



NAKANO CORPORATION

Annual Report 2011

Fiscal year ended 31st March 2011



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Annual Report 2011

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Cautionary remarks regarding forward looking statements

This Annual Report includes forward-looking statements that represent Nakano Corporation's assumptions and expectations in light of currently available information. These statements reflect industry trends, client's situations and other factors, and involve risks and uncertainties which may cause actual performance results to differ from those discussed in the forward looking statements in accordance with changes in the domestic and international business environment.

FINANCIAL HIGHLIGHTS

NAKANO CORPORATION and its subsidiaries

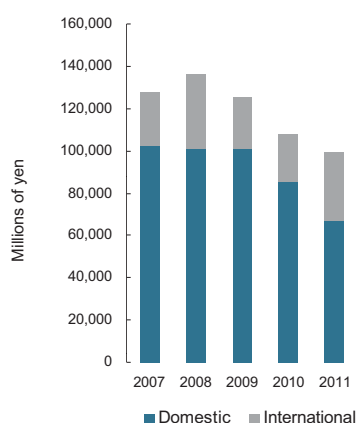
Years ended March 31, 2007 through 2011

	2007	2008	2009	2010	2011	2011
	Millions of yen					Thousands of U.S. dollars
Contract awards	¥ 127,069	¥ 136,232	¥ 125,333	¥ 107,751	¥ 99,321	\$ 1,194,479
Net sales	101,702	116,360	116,593	120,186	120,283	1,446,578
Operating income	1,543	2,687	2,902	2,956	1,404	16,885
Ordinary	1,281	2,536	2,650	2,740	1,362	16,380
Net income	953	1,767	1,768	1,829	639	7,684
Comprehensive income	-	-	-	2,007	180	2,164
Total net assets	11,583	11,285	10,140	11,941	11,914	143,283
Total assets	78,087	73,542	80,725	71,183	65,231	784,497
Net cash provided by (used in) operating activities	6,719	(2,344)	(645)	5,468	9,617	115,658
Net cash provided by (used in) investing activities	1,031	5,014	93	73	(464)	(5,580)
Net cash provided by (uses in) financing activities	(1,447)	(5,294)	1,568	(4,058)	(1,692)	(20,348)
Cash and cash equivalents at end of period	12,976	10,024	10,702	12,326	19,552	235,141

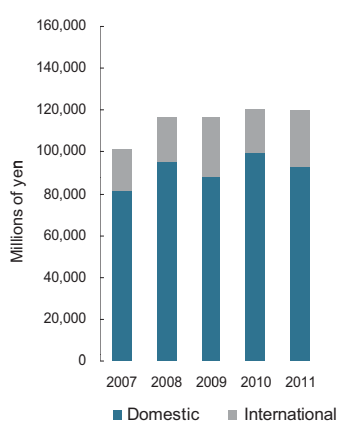
	Yen					U.S. dollars
Per share of common stock (in yen and U.S. dollars)						
Net assets	¥ 243.63	¥ 259.91	¥ 285.30	¥ 336.92	¥ 337.52	\$ 4.05
Net income	26.75	50.47	51.40	53.19	18.58	0.22
Cash dividends applicable to the year	3.50	6.00	6.00	6.00	6.00	0.07
Number of employees	1,133	1,154	1,122	1,129	1,145	

Note: The rate of ¥83.15 = US\$1.00, the foreign exchange rate on March 31, 2011, has been used for translation.

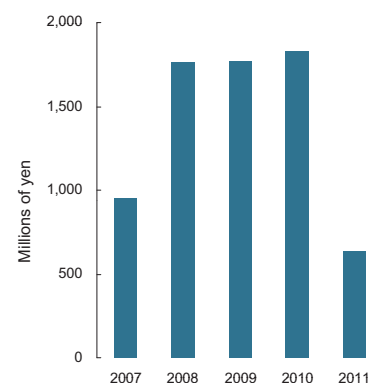
Contract Awards



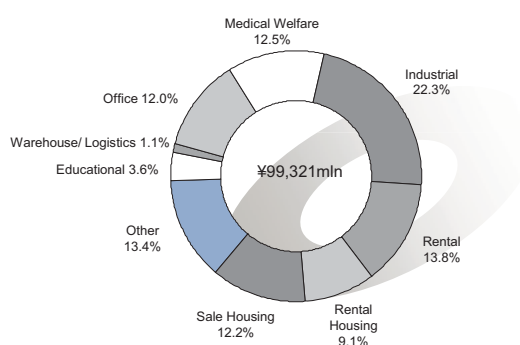
Net Sales



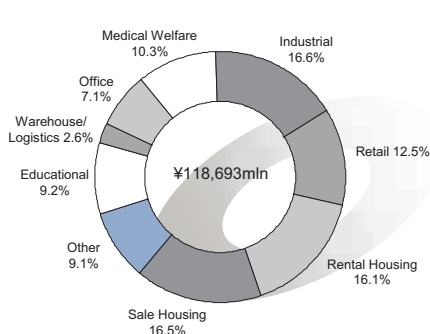
Net Income



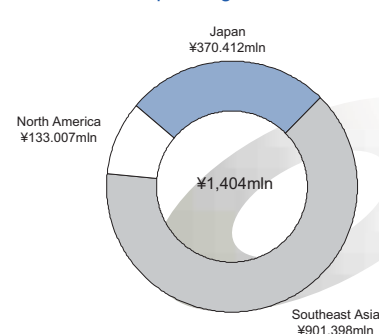
Construction Awards



Construction Sales



Operating Income



Business Overview & Results

Since the foundation of Nakano Corporation in 1933, then known as Nakano-gumi, we have benefited from the confidence shown to us by our esteemed customers over the last seventy five years. We greatly appreciate the opportunity to have developed into a well established company in the construction industry. Now, a new era has begun in this industry requiring new business models and new visions. We are committed to adapting ourselves to this ever-changing new environment, and to accommodating our customer's expectations and requirements. In order to accomplish this goal, our business philosophy emphasizes three core elements, "Faith, Enthusiasm, and Creativity."

A Message from the President



2011 Business Report

We are pleased to provide details of the company and its subsidiaries for the fiscal year spanning 1st April 2010 to 31st March 2011.

(1) Current Corporate Group Condition Business Course & Results

Although there has been some relief for export oriented companies provided by increasing demand by developing nations, a steep appreciation in the value of the Japanese Yen has meant the pace of recovery for the Japanese economy during the consolidated fiscal year has been subdued. This coupled with unstable crude oil and raw material supplies due to instability in the Middle East, has led to a weakened economic environment and sustained economic uncertainty.

Although we have reorganized our group structure to quickly address the changing needs of our clients and the Japanese economic environment, the domestic construction industry has observed a continued trend of contracted public sector investment, and no genuine recovery in private sector capital spending. These factors have contributed to an extremely difficult construction market dominated by increasingly intense competition for work orders. Conversely, our 36 years of international experience and achievements have allowed us to register consistent achievements in the robust economies of South East Asia. As a result, our business performance for this period is as follows.

Construction awards for this consolidated fiscal year were ¥99,321mln (¥8,429mln annual decrease). Additionally, nonconsolidated construction awards were ¥68,291mln (¥17,770mln annual decrease).

The major domestic orders received during this period were for new construction of the Tohoku Regional Raw Material Office Headquarters of Japan Tobacco Inc., Somi Shokuhin Co., Ltd.'s Tanba No.3 Factory, Minato-ward, Tokyo's Konan 4-chome Welfare Facility (provisionally named), and Takatsuki Hospital New Medical Building Expansion works (provisionally named) by Tokyo Aiseikai Medical Association.

Internationally, major orders comprised new construction works for the Changi Business Park Hotel and Office buildings in Singapore by Ascendas Frasers Pte Ltd a joint venture between Ascendas Land and Frasers Centerpoint, new construction of the CSF CX5 Data Center in Malaysia by Integrated DC Builders SDN BHD, Toyo Seal Indonesia's No.3 Factory, and new construction of the Otsuka Seiyaku Raw Material Warehouse in Thailand by Thailand Otsuka Seiyaku.

Sales for this consolidated fiscal year were ¥120,283mln (¥97mln annual increase), comprised of ¥118,693mln (slight annual decrease) for construction works, and ¥1,590mln (¥97mln annual increase) for real estate related businesses. Additionally, non-consolidated sales for this consolidated fiscal year were ¥93,571mln (¥6,850mln annual decrease), comprised of ¥92,355mln (¥6,972mln annual decrease) for construction works, and ¥1,215mln (¥122mln annual increase) for real estate related businesses.

Primary domestic completions included construction of Kosha Heim Mukaihara (Period 1) by Tokyo Metropolitan Housing Supply Corporation, new construction of The Koshigaya Building by Koshigaya Gomu Kogyo Co., Ltd., Higashi-matsuyama Station East Exit Precinct Upgrading and Facility Building Construction by Sekisui Chemical Co., Ltd., and new High School Construction (provisionally named) by Amagasaki City, Hyogo. Internationally, major completions included St. Thomas Suites Condominium in Singapore by FCL Tower Pte Ltd., the Konica Minolta Period 3 Factory and Welfare Building in Malaysia by Konica Minolta Glass Tech Malaysia, Panasonic Energy Lithium Factory by PT. Panasonic Energy Indonesia, and the Auto Interior Products Period 2 Factory in Thailand by Auto Interior Products.

From the above results, consolidated construction work to be carried forward were ¥115,479mln (¥19,371mln annual decrease), and non-consolidated consolidated construction work to be carried forward ¥79,125mln (¥24,063mln annual decrease).

