

Brief report on the Financial Statements for the period ending March, 2002 (consolidated)

May 23, 2002

Name of listed company: DAI-DAN Co., Ltd.

Code No.: 1980

(URL <http://www.daidan.co.jp>)

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Listed stock exchanges: Tokyo and Osaka

Location of head office: Osaka Pref.

Date of Director's meeting on closing of accounts: May 23, 2002

Adoption of American Accounting Standards: None

1. Consolidated performance for the period ending March, 2002 (From April 1, 2001 to March 31, 2002)

(1) Consolidated management performance (Note: Amounts are indicated with figures less than 1 million yen discarded.)

	Sales amount		Operating profit		Ordinary profit	
	Million yen	%	Million yen	%	Million yen	%
Period ending March 2002	166,904	-6.5	1,679	57.6	1,803	36.9
Period ending March 2001	178,589	5.9	1,065	-73.5	1,317	-69.0

	Current net profit		Current net earnings per share	Current net earning per share after making potential share adjustments	Shareholders capital Current net profit rate	Total capital Ordinary profit rate	Sales amount Ordinary profit rate
	Million yen	%	Yen Sen	Yen Sen	%	%	%
Period ending March 2002	-1,455	—	-31.69	—	-3.2	1.2	1.1
Period ending March 2001	-8,480	—	-184.65	—	-16.6	0.8	0.7

Note: 1) Investment profit or loss on equity method End of March 2002 0 million yen

End of March 2001 -23 million yen

2) Interim average number of shares (consolidated) End of March 2002 45,923,188 shares

End of March 2001 45,925,606 shares

3) Changes in accounting procedures: none

4) Percentage indication of sales amount, operating profit, ordinary profit, and current net profit show increase or decrease compared with previous period

(2) Consolidated financial condition

	Total assets	Shareholder's capital	Shareholders capital rate	Shareholder's capital per share
	Million yen	Million yen	%	Yen Sen
Period ending March 2002	147,454	44,422	30.1	967.50
Period ending March 2001	162,430	46,296	28.5	1,008.07

Note: Issued number of shares at the end of period (consolidated)

End of March 2002 45,914,005 shares

End of March 2001 45,925,725 shares

(3) Consolidated cash flow condition

	Cash flow on sales activities	Cash flow on investment activities	Cash flow on financial activities	Period end balance of cash and equivalent items
	Million yen	Million yen	Million yen	Million yen
Period ending March 2002	-499	213	-3,814	29,004
Period ending March 2001	2,544	1,037	-1,790	33,068

(4) Consolidation scope and items relating to application of equity method

Number of consolidated subsidiaries: 11

Number of non-consolidated subsidiaries with equity method applied: none

Number of affiliated company with equity method applied: 1

(5) Consolidation scope and situation on changes in equity method application

Consolidated (new): 1

(excluded): 1

Equity method (new): none

(excluded): none

2. Estimated of consolidated performance of period ending March 2003 (From April 1, 2002 to March 31, 2003)

	Sales amount	Ordinary profit	Current net profit
	Million yen	Million yen	Million yen
Interim	51,000	-2,700	-1,750
Total period	165,000	2,500	1,150

(Reference) Estimated current net profit per share (for total period) 25.05 yen

Since the performance is estimated based on the information available as of the announcing date,

actual results can be different from estimated ones due to various factors.

For the items of the above performance estimate, see the attached material for consolidation at page 5.

1. Situation of the Corporate Group

Our corporate group consists of our company, 11 subsidiary companies and 1 affiliated company, mainly engaged in the business of designing, supervising, and job execution of electrical, air conditioning, plumbing & sanitation. The position of our group relating to business and the systematic chart of our business are as follows:

(1) Position of our group relating to business

Facility construction work

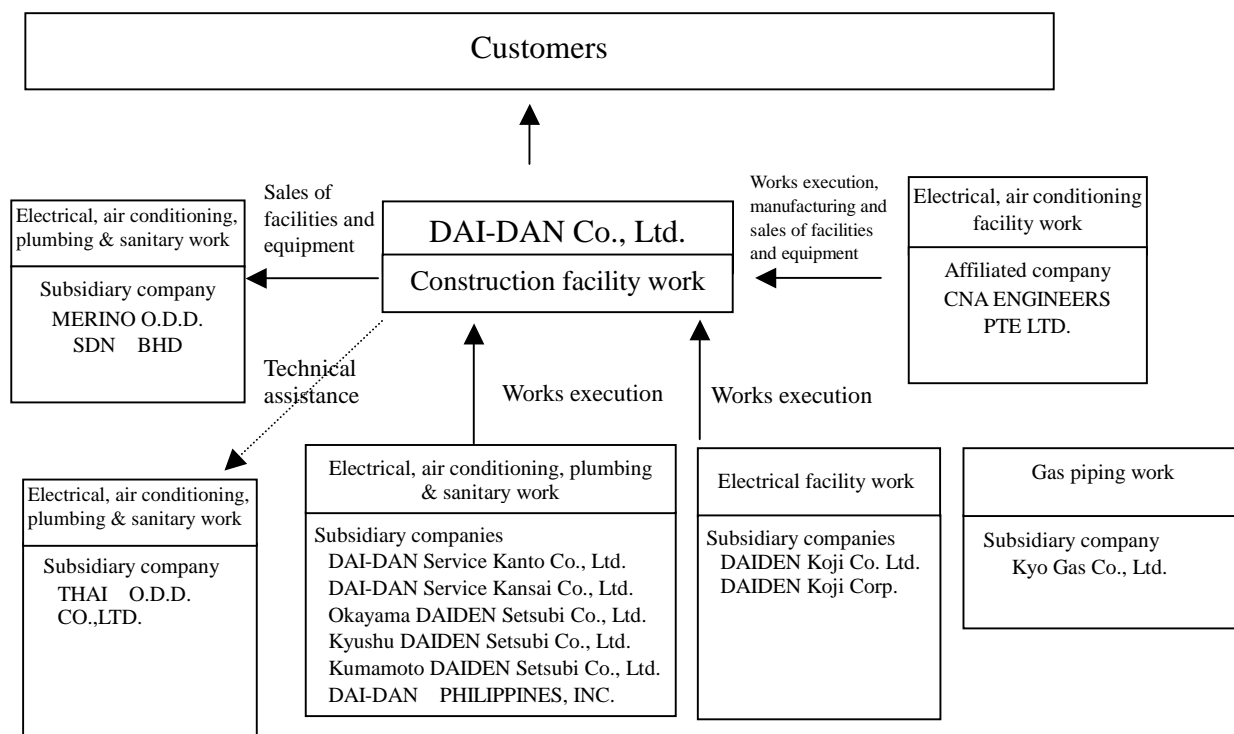
Electrical, air conditioning, and plumbing & sanitation

