

Year in Review

The Taisei Corporation Group's operations are broadly divided into two three segments: Civil engineering, Building construction and Real estate development.

Other business includes such businesses as real estate management, business incidental to the construction business, leisure, and other service businesses, which were not included in reportable segments.

Civil engineering

The Taisei Group recorded net sales in this segment of ¥336.5 billion, down 30.6% compared with the previous fiscal year. This was largely attributable to the drop in both Taisei Corporation and consolidated subsidiary sales. Reflecting the deterioration in gross profit, the Taisei Group incurred an operating loss of ¥600 million. This was compared with operating income totaling ¥5.0 billion in the fiscal year ended March 31, 2010.

Building construction

The Taisei Group recorded net sales in this segment of ¥826.2 billion, 7.3% lower than the previous fiscal year. This mainly reflected the downturn in both Taisei Corporation and the Taisei Group's results. Buoyed by an improvement in the profit margin of Taisei Corporation for this segment, operating income climbed 21.3% year on year to ¥35.4 billion.

Real estate development

The real estate development segment includes trading of real estate, construction/sales of condominiums, and real estate leasing.

In the real estate sales market, the ratio of contracts to condominiums sold hovered at a high level against the backdrop of a positive balance between demand and supply as well as the favorable flow-on effects from tax relief enhancements for housing loans. Meanwhile, in the real estate leasing market, operating conditions remained harsh. For the fiscal year under review, corporate-sector office demand failed to expand. Vacancy rates remained high while rents continued to decline.

Under these circumstances, the Taisei Group reported a decrease in results in the real estate segment due to the substantial drop in Taisei Corporation's revenues. Segment net sales contracted 16.7% compared with the previous fiscal year totaling ¥79.1 billion. From a profit perspective, operating income was virtually zero due mainly to deterioration in the gross profit margins at Taisei Corporation and YURAKU REAL ESTATE CO., LTD. This was compared with operating income of ¥2.1 billion in the fiscal year ended March 31, 2010.

Other business

Other business includes such businesses as real estate management, business incidental to the construction business including the provision of research and technology under contract and environmental measurement as well as leisure operations and other services, which were not included in reportable segments.

In the property management and other businesses, continued emphasis was placed on the reduction of costs. Amid changes in existing management companies and the review of existing management company arrangements and specifications, competition among participating firms remained intense. This led to an overall difficult operating environment.

Accounting for the aforementioned factors, the Taisei Group recorded net sales this segment of ¥55.3 billion, down 3.8% compared with the previous fiscal year. Operating income contracted 4.7% year on year to ¥1.6 billion.

Major Projects

Orders received

Project	Client
Nagoya Station New Building (Tentative Name) project (Aichi)	Central Japan Railway Co. / JR Central Building Co., Ltd.
Tokyo Outer Ring Road, Tajiri Area project (Tokyo)	East Nippon Expressway Co., Ltd.
(Tentative Name) Kanda Surugadai 4-6 Construction project (Tokyo)	Surugadai Development S.P.C. (S.P.C.: Specific Purpose Company)
Tokyo Electron Miyagi Ltd. New Factory Construction Project (Miyagi)	Tokyo Electron Miyagi Ltd.
Horonobe Underground Research Institution Construction project, Phase II Construction, Operation & Maintenance and Research Support Affair (Hokkaido)	Horonobe Geo-Frontier PFI Co., Ltd.

Completed projects

Project	Client
Tokyo International Airport Runaway D (Tokyo)	Ministry of Land, Infrastructure and Transport and Tourism, Kanto Regional Development Bureau
New construction of facilities and buildings for the Futako Tamagawa-Higashi District Redevelopment Project Block III (Phase 1) (Tokyo)	Futako Tamagawa-Higashi District Redevelopment Association
New construction of facilities and buildings for the Akasaka 4-chome Yagenzaka-Minami Area Urban Redevelopment Project (Tokyo)	Akasaka 4-chome Yagenzaka-Minami Area Urban Redevelopment Association
New construction of the Sendai Trust Tower (Miyagi)	MORI TRUST CO., LTD.
Yas Island Development, Phase 1, Zone R, Zone Name: Roads, Junctions, Bridges and Transportation Southern Tunnel Crossing (UAE)	ALDAR Properties PJSC

Projects carried over to the next fiscal year

Project	Client
New Doha International Airport Passenger Terminal Complex (Qatar)	New Doha International Airport Steering Committee
The construction of the East unique share of East-West Motorway (Algeria)	The National Motorways Agency (Ministry of Public Works)
Marunouchi 2-chome Project (Tokyo)	Japan Post Network Co., Ltd.
Bosphorus Tube Crossing Tunnels and Stations Project, Turkey [Marmaray Project] (Turkey)	The Republic of Turkey, The Ministry of Transportation, Railways, Harbours and Airports
(Tentative Name) Otemachi 1-6 Planning, Construction Project (Tokyo)	Tokyo Prime Stage Ltd.