In terms of profitability for this consolidated fiscal year, operating income was ¥1,440mln (¥1,551mln annual decrease), working profit was ¥1,362mln (¥1,377mln annual decrease), and current net earnings were ¥639mln (¥1,190mln annual decrease). Moreover, in non-consolidated terms, operating income was ¥43mln (¥2,259mln annual decrease), working profit was ¥467mln (¥1,771mln annual decrease), current net earnings were ¥325mln (¥1,292mln annual decrease).



Akira Asai

President, NAKANO CORPORATION

NAKANO INTERNATIONAL OPERATIONS NETWORK

Comprehensive Nationwide and International Design and Construction Coverage

Centering on the diverse economies of Southeast Asia, Nakano Corporation's international construction operations have allowed us the opportunity to partner with some of the world's largest and most prominent international and domestic Japanese corporations to produce a wide and varied array of high quality, competitively priced works. In the future, it is our intention to exert every possible effort towards the realization of even greater international expansion and development.



■ Headquarters

■ Project Locations

Tokyo, Japan

■ International Office

USA
Singapore
Malaysia
Thailand
Indonesia
Vietnam
China

Algeria
Australia
Bahrain
China
England
France
Germany
Guam
Hungary
Indonesia
Iran
Iraq

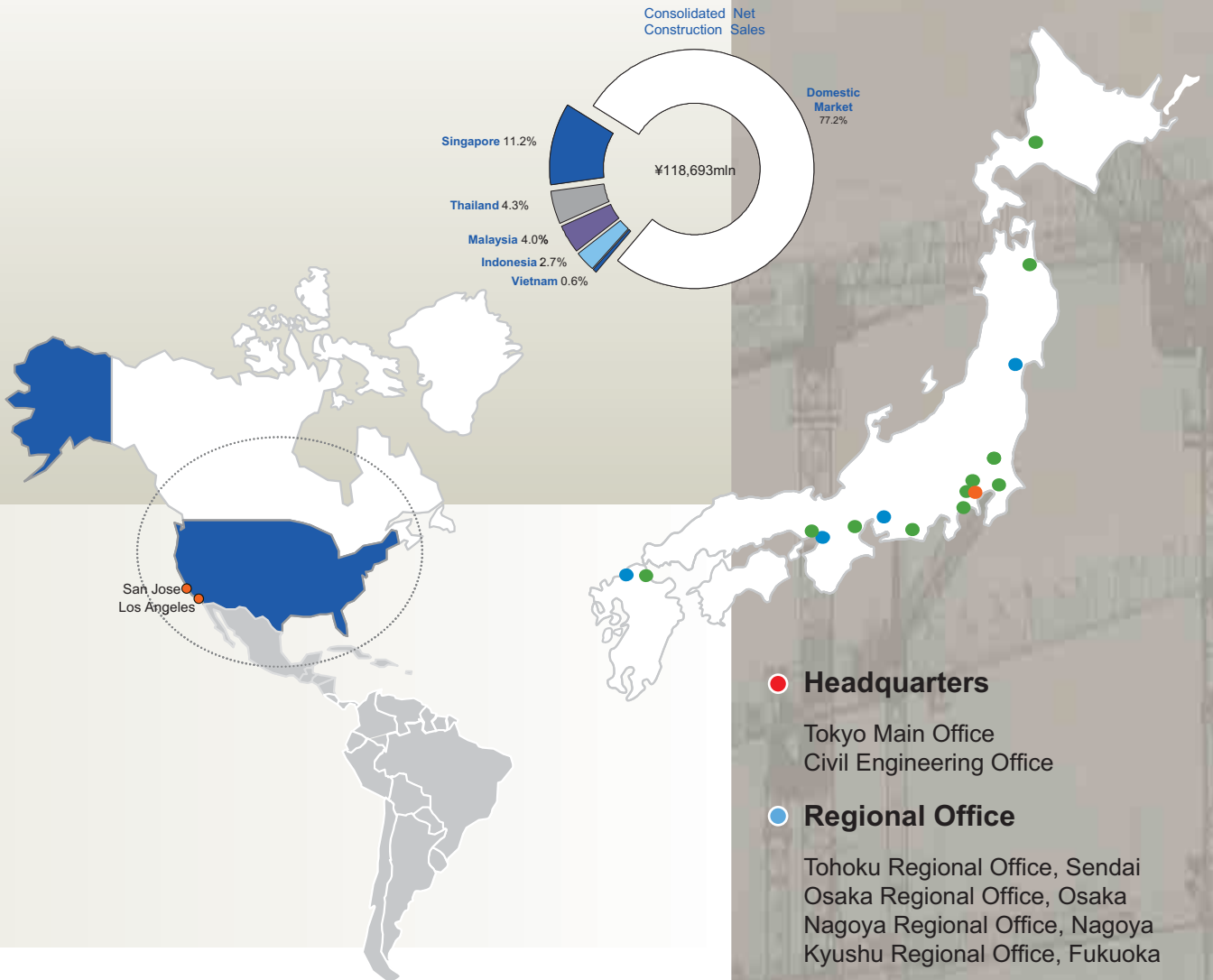
Jordan
Libya
Malaysia
Myanmar
New Zealand
Russia
Saudi Arabia
Singapore
South Korea
Spain
Syria
Taiwan

Thailand
USA
Vanuatu
Vietnam
Yemen

GLOBAL WORKS COVERAGE

Translating globalizing client needs into reality

Since the establishment of our first international offices in the United States in 1974 and Singapore in 1975, Nakano Corporation has successfully completed upwards of 1,300 international projects in 35 nations around the world. By integrating advanced technical know-how with safety and quality based project management techniques has forged a reputation for sound, quality works completed within time and budgetary constraints.



+302%

Nakano's international based sales have grown from ¥9.10bln in 2006 to ¥27.51bln in 2011



- **Headquarters**
 - Tokyo Main Office
 - Civil Engineering Office
- **Regional Office**
 - Tohoku Regional Office, Sendai
 - Osaka Regional Office, Osaka
 - Nagoya Regional Office, Nagoya
 - Kyushu Regional Office, Fukuoka
- **Branch & Sales Office**
 - Hokkaido Branch Office, Sapporo
 - Higashi Kanto Branch Office, Chiba
 - Kita Kanto Branch Office, Saitama
 - Yokohama Branch Office, Yokohama
 - Ibaraki Branch Office, Tsuchiura
 - Taito Branch Office, Taito-ku
 - Kita Tohoku Branch Office, Hachinohe
 - Mie Sales Office, Yokkaichi
 - Hamamatsu Sales Office, Hamamatsu
 - Hyogo Sales Office, Amagasaki
 - Kitakyushu Sales Office, Kitakyushu

MAJOR INTERNATIONAL WORKS 2011

Since initially expanding into the diverse economies of South East Asia, Nakano Corporation has continually developed its technical expertise in order to expand both the scale and nature of international projects. In addition to our design, construction and technical assistance activities, large scale real estate development projects undertaken by our group in some of Asia's most prestigious residential precincts have affirmed our reputation for premium quality project management.



St Thomas Suites

St Thomas Walk, Singapore | 2010

St Thomas Suites is an 176 apartment ultra premium residential unit development of two 33-level high rise tower towers and an elevated landscaped green zone. Designed by Japanese architect Masaki Miyaki, the project's distinctive curved forms rise at orientations providing shelter from daytime sunrays and maximum extension of its open-plan interiors.





Latitude Condominium [Jalan Mutiara, Singapore | 2010](#)

Completing in 2010, Latitude Condominium is a luxury residential freehold condominium development of one 22-storey tower and two 23-storey towers in Singapore's exclusive Jalan Mutiara residential precinct. Developed by Phoenix Reality Pte Ltd (Capitaland), the 127 unit development is located less than 10 minutes from Singapore's CBD, and nearby Orchard Road many dining, shopping and entertainment attractions.

Caspian Condominium

[Lakeside Drive, Singapore | 2012](#)

Set upon a spacious parcel of lakeside land, this eleven 17-storey building development of 712 residential leasehold units by Frasers Centerpoint will transform Singapore's Jurong Lake district into a vibrant commercial district upon project completion in 2012.





Changi Business Park Changi South, Singapore | 2012

(Commercial Complex ▪ Hotel ▪ Office Building)

Changi Business Park is a mixed use development project set for completion in 2012. Constructed by Nakano Singapore as a joint venture between Ascendas Land and Frasers Centerpoint, the project comprises a retail shopping complex, office building, and hotel development. Opening in 2012, the project features onsite landscaped gardens, as well as easy access to nearby amenities such as the Singapore Expo exhibition center, transport links, and a growing number of domestic and international hi-tech corporations in the surrounding area .



Optima Condominium

Tanah Merah Kechil Avenue, Singapore | 2014

Optima Condominium is a 297 unit project of five 14-storey residential tower blocks developed as a joint venture between Hong Leong Group Singapore and Japan's Mitsui Fudosan. Set for completion in 2014, the 28,199m² project offers full onsite luxury condominium facilities and ease of access via the adjacent Tanah Merah MRT station link.



Waterfront Gold Condominium

Bedok Reservoir Road, Singapore | 2013

Set for completion in late 2013, Waterfront Gold Condominium is a 36,241m² waterfront leasehold residential waterfront complex of five 15 level residential towers that line the tranquil banks of Bedok Reservoir to the north and Bedok Reservoir Park to the East, around 10 minutes from Changi International Airport.