Part of the work of orders received by us is relegated to DAI-DAN Service Kanto Co., Ltd., DAIDEN Koji Co, Ltd., DAIDEN Koji Corp., DAI-DAN Service Kansai Co., Ltd., Okayama DAIDEN Setsubi Co., Ltd., Kyushu DAIDEN Setsubi Co., Ltd., Kumamoto DAIDEN Setsubi Co., Ltd., CNA ENGINEERS PTE LTD. and DAI-DAN PHILIPPINES, INC. To the MERINO O.D.D. SDN BHD., we sell facilities and equipment and to THAI O.D.D. CO., LTD, we offer technical assistance.

Gas piping work

Kyo Gas Co., Ltd. executes gas piping work for orders placed by Osaka Gas Co., Ltd. and orders placed by our company are minimal.

(2) Systematic chart of business



DAI-DAN Service Kansai Co., Ltd., which was newly established in the current consolidated fiscal year, has been included in the consolidated subsidiary companies since the current consolidated fiscal year. Furthermore, DAIDEN Setsubi Koji Co., Ltd., which was wound up, has been excluded from the consolidation scope.

2. Management Policies

(1) Basic policy on management

Our company, as a general facility implementation company, pursues a basic management policy of contributing to society by offering a safe and easy to use, high quality environment by technology which meets customer confidence and satisfaction and also contributes to environmental preservation. Under such a management policy, based on planning and implementation of electrical, air conditioning, plumbing & sanitation, etc., in order to respond sensitively to changes in the industrial structure and the needs of the customers, the company boldly challenges to develop new technologies that accompany new businesses, and aims to become a vigorous company. As a management index, we aim for the Return on Equity of more than 5%.

(2) Basic policy on distribution of profits

Our basic, consistent policy is to endeavor to build a solid financial constitution and return profits stably and continuously to our shareholders achieving their satisfaction possible.

(3) Corporate governance

In order to respond immediately to drastically changing management environment, a management council has been set up to discuss taking unerring countermeasures against important management issues expeditiously, and to make the decision on the management and implementation policies by adopting opinions that are given from inside and outside the company and also on the basis of opinions from a committee of young leaders toward a promising future. At the same time, proposals are made to board of directors, thereby aiming to activate the board of directors.

The auditors hold their meeting before the meeting of the board of directors' is held, and confirm the items to be discussed by the board of directors and present the opinions of the auditors' meeting to the board of directors. This has become an established practice.

Furthermore, to unify the business and affairs of the entire company, a branch office managers' meeting is being held every month, where not only management policies and measures are explained but various problems in branch offices are discussed to solve them as quickly as possible.

(4) Management strategy for the mid and long term

Regarding the mid-term management plan, "Challenge NEW DAI-DAN 100", which has been carried out since April 2000, we review the progress every year in order to respond to changes in the management environment, and urge concrete measures as follows.

① Sales aspects

Regarding energy-saving technologies represented by co-generation system, open network technologies represented by LONWORKS, and clean technologies represented by electronic device industry and biotechnology industry, we are focusing our concentration on these technologies and promoting positive sales for them using a unified organization that covers everything from planning to work execution and maintenance. Furthermore, we have embarked on the ESCO project.

As to the fields of pharmaceutical, food, and IT-related industries as well as the field of medical industry of our core field, we are also strongly promoting proposal-making type of sales activities that can suggest the development of new technologies or improvement of existing technologies, targeting a unified organization that covers every from planning to work execution and maintenance.

In addition, we are actively promoting measures to increase orders of renewal construction where the energy-saving technologies are utilized, making good use of practices for many years.

② Development technology aspects

We are pursuing our research and development for new technologies by realizing changes in the social situation accurately to meet the growing needs of the market.

Furthermore, we continue working on research and development, and improving the existing development system and products to ensure the high work execution quality and enhance the work efficiency.

③ Work execution technology aspects

We are continuing to offer facilities with not only high quality but also high cost performance by fully utilizing our work execution technology that we have accumulated over a hundred years of our experience.

In addition, we are intensifying our supervising department for the work execution technologies and promoting to offer construction facilities that can meet the needs of the customers, focusing on quality, safety, and environmental preservation.

④ Information Technology (IT) aspects

Towards the complete operation in April 2003, we are proceeding with re-building the information system in the entire company in order to achieve higher efficiency and speed of operations that will lead to sharing the information among individual departments. Part of the system is already in operation.

⑤ ISO

We acquired the ISO14001 certification for the entire company en bloc in February 2002. We are also carrying out the work of meeting the standard of the year 2000 update even for the ISO 9000 series certification that we have already obtained.

⑥ Personnel aspects

We are proceeding with the effective utilization of personnel and the activation of organizations in order to establish the result-based performance remuneration using “New Target Management Evaluation” and let the introduced “Competency Evaluation” take root in the company.

In addition to implementing the above type of measures in a concrete manner, the entire company is working together to improve the corporate performance towards March 2003 when our company will be celebrating our hundredth anniversary.

