujita
Executive Officer Chief of Marketing & Sales Promotion Division, and Deputy Chief of Corporate Planning Office	Sumio Yabuki
Executive Officer Chief of Environment Division	Tsuyoshi Hirono
Executive Officer In charge of Technology	Kazuhiko Honbu
Executive Officer Chief of Mechanical & Electrical Division	Michio Kuboniwa
Executive Officer Chief of Nuclear Facilities Division	Hirofumi Kamata
Executive Officer Project Director, Civil Engineering Project, International Operations Headquarters	Satoru Tsutae

**TRANSLATION, For Your Reference Purpose Only**

<b><u>Title</u></b> Business in Charge	<b><u>Name</u></b>
Executive Officer Chief of Sapporo Branch	Masahito Fujita
Executive Officer Chief of Chiba Branch	Shigeru Konnai
Executive Officer Chief of Kyusyu Branch	Shigeyoshi Tanaka
Executive Officer Deputy, in charge of Building Construction & Engineering and General Manager, Building Construction Department, International Operations Headquarters	Yukio Matsuno
Executive Officer Deputy Chief of Marketing & Sales (Civil Engineering) Division and General Manager, Marketing & Sales Department, Marketing & Sales (Civil Engineering) Division	Masahiro Ohshima
Executive Officer Chief of Kanto Branch	Yoshiyuki Murata
Executive Officer Deputy, in charge of Business Administration and General Manager, Contracts & Claims Management Department, International Operations Headquarters	Masafumi Anami
Executive Officer Deputy Chief of Business Administration Division and General Manager, Accounting Department	Shigeyuki Sakurai
Executive Officer Project Director, Building Construction Project, International Operations Headquarters	Yoshitaka Inoue
Executive Officer Chief of Medical & Welfare Business Division	Yasushi Yoshinari
Executive Officer Chief of Urban Development Division	Katsuyuki Kanai
Executive Officer In charge of Marketing & Sales (Building Construction), Marketing & Sales Division (Integrated) , and General Manager, Project Creating Department	Yusuke Fukuda
Executive Officer Deputy Chief of Marketing & Sales (Civil Engineering) Division and General Manager, Marketing & Sales Department, Marketing & Sales (Civil Engineering) Division	Takashi Okawa
Executive Officer Chief of Hokushinetsu Branch	Tamotsu Umehara
Executive Officer Chief of Yokohama Branch	Masahiro Sakai

**TRANSLATION, For Your Reference Purpose Only**

<b><u>Title</u></b> Business in Charge	<b><u>Name</u></b>
Executive Officer Chief of Proposal & Solution Division	Tetsuya Shibayama
Executive Officer Deputy Chief of Business Administration Division, and General Manager, Personnel Department	Takeo Horinouchi
Executive Officer Deputy Chief of Tohoku Branch	Shoji Kondo
Executive Officer Chief of Chugoku Branch	Norihiko Yaguchi
Executive Officer Chief of Shikoku Branch	Takao Kanai
Executive Officer Deputy Chief of Corporate Planning Office, and General Manager, Corporate Planning Department	Hiroshi Shirakawa
Executive Officer Chief of Design Division	Harukiko Kono
Executive Officer Deputy Chief of Tokyo Branch (Civil Engineering), and General Manager, Civil Engineering Department	Yoshinori Nishida
Executive Officer Project Director, Marmaray Project BC1, International Operations Headquarters	Hiroshi Suzuki
Executive Officer Deputy Chief of Marketing & Sales (Building Construction) Division III	Kaoru Maruyama
Executive Officer Chief of Engineering Division	Tsuyoshi Nakanishi

**Voting through the Internet**

1. Matters to be noted in voting through the Internet

When a Shareholder exercises its voting rights through the Internet, please exercise its voting rights with acknowledgments of the following matters.

- 1) Voting through the Internet shall be valid when it is made by the end of the office hours of the preceding business day of the General Meeting of Shareholders (*i.e.*, Wednesday, June 27, 2012, 5:30 P.M. <Tokyo time>). For the purpose of counting votes, etc., please exercise your voting rights at your earliest convenience.
- 2) Voting through the Internet is only available on the designated website for voting of the Company (please refer to the URL indicated below). Internet access by a cellular phone is not available for the designated website for voting.  
  
Voting through the Internet requires the “*Giketsuken-koushi (Voting) Code*” and “*Password*” as indicated on the Voting Form enclosed with this Notice of the General Meeting of Shareholders.
- 3) “*Giketsuken-koushi (Voting) Code*” and “*Password*” are valid only for the 150th General Meeting of Shareholders. For the next General Meeting of Shareholders, a different “*Giketsuken-koushi (Voting) Code*” and “*Password*” will be issued.
- 4) In the event that a Shareholder votes both by mailing the Voting Form and through the Internet, only the voting through the Internet shall be treated as the valid voting.
- 5) In the event that a Shareholder votes through the Internet more than once, only the last voting shall be treated as a valid voting.
- 6) Shareholders are requested to bear any costs and expenses for the Internet voting, such as access rate charged by a provider, communication rate, etc.

2. Steps to vote through the Internet

- 1) Access the URL, <http://www.it-soukai.com/> or <https://daiko.mizuho-tb.co.jp/>  
The URL above is not accessible from 3:00 A.M. to 5:00 A.M. (Tokyo time) during the period of the voting.
- 2) Enter your “*Giketsuken-koushi (Voting) Code*” and “*Password*” and press the mark “*Login.*”  
  
Your “*Giketsuken-koushi (Voting) Code*” and “*Password*” are indicated in the right upper corner of the Voting Form enclosed with the Notice of the General Meeting of Shareholders.
- 3) Follow the instructions on the screen to exercise your voting rights.

3. Operational environment

- ◎ Personal computer: Computer machines having installed the software, Windows® series  
(A cellular phone, PDA and game machine cannot be used as a device to exercise a Shareholder's voting rights through the Internet.)
- ◎ Browser: Microsoft® Internet Explorer5.5 or newer
- ◎ Internet environment: An environment in which a Shareholder can make use of the Internet according to an agreement with a provider, etc.
- ◎ Screen resolution: The Company highly recommends a Shareholder to use 1024 x 768 pixels or more.

*Microsoft* and *Windows* are registered trademarks or trademarks of Microsoft Corporation in the U.S. and other countries.

4. Security

- 1) The voting through the Internet can be used safely since an encryption technique (SSL 128 bit) has been introduced to prevent your entered information from being falsified or hacked.
- 2) The “*Giketsuken-koushi (Voting) Code*” and “*Password*” indicated on the Voting Form are important information to identify the Shareholders of the Company. Please pay attention never to inform others of them.
- 3) The Company will not ask a Shareholder about its “*Password*.”

5. Contact

Please call the following phone number if you have any questions about the voting through the Internet, such as how to operate your personal computer.

**Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.**

**TEL: 0120 – 768 – 524 (Toll Free Service for Domestic Shareholders)**

**(Available: 9:00 A.M. – 9:00 P.M. <Tokyo Time>,**

**except Saturdays, Sundays and National Holidays)**

**《 To Institutional Investors 》**

As a means to vote, the “Electronic Voting Platform” is available for the institutional investors.