Designed by DP Architects, and jointly developed by Frasers Centerpoint Limited and Far East Organization, the project is set on a resort style 3,160m² site combining easy access to lush parklands, high quality schools, and surrounding leisure amenities such as the Eastlink Mall, Bedok Shopping Complex, and the Eastpoint Mall.



Singapore BCA Construction Excellence Award for Metropolitan Condominium



The Metropolitan Condominium has been awarded with the Singapore Building Construction Authority's 2011 Award for Construction Excellence in the category of Residential Buildings S\$1,200/m² and Above. The award recognizes high standards of management, technical expertise, and work excellence. The Metropolitan received the award for overcoming the constraints posed by the proximity of an MRT station and line, as well as the adoption of precast elements and system formwork to enhance productivity.



The Metropolitan Condominium was also previously a recipient of the BCA's Green Mark Certification, a benchmark environmental scheme designed to recognize and promote best practices for quality, design and performance in the construction industry. The project includes a 8,106m² green area, sky garden, rainwater harvesting technology, automatic irrigation systems, energy efficient lighting systems, and eco friendly materials.



INTERNATIONAL INDUSTRIAL WORKS 2011



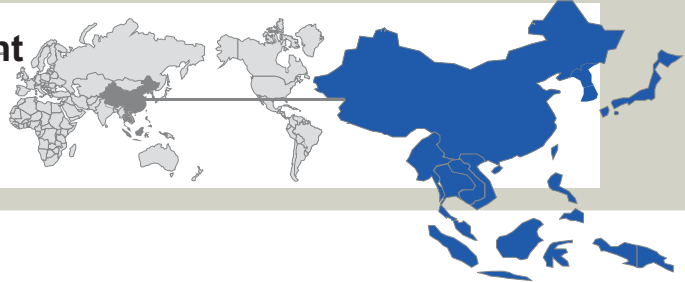
CSF CX5 Data Center | Cyberjaya, Malaysia | 2011

Set for completion in 2011, projects such as Nakano Construction's 53,518m² Integrated DC Builders CSF CX5 Data Center in Cyberjaya, Malaysia have allowed our group to exercise our production facility and warehouse based industrial construction experience in an increasingly diverse range of hi-tech fields across the markets we operate in across Asia.

1,300+

Asian Market Development

Major Project Completions Across Asia so far



Sumitec Vietnam Factory
VSIP 2 Industrial Estate, Vietnam | 2010



Mitsubishi Pencil Vietnam Factory
Thang Long Industrial Park, Vietnam | 2011



Panasonic Energy Indonesia Factory
Gobel Industrial Estate, Indonesia | 2010



Mitsubishi Pencil Vietnam Factory
Thang Long Industrial Park, Vietnam | 2011



2011 Bureau Veritas Issue 5 Food Safety Certification



Kaiyo Seafoods Vietnam Factory | Long An Industrial Estate, Vietnam | 2010

Awarded the prestigious Bureau Veritas Certification Issue 5 Global Standard for food safety, this factory is one of the world's most advanced fish meat processing facilities. The project's location in Ho Chi Minh City experiences hot, humid weather all year round, and required both a level of design and construction superior to Japanese standards, as well as a low cost and reduced construction schedule. To accommodate these requirements, the project employed a range of cutting edge provisions such as insulation panels over its roof and walls and counter measures against freezing and frosting, and contamination by chemicals and foreign objects.



Takai Seiki Indonesia Factory
MM2100 Industrial Estate, Indonesia | 2011



Toyo Seal Factory
MM2100 Industrial Estate, Indonesia | 2011



Ohara Plastics Vietnam Factory
Thang Long Industrial Park, Vietnam | 2011



Thoken Thermo Tech Training Center
Amata Nakorn Industrial Estate, Thailand | 2010



Otsuka Pharmaceutical Storage Warehouse
Samuthsakorn, Thailand | 2011



Enshu-Sanko Vietnam Factory
Bac Ninh Industrial Estate, Vietnam | 2012

DOMESTIC WORKS PORTFOLIO 2011



Minato Ward Konan Public Welfare Facility | Tokyo | 2012



Amagasaki Municipal Soboshi High School | Amagasaki, Hyogo | 2011

This state-of-the-art new high school is designed to offer an innovative range of new electronic, commerce, and mechanical based courses in addition to traditional subjects. The campus is set in an organic format to foster open communication, and promote an easy learning environment for students and teachers. The campus also incorporates cutting edge environmental technologies such as roof gardens, implanted wall greenery, natural sky lighting, and permeable solar energy glass paneling to realize superior energy efficiencies.



Nishi-arai No.3 Residential Complex | Tokyo | 2010



Kosha Heim Mukaihara | Tokyo | 2010



Elgrace Koshien | Nishinomiya, Hyogo | 2011



Heim Grande Higashi-matsuyama
Higashi-matsuyama, Saitama | 2010



Tokyo Office Obtains COHSMS Occupational Health and Safety Management System

In December 2010 Nakano was accredited with COHSMS certification (Occupational Health and Safety Management System) by the Japan Construction Occupational Safety and Health Association. The COHSMS system structure focuses on initiatives to realize safe, comfortable working environments, the eradication of occupational injury causes, and the betterment of onsite corporate construction health and safety standards.



Ogura Uomachi 3-chome Building
Kita-kyushu, Fukuoka | 2012



Kiyose Civic Center | Tokyo | 2010



Osaka Municipal Senri Furuedai Apartments
Suita, Osaka | 2010



Suita Municipal Children & Youth Center | Suita, Osaka | 2011



Park Town Higashi-ayase | Tokyo | 2010



Koshigaya Landmark Building
Koshigaya, Saitama | 2011



Ogikubo Residential Complex | Tokyo | 2011

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
NAKANO CORPORATION

We have audited the accompanying consolidated balance sheets of NAKANO CORPORATION and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of NAKANO CORPORATION and consolidated subsidiaries at March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.



IZUMI AUDIT CORPORATION
Tokyo, Japan
August 31, 2011

CONSOLIDATED BALANCE SHEETS

NAKANO CORPORATION and its subsidiaries
As of March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2011	2011
Assets			
Current assets:			
Cash and deposits (Notes 4, 6 and 7)	¥ 12,750	¥ 20,406	\$ 245,411
Notes receivable, accounts receivable from completed construction contracts and other (Notes 4 and 7)	23,444	19,771	237,775
Costs on uncompleted construction contracts (Note 4)	11,211	2,631	31,641
Costs on real estate business (Note 4)	462	710	8,538
Raw materials and supplies	23	25	300
Deferred tax assets (Note 10)	937	492	5,917
Accounts receivable-other	1,740	637	7,660
Other	1,158	1,131	13,601
Allowance for doubtful accounts	(669)	(254)	(3,054)
Total current assets	51,059	45,551	547,817
Noncurrent assets:			
Property, plant and equipment (Note 4)			
Buildings and structures	8,337	8,227	98,941
Machinery, vehicles, tools, furniture and fixtures	1,446	1,431	17,209
Land	11,060	11,010	132,411
Construction in progress	0	-	-
Accumulated depreciation	(4,772)	(5,046)	(60,685)
Total property, plant and equipment	16,072	15,623	187,889
Intangible assets	131	127	1,527
Investments and other assets			
Investment securities (Notes 4, 7 and 8)	2,555	2,362	28,406
Long-term loans receivable	464	420	5,051
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,000	178	2,140
Deferred tax assets (Note 10)	521	845	10,162
Other	352	329	3,956
Allowance for doubtful accounts	(973)	(207)	(2,489)
Total investments and other assets	3,920	3,929	47,251
Total noncurrent assets	20,124	19,680	236,680
Total assets	¥ 71,183	¥ 65,231	\$ 784,497

The accompanying notes are an integral part of these financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2011	2011
Liabilities			
Current liabilities:			
Notes payable, accounts payable for construction contracts and other (Note 7)	¥ 32,983	¥ 36,270	\$ 436,199
Current portion of bonds (Note 14)	700	560	6,734
Short-term loans payable (Notes 7 and 15)	4,108	3,755	45,159
Income taxes payable	122	139	1,671
Advances received on uncompleted construction contracts	12,539	4,578	55,057
Provision for warranties for completed construction	158	138	1,659
Provision for loss on construction contracts (Note 4)	557	1,022	12,291
Provision for bonuses	641	357	4,293
Other (Note 15)	954	945	11,365
Total current liabilities	52,764	47,768	574,479
Noncurrent liabilities:			
Bonds payable (Note 14)	100	560	6,734
Long-term loans payable (Notes 7 and 15)	4,403	3,031	36,452
Deferred tax liabilities (Note 10)	156	147	1,767
Provision for retirement benefits (Note 9)	702	847	10,186
Negative goodwill	171	114	1,371
Other (Note 15)	945	848	10,198
Total noncurrent liabilities	6,478	5,548	66,722
Total liabilities	59,242	53,317	641,214
Net assets			
Shareholders' equity:			
Capital stock	¥ 5,061	¥ 5,061	\$ 60,865
Capital surplus	1,400	1,400	16,837
Retained earnings	6,759	7,192	86,494
Treasury stock	(26)	(27)	(324)
Total shareholders' equity	13,195	13,626	163,872
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	193	96	1,154
Foreign currency translation adjustment	(1,800)	(2,116)	(25,447)
Total accumulated other comprehensive income	(1,606)	(2,019)	(24,281)
Minority interests:			
	352	307	3,692
Total net assets	11,941	11,914	143,283
Total liabilities and net assets	¥ 71,183	¥ 65,231	\$ 784,497