3. Management Record and Financial Condition

(1) Management Record

The economy of Japan for the current consolidated fiscal year continuously showed low levels of private capital investment and personal consumption due to the policy of restricting public expenditures in the promotion of the structural reform by the Japanese government, the recession of US economy, and the letup in IT (Information technology) related business. Furthermore, under the situation of deteriorating deflation, expanded hollowing out of industry, and unsettled problems involving bad debts, the growth of domestic demand was hardly observed, and the bottom out was not expected yet.

In the construction and facilities industry, public investment was hanging low through the period, and private capital investment was continuously decreasing due to strengthened pressure to restrict the investment. Hence the order environments turned severe.

Under these economic conditions, our corporate group fully implemented the mid-term management plan as mentioned above. However, the amount of work orders received was 154,835 million yen, a decrease of 2.4% over that of the previous period. And the amount of work completed was 166,904 million yen, a decrease of 6.5% over that of the previous mid-term period.

As far as profits are concerned, since total rate of return in completed works was improved thanks to the promotion of the cost reduction concentrated on the improvement of works efficiency, operating profit totaled 1,679 million yen, an increase of 57.6% over that of the previous period, and ordinary profit totaled 1,803 million yen, an increase of 36.9% over that of the previous period. Furthermore, 2,207 million yen evaluation loss on listed stock due to slump of stock prices, and 751 million yen transferred to allowance for bad debt, which resulted from business contacts' filing for financial reconstruction under the Corporate Reorganization Law, were accounted as special losses. As a result, net loss for the current period totaled 1,455 million yen (net loss for the previous period was 8,480 million yen).

(2) Financial Position

Cash and cash equivalents (hereafter referred to as funds) for the current consolidated fiscal year totaled 29,004 million yen, a decrease of 12.3% over that of the previous period.

(Cash flow from sales activities)

Cash flow involving sales activities for the current consolidated fiscal year amounted to -499 million yen, which was due mainly to the deterioration of works related cash flow. It was -3,044 million yen, as compared to that of the previous period.

(Cash flow from investing activities)

Cash flow involving investing activities for the current consolidated fiscal year amounted to 213 million yen, which was mainly because the receipt from selling fixed assets was larger than the disbursement from acquiring fixed assets. It was -823 million yen, as compared to that of the previous period.

(Cash flow from financing activities)

Cash flow involving financing activities for the current consolidated fiscal year amounted to -3,814 million yen, which was mainly because the disbursement from repaying borrowings was larger than the receipt from borrowing. It was -2,024 million yen, as compared to that of the previous period.

(3) Forecast through the period

Regarding the future forecast, although it began to be clear that the falling in the amounts of export and production stop, it is predicted that the trends of lower domestic capital investment continue due to the invisible business situation and the movement to overseas production sites.

In the construction and facilities industry, it is predicted that severe order environments continue due to the scale-down of the market resulting from the restriction of public investment and sluggish private capital investment.

To cope with the future changes in economic conditions, our corporate group will concentrate our effort en bloc to enhance efficiency of work execution and ensure gross profit of completed works by utilizing our advantage of general facility works.

The consolidated amount of work orders 160,000 million yen, completed work of 165,000 million yen, ordinary profits of 2,500 million yen, and a current net profit of 1,150 million yen are predicted through the period.

4. Consolidated Financial Statements, etc.

(1) Consolidated Balance Sheet

(Unit: million yen)

By period Accounts	End of the current consolidated accounting year (As of March 31, 2002)		End of the previous consolidated accounting year (As of March 31, 2001)		Difference
	Amount	Component ratio	Amount	Component ratio	
(Assets)		%		%	
Current assets					
Cash on hand and in banks	27,110		28,399		-1,289
Note receivables, completed work accounts receivables	55,009		65,498		-10,488
Securities	2,330		4,872		-2,542
Incomplete work expenditures	30,594		27,697		2,897
Deferred tax reserves	534		1,719		-1,184
Others	5,783		6,605		-822
Reserves for bad debts	-699		-357		-341
Total current assets	120,663	81.8	134,435	82.8	-13,772
Fixed assets					
Tangible fixed assets					
Buildings and structures	3,437		3,643		-205
Machinery and equipment, and transportation equipment	100		124		-23
Tools and facilities	177		199		-21
Land	2,118		2,133		-15
Total tangible fixed assets	5,834		6,101		-266
Intangible fixed assets	419		148		270
Investments					
Investment securities	9,102		10,594		-1,491
Long term loans receivables	190		189		0
Deferred tax reserves	6,190		4,841		1,349
Others	6,704		6,762		-57
Reserves for bad debts	-1,650		-641		-1,009
Total investments	20,537		21,745		-1,207
Total fixed assets	26,791	18.2	27,995	17.2	-1,203
Total assets	147,454	100.0	162,430	100.0	-14,975

(Unit: million yen)

By period Accounts	End of the current consolidated accounting year (As of March 31, 2002)		End of the previous consolidated accounting year (As of March 31, 2001)		Difference
	Amount	Component ratio	Amount	Component ratio	
(Liabilities)		%		%	
Current liabilities					
Notes payable, work accounts payable	60,398		67,913		-7,515
Short term loans payable	9,486		12,268		-2,781
Corporate taxes, etc. payable	156		112		43
Incomplete work amount received	16,577		17,810		-1,233
Incomplete job compensation reserves	34		54		-20
Others	5,485		7,278		-1,793
Total current liabilities	92,137	62.5	105,438	64.9	-13,300
Fixed liabilities					
Long term loans payable	4,824		5,112		-287
Severance costs reserve	5,284		4,716		567
Directors' retirement allowance reserve	442		496		-53
Liability guarantee loss reserve	210		210		—
Consolidated adjustment account	14		18		-3
Others	24		24		—
Total Fixed liabilities	10,801	7.3	10,578	6.5	223
Total liabilities	102,939	69.8	116,016	71.4	-13,076
(Minority interest equity)					
Minority interest equity	93	0.1	117	0.1	-24
(Shareholders' equity)					
Capital stock	4,479	3.0	4,479	2.8	—
Capital reserves	4,716	3.2	4,716	2.9	—
Consolidated reserves	34,922	23.7	37,113	22.8	-2,191
Evaluation difference of other securities	270	0.2	—	—	270
Foreign exchange adjustment account	55	0.0	4	0.0	51
Treasury stock	-7	-0.0	-0	-0.0	-7
Stocks of parent company owned by subsidiary companies	-14	-0.0	-15	-0.0	1
Total Capital	44,422	30.1	46,296	28.5	-1,874
Total liabilities, minority interest equity and shareholders' equity	147,454	100.0	162,430	100.0	-14,975