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF INCOME

NAKANO CORPORATION and its subsidiaries
For the years ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2011	2011
Net sales:			
Net sales of completed construction contracts	¥ 118,693	¥ 118,693	\$ 1,427,456
Sales on real estate business (Note 11)	1,450	1,552	18,665
Sales on other business	41	38	457
Total net sales	120,186	120,283	1,446,578
Cost of sales:			
Cost of sales of completed construction contracts (Note 5)	111,293	113,023	1,359,266
Cost of sales on real estate business (Note 11)	573	750	9,019
Cost of sales on other business	25	38	457
Total cost of sales	111,892	113,811	1,368,743
Gross profit:			
Gross profit on completed construction contracts	7,399	5,670	68,190
Gross profit-real estate business	877	801	9,633
Gross profit (loss)-other business	16	(0)	(0)
Total gross profit	8,293	6,471	77,823
Selling, general and administrative expenses (Note 5)	5,337	5,066	60,926
Operating income	2,956	1,404	16,885
Non-operating income:			
Interest income	50	119	1,431
Dividends income	32	34	408
Amortization of negative goodwill	57	57	685
Other	30	47	565
Total non-operating income	170	258	3,102
Non-operating expenses:			
Interest expenses	265	184	2,212
Foreign exchange losses	51	49	589
Other	68	66	793
Total non-operating expenses	386	300	3,607
Ordinary income	2,740	1,362	16,380
Extraordinary income:			
Gain on sales of noncurrent assets (Note 5)	13	11	132
Reversal of allowance for doubtful accounts	51	502	6,037
Other	6	6	72
Total extraordinary income	71	520	6,253
Extraordinary loss:			
Impairment loss	15	10	120
Provision of allowance for doubtful accounts	495	-	-
Bad debts written off	-	105	1,262
Loss on revision of retirement benefit plan (Notes 3(k) and 9)	-	162	1,948
Loss on disaster	-	56	673
Other	126	191	2,297
Total extraordinary losses	637	525	6,313
Income before income taxes and minority interests	2,174	1,357	16,319
Income taxes:			
Income taxes-current	249	376	4,521
Refund of income taxes for prior periods	-	212	2,549
Income taxes-deferred (Note 10)	82	159	1,912
Total income taxes	332	748	8,995
Income before minority interests	1,842	608	7,312
Minority interests in income (loss)	12	(30)	(360)
Net income	¥ 1,829	¥ 639	\$ 7,684

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

NAKANO CORPORATION and its subsidiaries

For the years ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2011	2011
Income before minority interests	¥ 1,842	¥ 608	\$ 7,312
Other comprehensive income:			
Valuation difference on available-for-sale securities	156	(96)	(1,154)
Foreign currency translation adjustment	9	(331)	(3,980)
Total other comprehensive income	165	(427)	(5,135)
Comprehensive income	2,007	180	2,164
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent	1,981	226	2,717
Comprehensive income attributable to minority interests	26	(45)	(541)

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

NAKANO CORPORATION and its subsidiaries

For the years ended March 31, 2010 and 2011

Millions of yen

	Shareholders' Equity					Accumulated other comprehensive income				Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available -for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	Minority interests	
Balance as at March 31, 2009	¥ 5,061	¥ 1,400	¥ 5,136	¥ (25)	¥ 11,572	¥ 37	¥ (1,795)	¥ (1,758)	¥ 326	¥ 10,140
Dividends from surplus	-	-	(206)	-	(206)	-	-	-	-	(206)
Net income	-	-	1,829	-	1,829	-	-	-	-	1,829
Purchase of treasury stock	-	-	-	(0)	(0)	-	-	-	-	(0)
Net changes of items other than shareholders' equity	-	-	-	-	-	156	(4)	151	26	178
Total changes of items during the period	-	-	1,623	(0)	1,622	156	(4)	151	26	1,800
Balance as at March 31, 2010	¥ 5,061	¥ 1,400	¥ 6,759	¥ (26)	¥ 13,195	¥ 193	¥ (1,800)	¥ (1,606)	¥ 352	¥ 11,941
Dividends from surplus	-	-	(206)	-	(206)	-	-	-	-	(206)
Net income	-	-	639	-	639	-	-	-	-	639
Purchase of treasury stock	-	-	-	(1)	(1)	-	-	-	-	(1)
Net changes of items other than shareholders' equity	-	-	-	-	-	(96)	(316)	(412)	(45)	(458)
Total changes of items during the period	-	-	432	(1)	431	(96)	(316)	(412)	(45)	(26)
Balance as at March 31, 2011	¥ 5,061	¥ 1,400	¥ 7,192	¥ (27)	¥ 13,626	¥ 96	¥ (2,116)	¥ (2,019)	¥ 307	¥ 11,914

Thousands of U.S. dollars (Note 2)

	Shareholders' Equity					Accumulated other comprehensive income				Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available -for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	Minority interests	
Balance as at March 31, 2010	\$ 60,865	\$ 16,837	\$ 81,286	\$ (312)	\$ 158,689	\$ 2,321	\$ (21,647)	\$ (19,314)	\$ 4,233	\$ 143,607
Dividends from surplus	-	-	(2,477)	-	(2,477)	-	-	-	-	(2,477)
Net income	-	-	7,684	-	7,684	-	-	-	-	7,684
Purchase of treasury stock	-	-	-	(12)	(12)	-	-	-	-	(12)
Net changes of items other than shareholders' equity	-	-	-	-	-	(1,154)	(3,800)	(4,954)	(541)	(5,508)
Total changes of items during the period	-	-	5,195	(12)	5,183	(1,154)	(3,800)	(4,954)	(541)	(312)
Balance as at March 31, 2011	\$ 60,865	\$ 16,837	\$ 86,494	\$ (324)	\$ 163,872	\$ 1,154	\$ (25,447)	\$ (24,281)	\$ 3,692	\$ 143,283

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

NAKANO CORPORATION and its subsidiaries

For the years ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2011	2011
Net cash provided by (used in) operating activities:			
Income before income taxes and minority interests	¥ 2,174	¥ 1,357	\$ 16,319
Adjustments for:			
Depreciation and amortization	430	395	4,750
Impairment loss	15	10	120
Amortization of negative goodwill	(57)	(57)	(685)
Increase (decrease) in allowance for doubtful accounts	378	(431)	(5,183)
Increase in provision for retirement benefits	52	145	1,743
Interest and dividends income	(83)	(153)	(1,840)
Interest expenses	265	184	2,212
Decrease in notes and accounts receivable-trade	3,902	3,484	41,900
Decrease in costs on uncompleted construction contracts	7,770	8,565	103,006
Decrease (increase) in other inventories	23	(249)	(2,994)
Increase in notes and accounts payable-trade	731	3,353	40,324
Decrease in advances received on uncompleted construction contracts	(8,588)	(7,935)	(95,429)
Other, net	(1,086)	1,521	18,292
Subtotal	5,929	10,190	122,549
Interest and dividends income received	83	153	1,840
Interest expenses paid	(271)	(190)	(2,285)
Income taxes paid	(272)	(536)	(6,446)
Net cash provided by operating activities	5,468	9,617	115,658
Net cash provided by (used in) investing activities:			
Payments into time deposits	(770)	(427)	(5,135)
Proceeds from withdrawal of time deposits	1,077	7	84
Purchase of property, plant and equipment	(409)	(94)	(1,130)
Proceeds from sales of property, plant and equipment	105	16	192
Purchase of intangible assets	(0)	-	-
Purchase of investment securities	(24)	-	-
Proceeds from sales of investment securities	6	-	-
Other, net	89	33	396
Net cash provided by (used in) investing activities	73	(464)	(5,580)
Net cash provided by (used in) financing activities:			
Net decrease in short-term loans payable	(3,240)	(455)	(5,472)
Proceeds from long-term loans payable	-	300	3,607
Repayment of long-term loans payable	(457)	(1,570)	(18,881)
Proceeds from issuance of bonds	-	1,374	16,524
Redemption of bonds	(100)	(1,080)	(12,988)
Cash dividends paid	(206)	(206)	(2,477)
Other, net	(54)	(55)	(661)
Net cash used in financing activities	(4,058)	(1,692)	(20,348)
Effect of exchange rate change on cash and cash equivalents	139	(233)	(2,802)
Net increase in cash and cash equivalents	1,623	7,226	86,903
Cash and cash equivalents at beginning of period	10,702	12,326	148,238
Cash and cash equivalents at end of period (Note 6)	¥ 12,326	¥ 19,552	\$ 235,141

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NAKANO CORPORATION and its subsidiaries

1. **Basis of Presenting Consolidated Financial Statements**
- The consolidated financial statements presented herein of NAKANO CORPORATION (the “Company”) and its consolidated subsidiaries (together, the “Companies”) are prepared in accordance with the provisions set forth in the Corporation Law of Japan and the Financial Instruments and Exchange Law of Japan, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.
- In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2010 financial statements to conform to the classifications used in 2011.
-
2. **U.S. Dollar Amounts**
- The accounts of consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million. The U.S. dollar amounts shown in the accompanying consolidated financial statements and notes thereto have been translated from Japanese yen into U.S. dollars on the basis of ¥83.15 to U.S.\$1, the rate of exchange prevailing at March 31, 2011, and have been then rounded down to the nearest thousand. These U.S. dollar amounts are not intended to imply that the Japanese yen amounts have been or could be converted, realized or settled in U.S. dollars at this or any other rate.
-
3. **Summary of Significant Accounting Policies**
- a. Consolidation**
- 1) Scope of Consolidation**
- The Company had 11 subsidiaries as of March 31, 2010 and 2011. The consolidated financial statements for the years ended March 31, 2010 and 2011 include the accounts of the Company and all subsidiaries. The Company had 3 affiliates as of March 31, 2010 and 2011. As of March 31, 2010 and 2011, the equity method was not applied to all affiliates, as these companies were not significant in terms of retained earnings or net income of the consolidated financial statements.
- 2) Financial Statements of Subsidiaries**
- The financial year-end of an overseas subsidiary is December 31.
- Consolidation of the subsidiary is therefore performed by using the provisional financial statements prepared as of March 31. Other subsidiaries’ financial year-end is March 31.
- 3) Difference between the Cost of Investment and Equity in the Net Assets of a Subsidiary**
- Excess of the cost of investment in a subsidiary over the amount of the underlying equity in the net assets of the subsidiary is principally amortized over a five-year period on a straight-line basis. According to the revised accounting standard for business combinations which became effective April 1, 2010, negative goodwill shall be recognized as a gain after allocating the difference to identifiable assets and liabilities upon acquisition. The revised standard permits negative goodwill recognized on, or before April 1, 2010 to be amortized under the previous accounting standard. Negative goodwill recognized on, or before April 1, 2010 is amortized over a five-year period on a straight-line basis as permitted as a transitional measure by the revised accounting standard.
- b. Investment Securities**
- Investment securities are classified and accounted for, depending on management’s intent, as follows:
- i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost and ii) available-for-sale securities, which are not classified as the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of net assets, while the cost of securities sold is computed using the moving- average method.
- Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

c. Inventories

Costs of uncompleted construction contracts are determined by the specific identification method.

Real estate for sale, costs on real estate business and raw materials and supplies are stated at cost determined by the specific identification method for real estate for sale and costs of real estate business and by the last purchase price method for raw material and supplies, while the net book value of these inventories in the balance sheet is written down if the net realizable value declines.

d. Property, Plant and Equipment (excluding lease assets)

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its domestic consolidated subsidiaries is computed by the declining-balance method, while buildings (excluding building fixtures) acquired on or after April 1, 1998 are depreciated using the straight-line method. The useful lives and residual values of the assets are determined based on the regulations of the Corporate Income Tax Law.

Foreign consolidated subsidiaries use primarily the straight-line method.

e. Intangible Assets (excluding lease assets)

Intangible assets are amortized by the straight-line method. Useful lives of the assets are determined based on the regulations of the Corporate Income Tax Law.

Software for internal use is amortized over a period of the internal available years (5 years) using the straight-line method.

f. Lease Assets

Depreciation of lease assets under finance leases that do not transfer ownership of the lease assets to the lessee is calculated by the straight-line method over the lease term of the lease assets with no residual value.

Finance leases which existed at March 31, 2008 and do not transfer ownership of the lease assets to the lessee are accounted for as operating lease transactions, as permitted by the accounting standard.

g. Allowance for Doubtful Accounts

The allowance for doubtful accounts provided by the Company and its domestic consolidated subsidiaries is stated in amounts considered to be appropriate based on each company's past credit loss experience and an evaluation of potential losses in the receivables and others outstanding.

Foreign consolidated subsidiaries provide for such possible losses based on the estimated uncollectible amounts of the specific accounts.

h. Provision for Warranties for Completed Construction

The provision for warranties for completed construction is provided by the Company and its domestic consolidated subsidiaries to cover expenses for defects claimed concerning completed work based on the estimated amount of compensation to be paid in the future for the work completed during the fiscal year.

i. Provision for Loss on Construction Contracts

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

j. Provision for Bonuses

The provision for bonuses provided by the Company and its domestic consolidated subsidiaries is accrued at the year end to which such bonuses are attributable.

k. Provision for Retirement Benefits

The provision for retirement benefits for employees provided by the Company and its some consolidated subsidiaries is calculated based on estimated amounts of retirement benefit obligations and pension assets as of the consolidated fiscal year-end.

Actuarial differences are amortized commencing in the following year after the difference is recognized primarily by the straight-line method over a period (12 years) which is shorter than the average remaining years of service of the employees.

(Additional Information)

In the year ended March 31, 2011, the Company decided to abolish the tax qualified pension plan and transfer to the defined benefit corporate pension plan and defined contribution corporate pension plan on May 1, 2011. Accordingly, the Company applied Accounting Standards Board of Japan (“ASBJ”) Guidance No. 1 “Accounting for Transfers between Retirement Benefit Plans” effective from the year ended March 31, 2011 and recognized loss on the revision of retirement benefit plans in an amount of ¥162 million (\$1,948 thousand) under extraordinary loss in the accompanying consolidated statements of income for the year ended March 31, 2011.

Effective from the year ended March 31, 2010, the Company adopted ASBJ Statement No. 19 “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)” (ASBJ Statement No. 19, July 31, 2008). There is no effect of the change on operating income, ordinary income and income before income taxes and minority interests.

I. Asset Retirement Obligations

On March 31, 2008, the ASBJ issued ASBJ Statement No. 18 “Accounting Standard for Asset Retirement Obligations” and ASBJ Guidance No. 21 “Guidance on Accounting Standard for Asset Retirement Obligations.” Under this accounting standard, an asset retirement obligation is defined as a statutory or similar obligation with regard to the removal of tangible fixed assets and is incurred when tangible fixed assets are acquired, constructed, developed or used in an ordinary way. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. Effective April 1, 2010, the Company adopted this accounting standard.

The effect of applying this accounting standard was to decrease “Operating income”, “Ordinary income” and “Income before income taxes and minority interests” for the year ended March 31, 2011 by ¥2 million (\$24 thousand), ¥2 million (\$24 thousand) and ¥27 million (\$324 thousand), respectively.

m. Revenue and Cost of Construction Contracts

Revenue of construction contracts is recorded by the percentage-of-completion method for the completed portion of the contracts at the balance sheet date, if the outcome of the construction contract can be reliably estimated and the completed-contract method is applied to other contracts whose outcome cannot be reliably estimated. The percentage of completion is calculated based on the cost incurred to date as a percentage of the estimated total cost.

Construction revenue recognized based on the percentage-of-completion method for the years ended March 31, 2010 and 2011 was ¥55,971 million and ¥92,362 million (\$1,110,787 thousand).

n. Cash and Cash Equivalents in the Consolidated Statements of Cash Flows

In preparing the consolidated statements of cash flows, cash and cash equivalents include cash on hand, readily-available deposits and short-term highly liquid investments with maturities less than three months at the time of acquisition that are exposed to insignificant risk of changes in value.

o. Additional Information

Effective from the year ended March 31, 2011, the Company adopted new accounting standards, “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, June 30, 2010).

In addition, the Company prepared the consolidated statement of comprehensive income for 2010 as well as for 2011.

4. Notes to Consolidated Balance Sheets

1) The following assets are pledged as collateral for long-term loans payable of ¥4,403 million and ¥2,881 million (\$34,648 thousand), short-term loans payable of ¥2,548 million and ¥2,530 million (\$30,426 thousand) and security deposits as of March 31, 2010 and 2011, respectively:

As of March 31	Millions of yen		Thousands of
	2010	2011	U.S. dollars
Cash and deposits	¥ 102	¥ 202	\$ 2,429
Notes receivable	801	800	9,621
Costs on real estate business	195	-	-
Buildings	2,132	2,065	24,834
Land	9,791	9,791	117,751
Investment securities	1,042	904	10,871
Total	¥ 14,063	¥ 13,763	\$ 165,520

2) The Companies are contingently liable for the following:

As of March 31	Millions of yen		Thousands of
	2010	2011	U.S. dollars
Guarantees of completion of construction contracts	¥ 4,260	¥ 6,159	\$ 74,070
Guarantee on employees' housing loan	5	2	24
Total	¥ 4,266	¥ 6,162	\$ 74,107

3) "Costs on uncompleted construction contracts" which are estimated to recognize losses and "Provision for loss on construction contracts" are recorded on a gross basis without offsetting. Costs on uncompleted construction contracts which are estimated to recognize losses and covered by "Provision for loss on construction contracts" amounted to ¥557 million and ¥596 million (\$7,167 thousand) as of March 31, 2010 and 2011, respectively.

5. Notes to Consolidated Statements of Income

1) Provision for loss on construction contracts in the amount of ¥476 million and ¥595 million (\$7,155 thousand) is included in "Cost of sales of completed construction contracts" for the years ended March 31, 2010 and 2011, respectively.

2) The major components of "Selling, general and administrative expenses" were as follows:

For the years ended March 31	Millions of yen		Thousands of
	2010	2011	U.S. dollars
Depreciation	¥ 137	¥ 126	\$ 1,515
Provision for bonuses	258	148	1,779
Retirement benefit expenses	312	286	3,439
Employees' salaries and allowances	2,582	2,463	29,621

3) Research and development costs which are included in selling, general and administrative expenses were ¥32 million and ¥28 million (\$336 thousand) for the years ended March 31, 2010 and 2011, respectively.