(2) Consolidated Profit and Loss Statement

(Unit: million yen)

Accounts	By period		Current consolidated accounting year (From April 1, 2001 to March 31, 2002)		Difference
	Amount	Percentage	Amount	Percentage	
		%		%	
Completed work amount	166,904	100.0	178,589	100.0	-11,685
Completed work cost	153,611	92.0	166,634	93.3	-13,023
Completed work gross profit	13,292	8.0	11,954	6.7	1,338
Selling expenses and general administrative expenses	11,613	7.0	10,889	6.1	724
Operating profit	1,679	1.0	1,065	0.6	613
Non-operating revenue	(472)	0.3	(835)	0.4	(-363)
Interests received	54		123		-69
Dividends received	58		137		-79
Consolidated adjustment account depreciation	6		5		0
Investment profit by equity method	0		—		0
Others	353		569		-215
Non-operating expenses	(348)	0.2	(584)	0.3	(-235)
Interest payable	290		338		-47
Investment loss by equity method	—		23		-23
Others	57		222		-164
Ordinary profits	1,803	1.1	1,317	0.7	485
Special profits	(244)	0.1	(4,803)	2.7	(-4,559)
Profit on sales of fixed assets	242		692		-449
Profit on sales of investments in securities	1		39		-37
Reimbursement profit of reserves for liability guarantee loss	—		20		-20
Profits from retirement allowance in trust	—		4,051		-4,051
Special losses	(3,644)	2.2	(19,353)	10.8	(-15,709)
Loss on sales of fixed assets	8		0		7
Loss on retirement of fixed assets	14		27		-12
Loss on sales of investments in securities	6		77		-71
Evaluation loss on investments in securities	2,207		158		2,049
Evaluation loss on golf club membership rights	334		588		-254
Depreciation of difference at the time of changing the severance costs accounting basis	—		11,213		-11,213
Evaluation loss on real estate	—		3,431		-3,431
Loss due to extraordinary construction settlement	—		3,115		-3,115
Evaluation loss on real property trust	—		189		-189
Depreciation of completed work accounts receivables	—		545		-545
Evaluation loss on investments	—		6		-6
Amount transferred reserves for bad debts	751		—		751
Others	321		—		321
Current net profits (or loss) before tax adjustments etc.	-1,596	-1.0	-13,232	-7.4	11,635
Corporate tax, residence tax and business tax	235	0.1	237	0.1	-2
Adjustment amounts such as for corporate taxes	-362	-0.2	-4,784	-2.7	4,421
Losses of minority interests	-14	-0.0	-206	-0.1	191
Current net profit (or loss)	-1,455	-0.9	-8,480	-4.7	7,024

(3) Statement of Consolidated Earned Surplus

(Unit: million yen)

Accounts	By period	Current consolidated accounting year (From April 1, 2001 to March 31, 2002)	Previous consolidated accounting year (From April 1, 2000 to March 31, 2001)	Difference
		Amount	Amount	
Consolidated surplus balance at beginning of period		37,113	46,441	-9,328
Consolidated surplus decreased amount		(735)	(848)	(-113)
Shareholders' dividend		734	734	-0
Directors bonus		0	113	-112
(Out of which auditors' portion)		(0)	(10)	(-10)
Net profit (or loss) for the current period		-1,455	-8,480	7,024
Consolidated surplus balance at end of period		34,922	37,113	-2,191

(4) Statement of consolidated cash flow

(Unit: million yen)

Accounts	By period	Current consolidated accounting year (From April 1, 2001 to March 31, 2002)	Previous consolidated accounting year (From April 1, 2000 to March 31, 2001)
		Amount	Amount
I. Cash flow on sales activities			
Current net profit (or loss) before adjustment for tax		-1,596	-13,232
Depreciation expenses		194	288
Consolidated adjustment account depreciation amount		-6	12
Increased or decreased amount of reserves for bad debts		1,350	554
Increased or decreased amount of reserves for severance costs and reserves for Director's retirement allowance		514	1,632
Amount set for severance costs in trust		-	9,221
Profits from severance costs in trust		-	-4,051
Increased or decreased amount of reserves for liability guarantee loss		-	-20
Earned interest and dividends received		-112	-260
Interest paid		290	338
Investment profit or loss by equity method		-0	23
Evaluation loss on investments in securities		2,207	158
Profit or loss on sales of investments in securities		4	38
Profit or loss on sales of fixed assets		-234	-692
Loss on sales of retirement of fixed assets		14	27
Evaluation loss on golf club membership rights		115	334
Evaluation loss on real estate		-	3,431
Paid amount of Director's bonus		-1	-116
Increased or decreased amount of sales credits		9,745	-3,935
Increased or decreased amount of incomplete work expenditures		-2,889	3,209
Other increased or decreased amounts of current assets		818	-3,841
Increased or decreased amount of procurement credits		-7,515	10,034
Increased or decreased amount of incomplete work received amount		-1,233	-477
Other increased or decreased amounts of current liabilities		-1,807	1,665
Sub-total		-141	4,339
Received amount of interests and dividends		116	258
Paid interest amount		-283	-340
Paid amount of corporate tax, etc.		-191	-1,713
Cash Flow on Sales Activities		-499	2,544
II. Cash flow on investment activities			
Expenditures by depositing of time deposits		-179	-13
Revenue by pay back of time deposits		-	20
Expenditures by acquiring of securities		-201	-249
Revenue by sales of securities		149	399
Expenditures by acquiring of tangible fixed assets		-100	-80
Revenue by sales of tangible fixed assets		406	738
Expenditures by acquiring of investment securities		-459	-411
Revenue by sales of investment securities		219	442
Expenditures by acquiring of shares of subsidiary companies		-5	-
Expenditures by loans		-44	-195
Revenue by recovery of loans		38	27
Expenditures by acquiring of other fixed assets		-702	-497
Revenue by sales of other fixed assets		1,092	856
Cash Flow on Investment Activities		213	1,037
III. Cash flow on financial activities			
Revenue by short term loans		11,760	16,217
Expenditures by return of short term loans		-13,808	-16,676
Revenue by long term loans		5,830	6,633
Expenditures by return of long term loans		-6,850	-7,224
Expenditures by acquiring of treasury stock		-7	-0
Revenue by sales of treasury stock		0	0
Revenue by sales of shares of parent company owned by subsidiary company		1	-
Paid amount of dividends		-738	-736
Paid dividend to minority interests		-1	-2
Other financial activity cash flow		-	-1
Cash Flow on Financial Activities		-3,814	-1,790
IV. Conversion difference relating to cash and cash equivalent items		37	5
V. Increased or decreased amount of cash and cash equivalent items		-4,063	1,796
VI. Balance at beginning of period of cash and cash equivalent items		33,068	31,271
VII. Balance at end of period of cash and cash equivalent items		29,004	33,068