4) "Gain on sales of noncurrent assets" for the years ended March 31, 2010 and 2011 consists of the following:

Land: ¥6 million and ¥3 million (\$36 thousand), Vehicles: ¥5 million and ¥6 million (\$72 thousand) and Other: ¥1 million and ¥1 million (\$12 thousand), respectively

6. Notes to Consolidated Statements of Cash Flows
- The reconciliation between “Cash and cash equivalents” reported in the consolidated statements of cash flows and “Cash and deposits” reported in the consolidated balance sheets is as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Cash and deposits per consolidated balance sheets	¥ 12,750	¥ 20,406	\$ 245,411
Less: Time deposits maturing over three months	(423)	(853)	(10,258)
Cash and cash equivalents per consolidated statements of cash flows	¥ 12,326	¥ 19,552	\$ 235,141

7. Financial Instruments

1. Overview

1) Policy for financial instruments

The Companies raise operating funds primarily through bank loans and bond issues. Temporary fund surpluses are managed principally through short-term deposits with little risk. Under the policy of the Companies, the Companies use derivatives only for the purpose of reducing foreign exchange fluctuation risks associated with foreign currency denominated transactions and interest rate fluctuation risks associated with loans payable, and not for speculative purposes.

2) Types of financial instruments, risk and risk management

The Companies control risks by type of financial instruments in accordance with the risk management policy.

Regarding credit risk associated with notes receivable and accounts receivable from completed construction contracts, the Companies identify major customers' credit status by monitoring the payment terms and credit balances by each customer.

Regarding investment securities principally consisting of equity securities, the Companies regularly identify the quoted market price of the listed securities to manage the risks arising from market value fluctuations.

The Companies manage liquidity risk associated with loans payable by appropriately planning for fund raising based on monthly cash flow projections.

Regarding derivative transactions, the Companies execute and control the transactions based on the internal control rules which define the transaction authority and limits and enter into contracts with only the high credit rating financial institutions to reduce credit risk.

3) Supplementary explanation on fair value of financial instruments

The fair value of financial instruments is determined based on the market price or reasonable estimated amount if there is no market price. Certain assumptions are used for calculation of such fair value, and accordingly, the result of such calculation may vary, if different assumptions are used.

2. Fair value of financial instruments

The carrying amount, fair value and difference of the financial instruments as of March 31, 2010 and 2011 are as follows:

Note that the financial instruments whose fair value is extremely difficult to determine are not included in the following table (See (Notes): 2):

March 31, 2010	Millions of yen		
	Carrying amount	Fair value	Difference
(1) Cash and deposits	¥ 12,750	¥ 12,750	¥ -
(2) Notes receivable, accounts receivable from completed construction contracts and other	23,444	23,444	-
(3) Investment securities			
Held-to-maturity securities	24	24	(0)
Available-for-sale securities	1,291	1,291	-
Assets total	37,510	37,510	(0)
(1) Notes payable, accounts payable for construction contracts and other	32,983	32,983	-
(2) Short-term loans payable	4,108	4,108	-
(3) Long-term loans payable	4,403	4,403	-
Liabilities total	41,494	41,494	-
Derivative transactions	-	-	-

March 31, 2011	Millions of yen		
	Carrying amount	Fair value	Difference
(1) Cash and deposits	¥ 20,406	¥ 20,406	¥ -
(2) Notes receivable, accounts receivable from completed construction contracts and other	19,771	19,771	-
(3) Investment securities			
Held-to-maturity securities	24	24	0
Available-for-sale securities	1,099	1,099	-
Assets total	41,301	41,301	0
(1) Notes payable, accounts payable for construction contracts and other	36,270	36,270	-
(2) Short-term loans payable	3,755	3,755	-
(3) Long-term loans payable	3,031	3,031	-
Liabilities total	43,056	43,056	-
Derivative transactions	-	-	-

	Thousands of U.S. dollars		
	Carrying amount	Fair value	Difference
(1) Cash and deposits	\$ 245,411	\$ 245,411	\$ -
(2) Notes receivable, accounts receivable from completed construction contracts and other	237,775	237,775	-
(3) Investment securities			
Held-to-maturity securities	288	288	0
Available-for-sale securities	13,217	13,217	-
Assets total	496,704	496,704	0
(1) Notes payable, accounts payable for construction contracts and other	436,199	436,199	-
(2) Short-term loans payable	45,159	45,159	-
(3) Long-term loans payable	36,452	36,452	-
Liabilities total	517,811	517,811	-
Derivative transactions	-	-	-

(Notes): 1. Method used for determining the fair value of the financial instruments and matters regarding securities and derivative transactions:

Assets:

(1) Cash and deposits and (2) Notes receivable, accounts receivable from completed construction contracts and other

The carrying amount is presented as the fair value, since the fair value approximates the carrying amount because they will be settled within a short period of their maturity.

(3) Investment securities

The fair value of equity securities is determined based on the quoted price of the exchanges, the fair value of investment trust is determined based on the published standard quotation price and the fair value of debt securities is determined based on the published price by the Japan Securities Dealers Association. Notes regarding investment securities classified by the management's intent of holding are described in Note 8 "Investment Securities".

Liabilities:

(1) Notes payable, accounts payable for construction contracts and other and (2) Short-term loans payable The carrying amount is presented as the fair value, since the fair value approximates the carrying amount because they will be settled within a short period of their maturity.

(3) Long-term loans payable

The carrying amount is presented as the fair value, since the fair value approximates the carrying amount because their interest rates will be reset within a short period of their maturity.

2. Unlisted equity securities in the carrying amount of ¥1,239 million and ¥1,238 million (\$14,888 thousand) as of March 31, 2010 and 2011 are not included in "(3) Investment securities" in the above table, since there is no market price and their fair value is extremely difficult to identify.

3. Redemption schedule for monetary assets and investment securities with contractual maturities after balance sheet date

As of March 31, 2010	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 12,750	¥ -	¥ -	¥ -
Notes receivable, accounts receivable from completed construction contracts and other	23,444	-	-	-
Investment securities:				
Held-to-maturity securities (Japanese government bonds)	-	14	9	-
Available-for-sale securities with contractual maturities	-	-	3	-
Total	¥ 36,194	¥ 14	¥ 13	¥ -

As of March 31, 2011	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 20,406	¥ -	¥ -	¥ -
Notes receivable, accounts receivable from completed construction contracts and other	19,771	-	-	-
Investment securities:				
Held-to-maturity securities (Japanese government bonds)	-	14	9	-
Available-for-sale securities with contractual maturities	-	-	3	-
Total	¥ 40,177	¥ 14	¥ 13	¥ -

Thousands of U.S. dollars

As of March 31, 2011	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	\$ 245,411	\$ -	\$ -	\$ -
Notes receivable, accounts receivable from completed construction contracts and other	237,775	-	-	-
Investment securities:				
Held-to-maturity securities (Japanese government bonds)	-	168	108	-
Available-for-sale securities with contractual maturities	-	-	36	-
Total	\$ 483,187	\$ 168	\$ 156	\$ -

4. Regarding repayment schedule of long-term loans payable, please see Note 15 "Loans Payable and Other Debts".

(Additional information)

Effective from the year ended March 31, 2010, the Companies adopted new accounting standards, "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, March 10, 2008) and "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 10, 2008).

8. Investment Securities Investment securities as of March 31, 2010 and 2011 consisted of the following:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Held-to-maturity securities	¥ 24	¥ 24	\$ 288
Available-for-sale securities with market value	1,291	1,099	13,217
Total	¥ 1,315	¥ 1,123	\$ 13,505

The carrying amount and fair value of held-to-maturity debt securities as of March 31, 2010 and 2011 are as follows:

As of March 31, 2010	Millions of yen			
	Carrying amount	Unrealized gain	Unrealized loss	Fair value
Japanese government bonds	¥ 24	¥ 0	¥ (0)	¥ 24

As of March 31, 2011	Millions of yen			
	Carrying amount	Unrealized gain	Unrealized loss	Fair value
Japanese government bonds	¥ 24	¥ 0	¥ -	¥ 24

As of March 31, 2011	Thousands of U.S. dollars			
	Carrying amount	Unrealized gain	Unrealized loss	Fair value
Japanese government bonds	\$ 288	\$ 0	\$ -	\$ 288

The carrying amount (fair value) and acquisition cost of available-for-sale securities as of March 31, 2010 and 2011 are as follows:

As of March 31, 2010	Millions of yen			
	Carrying amount	Unrealized gain	Unrealized loss	Acquisition cost
Equity securities	¥ 1,287	¥ 391	¥ (67)	¥ 963
Other	3	1	-	1
Total	¥ 1,291	¥ 393	¥ (67)	¥ 965

As of March 31, 2011	Millions of yen			
	Carrying amount	Unrealized gain	Unrealized loss	Acquisition cost
Equity securities	¥ 1,096	¥ 293	¥ (131)	¥ 933
Other	3	1	-	1
Total	¥ 1,099	¥ 294	¥ (131)	¥ 935

As of March 31, 2011	Thousands of U.S. dollars			
	Carrying amount	Unrealized gain	Unrealized loss	Acquisition cost
Equity securities	\$ 13,180	\$ 3,523	\$ (1,575)	\$ 11,220
Other	36	12	-	12
Total	\$ 13,217	\$ 3,535	\$ (1,575)	\$ 11,244

Note: Impairment loss on marketable equity securities which are categorized as available-for-sale securities was recognized in the amount of ¥32 million (\$384 thousand) for the year ended March 31, 2011.