(5) Basic items for preparing consolidated financial statements

1. Items relating to scope of consolidation

Number of consolidated subsidiaries: 11 companies

Names of major consolidated subsidiary companies:

Will be abbreviated here as they have been given in “1. Status of corporate group”.

DAI-DAN Service Kansai Co., Ltd., which was newly established in the current consolidated fiscal year, has been included in the consolidated subsidiary companies since the current consolidated fiscal year.

Furthermore, DAIDEN Setsubi Koji Co., Ltd., which was wound up, has been excluded from the consolidation scope

2. Items relating to application of the equity method

Number of affiliated companies using the share cross-holdings method: 1 company

Company Name:

CNA ENGINEERS PTE LTD.

The account closing date of the above affiliated company is different from the consolidated account closing date, but the financial tables for the fiscal year of this company have been used.

3. Items Related to the fiscal year of Consolidated Subsidiaries

Out of the consolidated subsidiary companies, the accounts closing date of MERINO O.D.D. SDN. BHD, THAI O.D.D. CO., LTD. and DAI-DAN PHILIPPINES, INC. is December 31.

In the preparation of various financial statement of consolidated accounting, the financial statements of that date have been used and necessary adjustments have been made in consolidating regarding the important transactions that were generated between that date and the consolidated account closing date.

4. Items relating to accounting procedure standards

(1) Evaluation standards and methods for important assets

1) Securities

Bonds held up to the maturing date: Depreciation cost method (straight- line method).

Other securities

With current market value

Market price method based on the market price of the account closing date

(Evaluation differences are treated according to full capital direct accounting method, and sale cost is calculated according to the movable average method.)

Without current market value

Cost method based on the movable average method

2) Derivative:

Market price method

3) Inventory assets

Incomplete work expenditures

Cost method based on actual cost method

Materials and stored goods

Lower cost method based on the movable average method

(2) Method of depreciation of important depreciated assets

Tangible fixed assets

Straight-line method in regard to buildings (excluding equipment) and fixed percentage method in regard to others are adopted. However the straight-line method is adopted for overseas consolidated subsidiary companies.

Depreciable life and salvage value in our company and domestic consolidated subsidiaries are set in accordance with the same standards as prescribed in the corporate tax law.

(3) Basis for recording important reserves

1) Reserves for bad debts

To cope with losses due to completed work accounts receivables and bad debts, general bonds are based on the past record of bad debt ratio, while for particular bonds including bonds likely to become bad debts, estimated unrecoverable amount is accounted by considering the possibility of recovery individually.

2) Reserves for completed work compensation

This is set with the object of warranting defects of completed work, accounted with consideration given for future compensation predictions, basing on past records for the object work subject to compensation.

3) Severance costs reserve

In order to prepare for the severance costs of employees, the severance costs obligation at the end of the current consolidated accounting year and the estimated pension asset amount are taken as the basis and the amount considered to have become due for payment at the end of the current consolidated accounting year is carried over in the books.

Differences on the mathematical calculation start to be processed in the next consolidated accounting year in accordance with the straight-line method based on the given number of years (10 years) within average residual service years of employees at the time of occurrence.

4) Reserves for Directors' retirement allowance

To provide for retirement allowance of Directors', the company has accounted reserves for amounts required to be paid at the end of the mid-term period, based on in-house regulations.

5) Reserves for liability warrantee loss

To provide for losses relating to warranting of liabilities, an estimated loss amount has been accounted with consideration given to the financial condition of the warranted party.

(4) Standard for converting important assets or liabilities held in foreign currency into Japanese Yen

The financial assets and liabilities held in foreign currency are converted into Japanese Yen at the direct exchange rate on the account closing date, and the difference amount on the account closing date has been processed as profit or loss. Further, the assets and liabilities of overseas consolidated subsidiaries are converted into Japanese Yen at the direct exchange rate on the account closing date, the incomes and the costs are converted into Japanese Yen based on the average market price for the current period, and the difference amount on the account closing date has been included in the exchange rate conversion adjustment account and minority interest equity.

(5) Treatment of important lease transactions

Finance lease transactions other than those for which transfer of ownership rights of the leased object to the lessee is recognized, are accounted, basing on method relating to normal lease transactions.

(6) Method of important hedge accounting

1) Method of hedge accounting

We are using the postponement hedge processing method.

2) Hedge means and hedge targets

- Hedge means: Interest swap transactions
- Hedge targets: long term borrowings

3) Hedge policy

In order to avoid changes in the interest rate risk on long term borrowings, we are using derivative transactions.

Further, we have a policy of not carrying out derivative transactions for investment purposes.