Available-for-sale securities which were sold during the years ended March 31, 2010 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Sales proceeds	¥ 6	¥ 1	\$ 12
Gain on sales	0	-	-
Loss on sales	-	0	0

9. Retirement Benefits

1) Outline of the Company's retirement benefit plans

The Company has defined benefit plans that consist of a tax qualified pension plan and a lump-sum retirement benefit plan. Certain consolidated subsidiaries have lump-sum benefit plans. The Company decided to abolish the tax qualified pension plan and transfer to a defined benefit corporate pension plan and a defined contribution corporate pension plan on May 1, 2011. Furthermore, the Company may pay additional retirement benefits upon the retirement of certain employees.

In addition, the Company participates in Tokyo Construction Pension Fund.

2) Projected benefit obligations

As of March 31	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Projected benefit obligations	¥ (5,091)	¥ (4,383)	\$ (52,711)
Plan assets	3,515	2,752	33,096
Unfunded benefit obligations	(1,575)	(1,630)	(19,603)
Unrecognized actuarial differences	872	783	9,416
Provision for retirement benefits	¥ (702)	¥ (847)	\$ (10,186)

3) Retirement benefit expenses

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Service cost	¥ 301	¥ 292	\$ 3,511
Interest cost	99	100	1,202
Expected return of plan assets	(60)	(70)	(841)
Amortization of actuarial differences	138	113	1,358
Subtotal	478	435	5,231
Contribution to Welfare Pension Fund	253	240	2,886
Loss on revision of retirement benefit plans	-	162	1,948
Total	¥ 732	¥ 838	\$ 10,078

4) Assumption and policies used in computing projected benefit obligations

	2010	2011
Inter-period allocation method of projected benefit obligations	Straight-line basis	Straight-line basis
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	2.0%	2.0%
Amortization periods for actuarial differences	12 years (amortized by the straight-line method over a defined period within the range of average remaining service years of employees at the time of occurrence from the following year of occurrence)	12 years (amortized by the straight-line method over a defined period within the range of average remaining service years of employees at the time of occurrence from the following year of occurrence)

10. Deferred Tax Accounting

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rate of approximately 40.7% for the years ended March 31, 2010 and 2011.

1) The significant components of deferred tax assets and liabilities as of March 31, 2010 and 2011 are as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Deferred tax assets:			
Provision for bonuses	¥ 261	¥ 145	\$ 1,743
Provision for retirement benefits	274	331	3,980
Allowance for doubtful accounts	657	131	1,575
Loss on valuation of real estate for sale	487	323	3,884
Provision for loss on construction contracts	226	416	5,003
Impairment loss	1,546	1,535	18,460
Tax loss carryforwards	988	1,817	21,852
Other	606	296	3,559
Subtotal	5,047	4,998	60,108
Less: valuation allowance	(3,477)	(3,604)	(43,343)
Deferred tax assets	¥ 1,569	¥ 1,394	\$ 16,764
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	¥ (130)	¥ (64)	\$ (769)
Undistributed earnings of foreign consolidated subsidiaries	(131)	(128)	(1,539)
Other	(5)	(10)	(120)
Deferred tax liabilities	¥ (267)	¥ (203)	\$ (2,441)
Net deferred tax assets	¥ 1,302	¥ 1,190	\$ 14,311

2) A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the consolidated statements of income for the years ended March 31, 2010 and 2011 is as follows:

	2010	2011
Normal effective statutory tax rate	40.7%	40.7%
Expenses not deductible income tax purposes	2.2	3.7
Tax rate differences in foreign consolidated subsidiaries	(0.5)	(13.7)
Undistributed earnings of foreign consolidated subsidiaries	1.2	(0.2)
Inhabitant per capita taxes	1.7	2.9
Income taxes for prior periods	-	15.8
Valuation allowance	(31.5)	9.4
Other	1.5	(3.5)
Actual effective tax rate	15.3	55.1

11. Investment and Rental Properties

The Company and certain consolidated subsidiaries own office buildings, commercial facilities and residual units for lease in Tokyo, other domestic areas and overseas countries. Rental income from these real estate properties for lease for the years ended March 31, 2010 and 2011 was ¥800 million and ¥678 million (\$8,153 thousand). Rental income and related costs are included in "Sales on real estate business" and "Cost of sales on real estate business", respectively, in the accompanying consolidated statements of income for the years ended March 31, 2010 and 2011.

The carrying amounts, changes in such balances during the year and fair values of such properties are as follows:

				Millions of yen	
				Carrying amount	Fair value
				March 31, 2010	March 31, 2010
April 1, 2009		Decrease			
¥ 14,288		¥ (78)		¥ 14,209	¥ 17,990

				Millions of yen	
				Carrying amount	Fair value
				March 31, 2011	March 31, 2011
April 1, 2010		Decrease			
¥ 14,209		¥ (320)		¥ 13,889	¥ 17,063

				Thousands of U.S. dollars	
				Carrying amount	Fair value
				March 31, 2011	March 31, 2011
April 1, 2010		Decrease			
\$ 170,883		\$ (3,848)		\$ 167,035	\$ 205,207

- (Notes):
- The carrying amount is presented after deducting accumulated depreciation from the acquisition cost.
 - Increase during the year ended March 31, 2010 primarily represents the acquisition of real estate of ¥346 million and decrease primarily represents the sales of real estate of ¥88 million and depreciation of ¥241 million.
Increase during the year ended March 31, 2011 primarily represents the acquisition of real estate of ¥73 million (\$877 thousand) and decrease primarily represents depreciation of ¥230 million (\$2,766 thousand).
 - Fair values of properties as of March 31, 2010 and 2011 are measured as follows:
 - The fair values of major domestic properties are determined based on the real estate appraisal value by independent real estate appraisers and the fair values of other properties are determined based on the internal appraisal in accordance with "Japanese Real Estate Appraisal Standard".
 - The fair values of overseas properties are determined based on the real estate appraisal by local independent real estate appraisers.

(Additional information)

Effective from the year ended March 31, 2010, the Companies adopted new accounting standards, "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Statement No. 20, November 28, 2008) and "Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Guidance No. 23, November 28, 2008).

12. Segment Information

a. Description of reportable segments

The Companies' reportable segments are those for which separate financial information is available and regular evaluation by the Board of Directors is being performed in order to decide how resources are allocated among the Companies. The Companies are active in the construction business and the real estate business in Japan and foreign countries. Therefore, the Companies consist of regional segments which are based on each business. Reportable segments of the construction business are "Japan" and "Southeast Asia", and those of the real estate business are "Japan" and "North America".

b. Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment The accounting policies of each reportable segment are consistent to those disclosed in Note 3, "Summary of Significant Accounting Policies".

c. Information about sales, profit (loss), assets, liabilities and other items is as follows:

For the year ended March 31, 2010	Millions of yen									
	Reportable segments						Other (Note 1)	Adjustments Total	Consolidated (Note 2)	(Note 3)
	Construction			Real estate						
	Japan	Southeast Asia	Total	Japan	North America	Total				
Net sales:										
Customers	¥ 98,404	¥ 20,288	¥ 118,693	¥ 1,161	¥ 289	¥ 1,450	¥ 41	¥ 120,186	¥ -	¥ 120,186
Inter-segment	295	19	315	15	-	15	-	330	(330)	-
Total	98,700	20,308	119,008	1,177	289	1,466	41	120,516	(330)	120,186
Segment income	1,883	347	2,231	581	137	719	5	2,956	-	2,956
Segment assets	33,032	10,968	44,001	13,841	2,103	15,945	64	60,010	11,172	71,183
Other items:										
Depreciation	¥ 107	¥ 78	¥ 185	¥ 214	¥ 30	¥ 244	¥ 0	¥ 430	¥ -	¥ 430
Impairment loss	-	-	-	15	-	15	-	15	-	15
Increase in property, plant, and equipment and intangible assets	14	48	62	343	4	347	0	410	-	410

(Notes): 1. "Other" is a business segment not included in the reportable segments and it is insurance agent business.

2. An adjustment of "Segment assets" in an amount of ¥11,172 million is corporate assets which are not allocated to each reportable segment and consists of surplus fund (cash and deposits), long-term investment fund (investment securities and insurance premium fund) and deferred tax assets of the Company.

3. Segment income is reconciled with operating income in the accompanying consolidated statements of income.

For the year ended March 31, 2011	Millions of yen									
	Reportable segments						Other (Note 1)	Adjustments Total	Consolidated (Note 2)	(Note 3)
	Construction			Real estate						
	Japan	Southeast Asia	Total	Japan	North America	Total				
Net sales:										
Customers	¥ 91,660	¥ 27,032	¥ 118,693	¥ 1,280	¥ 271	¥ 1,552	¥ 38	¥ 120,283	¥ -	¥ 120,283
Inter-segment	-	18	18	16	-	16	-	34	(34)	-
Total	91,660	27,051	118,712	1,296	271	1,568	38	120,318	(34)	120,283
Segment income (loss)	(137)	901	764	520	133	653	(12)	1,404	-	1,404
Segment assets	17,985	14,565	32,550	13,905	1,515	15,421	55	48,027	17,204	65,231
Other items:										
Depreciation	¥ 99	¥ 74	¥ 173	¥ 193	¥ 27	¥ 221	¥ 0	¥ 395	¥ -	¥ 395
Impairment loss	-	-	-	10	-	10	-	10	-	10
Increase in property, plant, and equipment and intangible assets	14	39	54	79	0	79	0	133	-	133

Thousands of U.S. dollars										
For the year ended March 31, 2011	Reportable segments						Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Construction			Real estate						
	Japan	Southeast Asia	Total	Japan	North America	Total				
Net sales:										
Customers	\$ 1,102,345	\$ 325,099	\$ 1,427,456	\$ 15,393	\$ 3,259	\$ 18,665	\$ 457	\$ 1,446,578	\$ -	\$ 1,446,578
Inter-segment	-	216	216	192	-	192	-	408	(408)	-
Total	1,102,345	325,327	1,427,684	15,586	3,259	18,857	457	1,446,999	(408)	1,446,578
Segment income (loss)	(1,647)	10,835	9,188	6,253	1,599	7,853	(144)	16,885	-	16,885
Segment assets	216,295	175,165	391,461	167,227	18,220	185,460	661	577,594	206,903	784,497
Other items:										
Depreciation	\$ 1,190	\$ 889	\$ 2,080	\$ 2,321	\$ 324	\$ 2,657	\$ 0	\$ 4,750	\$ -	\$ 4,750
Impairment loss	-	-	-	120	-	120	-	120	-	120
Increase in property, plant, and equipment and intangible assets	168	469	649	950	0	950	0	1,599	-	1,599

- (Notes):
1. "Other" is a business segment not included in the reportable segments and it is insurance agent business.
 2. An adjustment of "Segment assets" in an amount of ¥17,204 million (\$206,903 thousand) is corporate assets which are not allocated to each reportable segment and consists of surplus fund (cash and deposits), long-term investment fund (investment securities and insurance premium fund) and deferred tax assets of the Company.
 3. Segment income (loss) is reconciled with operating income in the accompanying consolidated statements of income.