4) Evaluation method of hedge availability

Hedge availability is evaluated by means of analyzing the ratio between the total of the

cash flow for hedge targets and the total of cash flow for hedge means.

(7) Different important items for the consolidated financial statements

- 1) Standard for accounting amount of completed works
This is based on the standard for accounting completed works. The standard of work progress is used for overseas consolidated subsidiary companies.
- 2) Accounting of consumption tax, etc.
Based on tax exclusion method.

5. Items relating to evaluation of assets and liabilities of consolidated subsidiaries

Evaluation method of assets and liabilities of consolidated subsidiaries is in accordance with total market price evaluation method.

6. Items relating to depreciation of consolidated adjustment account

Consolidated adjustment account is depreciated by straight line method over 5 years.

7. Items relating to treatment of surplus appropriation accounts

Consolidated surplus calculation is made basing on surplus appropriation decided during the consolidated accounting year.

8. Scope of funds in the consolidated cash flow statement

Funds (cash and equivalent) in the consolidated cash flow statement consist of cash on hand, deposits payable upon demand and time deposits for which maturity is within 3 months after acquiring, and short-term investments, which are readily convertible into cash without maturity date or redemption date and low-risk in the fluctuation in prices.

(Additional information)

Accounting of financial instruments

From the current consolidated fiscal year, regarding the evaluation method of other securities having current market value, the accounting standards related to financial instruments (“Opinions on the establishment of accounting standards related to financial instruments” – Corporate Accounting Evaluation Committee, January 22, 1999) was applied. In view of this application, in the main, the evaluation method of other securities was changed from Cost Method based on the movable average method to Market Price Method based on the market price of the account closing date. (The evaluation differences were treated according to full capital direct accounting method, and the sale cost was calculated according to the movable average method.) As a result, the evaluation difference amount of other securities was accounted by 270 million yen, and deferred tax assets decreased by 196 million yen.

Remarks

[Those relating to consolidated balance sheet]

	Current consolidated accounting year	Previous consolidated accounting year
1. Accumulated amount of depreciation of tangible fixed assets	4,973 million yen	5,061 million yen
2. Transferred amount by endorsed notes receivable	155 million yen	35 million yen
3. Number and amount of treasury stock	17,398 shares 7 million yen	1,678 shares 0 million yen
4. Number and amount of shares of parent company held by consolidated subsidiaries	32,400 shares 14 million yen	36,400 shares 15 million yen
5. Shares of affiliated companies		
Investments securities	478 million yen	464 million yen
6. Pledged assets and liabilities with pledge		
(1) Assets placed as collateral		
Fixed deposit	27 million yen	- million yen
Investment securities	1,092 million yen	1,455 million yen
(2) Liabilities for the above		
Work accounts payable	43 million yen	- million yen
Long term borrowings to be repaid within a year.	742 million yen	874 million yen
Long term borrowings	781 million yen	223 million yen
7. Method of accounting promissory notes becoming mature at the end of the term		
Regarding the method of accounting promissory notes that are becoming mature on the last date of the consolidated fiscal year, the settlement processing is being done on the date of exchanging the promissory note. Further, since the last date of the current consolidated fiscal year was a holiday for financial institutions, the promissory notes becoming mature on the last date of the next fiscal year have been included in the balance at the end of this consolidated accounting term.		
Notes receivable	640 million yen	1,085 million yen
Notes payable	3,739 million yen	3,298 million yen

[Regarding consolidated profit and loss statement]

1. The important expense items and amount of sales expenses and general management expenses and their amounts are as follows.

	Current consolidated accounting year	Previous consolidated accounting year
Salaries and allowances to employees	3,910 million yen	4,062 million yen
Severance costs	954 million yen	358 million yen
Amount of deferred reserves of directors' retirement allowance	82 million yen	80 million yen
Amount of computers	706 million yen	734 million yen
Communication and transportation expenses	1,081 million yen	1,068 million yen
Amount of transferred reserves for bad debts	405 million yen	60 million yen
Depreciation expenses	165 million yen	250 million yen

2. Total expenditures for research and development

Selling costs and general administrative costs	375 million yen	395 million yen
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3. Transferred reserves for bad debts of 268 million yen is included in evaluation loss on golf club membership rights.

[Those relating to consolidated cash flow statement]

Period end balance of cash and cash equivalent objects and relation to the amount and account stated in the consolidated balance sheet

(Unit: million yen)

	Current consolidated accounting year	Previous consolidated accounting year
Cash and deposit accounts	27,110	28,399
Securities account	2,330	4,872
Total	29,440	33,272
Time deposits with time period more than 3 months	-233	-54
Securities other than additional type public bonds investment trusts	-202	-149
Cash and cash equivalent objects	29,004	33,068

[Those relating to lease transactions]

Finance lease transactions other than those for which ownership rights of the leased object transfers to the lessee

1. Amount equivalent to acquired amount of the leased object, amount equivalent to accumulated depreciation amount, and amount equivalent to balance at end of period

(Unit: million yen)

Tools and equipment, fixtures	Current consolidated accounting year	Previous consolidated accounting year
Amount equivalent to acquired amount	1,451	1,537
Amount equivalent to accumulated depreciation amount	867	819
Amount equivalent to balance at end of period	584	717

2. Amount equivalent to unexpired lease charge balance at end of year

(Unit: million yen)

Tools and equipment, fixtures	Current consolidated accounting year	Previous consolidated accounting year
Within 1 year	315	334
Over 1 year	290	401
Total	606	736

3. Payable lease charges, amount equivalent to depreciation expenses and amount equivalent to interest payable

(Unit: million yen)

Tools and equipment, fixtures	The current consolidated accounting year	The previous consolidated accounting year
Payable lease charges	406	429
Amount equivalent to depreciation expenses	375	396
Amount equivalent to interest payable	26	41

4. Calculation method of amount equivalent to depreciation expenses

Calculation was made by the straight line method with lease period set as the service life and residual value set at zero.

5. Calculation method of amount equivalent to interest

Amount equivalent to interest is defined as a difference between total of lease charge and the amount equivalent to acquisition prices for the lease property. The method of allocation to each period is based on the interest law.

5. Securities

(Current consolidated fiscal year)

1. Bonds with current market value and intended to be held until maturity date (March 31, 2002)

(Unit: million yen)

	Amount in the consolidated balance sheet	Current value	Difference amount
(Those whose current market value is above the amount in the consolidated balance sheet)			
Government bonds/local government bonds	—	—	—
Corporate bonds	50	50	0
Others	—	—	—
Sub-total	50	50	0
(Those whose current market value is not above the amount in the consolidated balance sheet)			
Government bonds/local government bonds	—	—	—
Corporate bonds	650	646	-3
Others	—	—	—
Sub-total	650	646	-3
Total	700	696	-3

2. Other securities with current market value (March 31, 2002)

(Unit: million yen)

	Acquisition cost	Amount in the consolidated balance sheet	Difference amount
(Those whose amount in consolidated balance sheet is above the acquisition cost)			
Stock	2,053	3,012	958
Credit			
Government bonds/local government bonds	—	—	—
Corporate bonds	2	2	0
Others	—	—	—
Others	—	—	—
Sub-total	2,056	3,015	959
(Those whose amount in consolidated balance sheet is not above the acquisition cost)			
Stock	4,436	3,944	-492
Credit			
Government bonds/local government bonds	—	—	—
Corporate bonds	—	—	—
Others	—	—	—
Others	183	183	—
Sub-total	4,620	4,128	-492
Total	6,676	7,143	466

Note: For other securities with current market value, 2,207 million yen is distracted as shrinkage losses.

3. Other securities sold for the current consolidated fiscal year (From April 1, 2001 to March 31, 2002)

(Unit: million yen)

Sale value	Total of sale profit	Total of sale loss
343	39	77

4. Contents of main securities without current market value and amount in the consolidated balance sheet

(March 31, 2002)

(1) Bonds intended to be held until maturity

Unlisted foreign bonds	0 million yen
Discount bank debentures	99 million yen
Non-public domestic bonds	2 million yen

(2) Shares of subsidiaries and affiliated companies

Shares of affiliated companies	478 million yen
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(3) Other securities

Unlisted shares (excluding over-the-counter sold shares)	880 million yen
Money management fund	1,232 million yen
Mid term government bond fund	895 million yen

5. Estimated amount of redemption for other securities with maturity and bonds intended to be held until maturity

(March 31, 2002)

(Unit: million yen)

	Within 1 year	Over a year and within five years	Over 5 years and within ten years	Over 10 years
(Bonds intended to be held until maturity date)				
Government bonds/local government bonds	—	—	—	—
Corporate bonds	201	100	—	500
Others	—	—	—	—
Sub-total	201	100	-	500
(Other Securities)				
Bonds				
Government bonds/local government bonds	—	—	—	—
Corporate bonds	—	—	2	—
Others	—	—	—	—
Others	—	—	—	—
Sub-total	—	—	2	-
Total	201	100	2	500

Note: Out of corporate bonds intended to be held until maturity, those whose maturity is over ten years, 500 million yen, are perpetuity subordinated bonds with call option, and so it is possible that they will be redeemed after March 2003 by executing call option.

(Previous consolidated fiscal year)

1. Bonds with current market value and intended to be held until maturity date (March 31, 2001)

(Unit: million yen)

	Amount in the consolidated balance sheet	Current value	Difference amount
(Those whose current market value is above the amount in the consolidated balance sheet)			
Government bonds/local government bonds	—	—	—
Corporate bonds	200	202	2
Others	—	—	—
Sub-total	200	202	2
(Those whose current market value is not above the amount in the consolidated balance sheet)			
Government bonds/local government bonds	—	—	—
Corporate bonds	500	498	-1
Others	—	—	—
Sub-total	500	498	-1
Total	700	701	1

2. Other securities with current market value

Based on Finance Ministerial Ordinance of 2000, vol. 9, Supplementary provisions vol. 3, the description is omitted.

3. Other securities sold for the current consolidated fiscal year

(From April 1, 2000 to March 31, 2001)

(Unit: million yen)

Sale value	Total of sale profit	Total of sale loss
343	39	77

In addition to the above, amount of severance cost in trust, 9,221 million yen and profit from severance cost in trust, 4,051 million yen are accounted.

4. Contents of main securities without current market value and amount in the consolidated balance sheet

(March 31, 2001)

(1) Bonds intended to be held until maturity

Unlisted foreign bonds	0 million yen
Discount bank debentures	149 million yen
Non-public domestic bonds	2 million yen

(2) Shares of subsidiaries and affiliated companies

Shares of affiliated companies	464 million yen
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(3) Other securities

Unlisted shares (excluding over-the-counter sold shares)	866 million yen
Money management fund	3,868 million yen
Mid term government bond fund	854 million yen

5. Estimated amount of redemption for other securities with maturity and bonds intended to be held until maturity

(March 31, 2001)

(Unit: million yen)

	Within 1 year	Over a year and within five years	Over 5 years and within ten years	Over 10 years
(Bonds intended to be held until maturity date)				
Government bonds/local government bonds	—	—	—	—
Corporate bonds	149	202	—	500
Others	—	—	—	—
Sub-total	149	202	-	500
(Other Securities)				
Bonds				
Government bonds/local government bonds	—	—	—	—
Corporate bonds	—	—	2	—
Others	—	—	—	—
Others	—	—	—	—
Sub-total	—	—	2	-
Total	149	202	2	500

Note: Out of corporate bonds intended to be held until maturity, those whose maturity is over ten years, 500 million yen, are perpetuity subordinated bonds with call option, and so it is possible that they will be redeemed after March 2003 by executing call option.

6. Relating to Derivative Transactions

1. Items relating to transaction conditions

(1) Contents and purpose of transactions

In regard to some interest of long-term borrowings with floating rate, our company is, for interest rate risk hedge, conducting interest rate swap transactions, in which interest cost is fixed.

(2) Policy and contents of risk concerned with transactions

Our company is adopting a policy of applying derivative transactions only for the purpose of avoiding the interest rate risk of borrowings, not conducting derivative transactions intended for speculation or those with high leverage effect.

We consider that since derivative transactions relating to interest rate are interest rate swap transactions, in which floating rate and fixed rate are exchanged, there is little risk due to the fluctuation of money market rate. We also consider that there is little credit risk due to the other partner's breach of contract, since contractants of derivative transactions are domestic financial organizations with high credit rating

(3) Risk management system for transactions

In accordance with company rules, interest rate swap transactions are approved within fund raising and implemented and managed by the accounting dept. of the head office.

2. Item relating to current market value of transactions

Although our company is conducting interest rate swap transactions, we are applying hedge accounting. Accordingly, notes are omitted

7. Relating to Severance Costs

1. Outline of adopted severance costs system

Our company and domestic consolidated subsidiaries have set up such systems as employees' pension fund, tax-qualified pension, and lump-sum retirement allowance as defined benefit pension plan. Our company has also set up severance costs in trust.

2. Items regarding to severance costs obligation

(Unit: million yen)

	End of the current consolidated fiscal year	End of the previous consolidated fiscal year
a. Severance costs obligation	-31,376	-30,243
b. Pension fund	21,241	23,128
c. Unreserved severance costs obligation (a + b)	-10,134	-7,114
d. Unprocessed amount of differences at the time of changing accounting basis	—	—
e. Unrecognized differences on mathematical calculation	5,383	2,692
f. Unrecognized past service liabilities (Decreased liabilities)	—	—
g. Net amount in consolidated balance sheet (c+d+e+f)	-4,750	-4,422
h. Prepaid pension costs	533	294
i. Reverses for severance costs (g - h) (Note 2)	-5,284	-4,716

Notes: 1. Substitution of employees' pension fund is included.

2. In regard to consolidated subsidiaries, for calculating severance costs obligation relating to lump-sum severance costs, an easy method is being adopted.

3. Items regarding to severance costs

(Unit: million yen)

	Current consolidated fiscal year	Previous consolidated fiscal year
a. Service costs (Note 1,2)	843	816
b. Interest costs	895	849
c. Expected operational profits	-475	-468
d. Processed amount of the costs of differences at the time of changing accounting basis	—	11,213
e. Processed amount of differences on mathematical calculation	265	—
f. Processed amount of past service liabilities	—	-1,180
g. Severance costs (a+b+c+d+e+f)	1,528	11,231

Notes:

1. Amount of employees' contribution to employees' pension fund is deducted.

2. Severance costs of consolidated subsidiaries adopting an easy method are accounted as "a. Service costs".

4. Items regarding to the basis of calculation of severance costs obligation

	Current consolidated fiscal year	Previous consolidated fiscal year
a. Method of period allocation for estimated amount of severance costs	Period fixed amount basis	Same as in the left
b. Discount rate	3.0%	Same as in the left
c. Expected operational profit rate	3.0%	Same as in the left
d. The number of years when amount of past service liabilities is processed	—	Processed in a lump in the occurrence year.
e. The number of years when differences on mathematical calculation are processed.	10 years (Differences on the mathematical calculation starts to be processed in the next consolidated fiscal year in accordance with the straight-line method based on the given number of years within average residual service years of employees at the time of occurrence.)	Same as in the left
f. The number of years when differences at the time of changing accounting basis are processed.	-	Processed in a lump

8. Those relating to tax effect accounting

1. Contents of main causes for occurrence of deferred tax assets and deferred tax liabilities (Unit: million yen)

	End of the current consolidated fiscal year	End of the previous consolidated fiscal year
Deferred tax assets		
Surplus of transferred reserves for severance costs	4,850	4,599
Repudiated evaluation loss on real estate	1,384	1,440
Repudiated evaluation loss on investments in securities	846	12
Surplus of transferred allowance for bad debt	594	51
Repudiated write-down of incomplete work expenditures	205	288
Repudiated reserves for Director's retirement allowance	186	208
Repudiated evaluation loss on golf club membership rights	155	224
Repudiated reserves for liability guarantee loss	88	88
Subsidiaries' loss carry-forward on taxes	67	195
Loss carry-forward	—	962
Deductible temporary differences concerned with subsidiaries' investments	—	150
Others	713	601
Deferred tax asset sub-total	9,093	8,822
Amount of valuation reserves	-213	-349
Deferred tax asset total	8,880	8,473
Deferred tax liability		
Profits from severance costs in trust	1,701	1,701
Other evaluation differences of securities	196	—
Entertainment expenses included in incomplete work expenditures	134	104
Reserve from fixed asset reduction	72	75
Others	48	31
Deferred tax liability total	2,154	1,912
Deferred tax asset net amount	6,725	6,560

2. Contents of main items which became causes for serious difference where there is a serious difference between the legal effective tax rate and the burden rate of corporate taxes, etc. after application of tax effect accounting.

Since each net loss was accounted in the current and the previous fiscal years, the description is omitted.

9. Segment Information

1. Segment information by type of business

The current consolidated fiscal year (April 1, 2001 to March 31, 2002) and the previous consolidated fiscal year (April 1, 2000 to March 31, 2001)

Since our corporate group is engaged in facility construction works, there are no business types other than this. Accordingly, segment information by business type is not described.

2. Segment information by location

The current consolidated fiscal year (April 1, 2001 to March 31, 2002) and the previous consolidated fiscal year (April 1, 2000 to March 31, 2001)

Since the total sales amount of all segments of "Japan" exceeds 90%, description of segment information by location is omitted.

3. Overseas sales amount

The current consolidated fiscal year (April 1, 2001 to March 31, 2002) and the previous consolidated fiscal year (April 1, 2000 to March 31, 2001)

Since overseas sales amount is less than 10% of the total consolidated sales, description of overseas sales is omitted.

10. Transactions with related parties

Non-applicable