(Additional information)

Effective from the year ended March 31, 2011, the Companies adopted new accounting standards, "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008).

The segment information for the year ended March 31, 2010 under the revised this accounting standard is also disclosed hereunder as required.

13. PerShare Information

Basic net income per share is computed based on the weighted average number of shares of common stock outstanding during the year. Diluted net income per share is not presented for the years ended March 31, 2010 and 2011 since the Company had no potentially dilutive shares outstanding as of the balance sheet dates.

Net assets per share is computed based on the number of shares of common stock outstanding as of the balance sheet dates.

Net assets and net income per share for the years ended March 31, 2010 and 2011 were as follows:

For the years ended March 31	Yen		U.S. dollars
	2010	2011	2011
Net assets per share	¥ 336.92	¥ 337.52	\$ 4.05
Basic net income per share	53.19	18.58	0.22

(Notes): 1. Net assets per share is calculated based on the following information:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Total net assets	¥ 11,941	¥ 11,914	\$ 143,283
Deductions from total net assets:			
Minority interests	(352)	(307)	(3,692)
Net assets attributable to common stock	11,588	11,607	139,591
Number of shares of common stock used in computing net assets per share (in thousand shares)	34,394	34,389	

2. Net income per share is calculated based on the following information:

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Net income	¥ 1,829	¥ 639	\$ 7,684
Amount not attributable to common stock shareholders	-	-	-
Net income attributable to common stock	1,829	639	7,684
Average number of shares of common stock during the year (in thousand shares)	34,396	34,391	

14. Bonds Payable

Short-term and long-term bonds payable as of March 31, 2010 and 2011 consisted of the following:

Issuer and Issue type	Issue date	Millions of yen		Thousands of	Interest rate (%)	Collateral	Maturity
		2010	2011	U.S. dollars			
(Nakano Corporation)							
1 st unsecured bond with early redemption clause	Mar. 31, 2008	¥ 300	-	-	(Note) 2	None	Mar. 31, 2011
2 nd unsecured bond with early redemption clause	Mar. 31, 2008	(300)	(-)	(-)	(Note) 2	None	Mar. 31, 2011
3 rd unsecured bond with early redemption clause	Mar. 31, 2008	200	-	-	(Note) 2	None	Mar. 30, 2012
4 th unsecured bond with early redemption clause	Sep. 30, 2010	-	¥ 400	\$ 4,810	(Note) 3	None	Mar. 29, 2013
5 th unsecured bond with early redemption clause	Sep. 30, 2010	-	400	4,810	(Note) 3	None	Mar. 29, 2013
6 th unsecured bond with early redemption clause	Sep. 30, 2010	-	320	3,848	(Note) 3	None	Mar. 29, 2013
Total		¥ 800 (700)	¥ 1,120 (560)	\$ 13,469 (6,734)			

(Notes): 1. () denotes the amount expected to be redeemed within one year.

- The interest rate of bonds from 1st to 3rd unsecured bonds is 0.99% p.a. for the period from April 1, 2008 through September 30, 2008 and the interest rate for the subsequent interest periods is set to be a rate computed by deducting 1.00% p.a. from the short-term prime rate on the second preceding banking day ("Interest rate base date") from the starting date of the interest calculation period. However, if such interest rate is less than the interest rate which is added by 0.10% p.a. to 6 month TIBOR (p.a.) of Japanese yen ("Minimum interest rate") at the interest rate base date, the minimum interest rate will be applied.
- The interest rate of bonds from 4th to 6th unsecured bonds is 0.55% p.a. for the period from October 1, 2010 through March 31, 2011 and the interest rate for the subsequent interest period is set to be a rate computed by deducting 1.00% p.a. from the short-term prime rate on the second preceding banking day ("Interest rate base date") from the starting date of the interest calculation period. However, if such interest rate is less than the interest rate which is added by 0.10% p.a. to 6 month TIBOR (p.a.) of Japanese yen ("Minimum interest rate") at the interest rate base date, the minimum interest rate will be applied.
- The following is a summary of maturities of bonds subsequent to March 31, 2011:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2012	¥ 560	\$ 6,734
2013	560	6,734
2014 and thereafter	-	-
Total	¥ 1,120	\$ 13,469

15. Loans Payable and Other Debts

Short-term loans payable, long-term loans payable and other debts as of March 31, 2010 and 2011 are as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars	Average interest rate (%)	Maturity
	2010	2011	2011		
Short-term loans payable	¥ 3,760	¥ 3,305	\$ 39,747	2.32	
Current portion of long-term loans payable	348	450	5,411	2.04	
Current portion of lease obligations	53	54	649	-	
Long-term loans payable excluding current portion	4,403	3,031	36,452	2.27	Sep. 30, 2012 - Mar. 31, 2016
Lease obligations excluding current portion	79	28	336	-	May. 31, 2012 - Oct. 30, 2015
Total	¥ 8,644	¥ 6,869	\$ 82,609		

(Notes): 1. "Average interest rate" represents the weighted average interest rate on loans payable outstanding as of the balance sheet date. "Average interest rate" of lease obligations is not shown since interest equivalent amounts included in the aggregated lease premiums are allocated to each fiscal year using the straight-line method.

2. The following is a summary of annual maturities of loans payable and lease obligations subsequent to March 31, 2011:

Years ending March 31	Millions of yen		Thousands of U.S. dollars	
	Long-term loans payable	Lease obligations	Long-term loans payable	Lease obligations
2012	¥ 450	¥ 54	\$ 5,411	\$ 649
2013	450	26	5,411	312
2014	960	0	11,545	0
2015	910	0	10,944	0
2016	711	0	8,550	0
2017 and thereafter	-	-	-	-
Total	¥ 3,481	¥ 83	\$ 41,864	\$ 998

16. Subsequent Events

At the Annual General Meeting of Shareholders held on June 29, 2011, it was resolved to distribute the year-end cash dividends of ¥6 (\$0.07) per share of common stock of the Company. The aggregate amount of such cash dividends is ¥206 million (\$2,477 thousand).

SUPPLEMENTAL INFORMATION
NONCONSOLIDATED BALANCE SHEETS

NAKANO CORPORATION
As at March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Assets			
Current assets:			
Cash and deposits	¥ 6,965	¥ 13,323	\$ 160,228
Notes receivable-trade	1,822	949	11,413
Accounts receivable from completed construction contracts	17,231	12,543	150,847
Costs on uncompleted construction contracts	11,156	2,280	27,420
Costs on real estate business	417	668	8,033
Raw materials and supplies	23	25	300
Short-term loans receivable to subsidiaries and affiliates	15	15	180
Deferred tax assets	873	445	5,351
Accounts receivable-other	1,798	659	7,925
Other	508	811	9,753
Allowance for doubtful accounts	(669)	(255)	(3,066)
Total current assets	40,143	31,465	378,412
Noncurrent assets:			
Property, plant and equipment			
Buildings	6,601	6,613	79,530
Accumulated depreciation	(3,068)	(3,228)	(38,821)
Buildings, net	3,532	3,384	40,697
Structures	228	228	2,742
Accumulated depreciation	(164)	(175)	(2,104)
Structures, net	64	53	637
Machinery and equipment	179	179	2,152
Accumulated depreciation	(169)	(172)	(2,068)
Machinery and equipment, net	10	7	84
Vehicles	23	23	276
Accumulated depreciation	(17)	(19)	(228)
Vehicles, net	5	3	36
Tools, furniture and fixtures	428	424	5,099
Accumulated depreciation	(377)	(388)	(4,666)
Tools, furniture and fixtures, net	50	35	420
Land	10,279	10,275	123,571
Lease assets	205	209	2,513
Accumulated depreciation	(78)	(129)	(1,551)
Lease assets, net	127	79	950
Total property, plant and equipment	14,069	13,840	166,446
Intangible assets			
Total intangible assets	125	119	1,431
Investments and other assets			
Investment securities	2,464	2,292	27,564
Stocks of subsidiaries and affiliates	2,274	2,274	27,348
Long-term loans receivable from subsidiaries and affiliates	690	675	8,117
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,000	178	2,140
Insurance funds	140	144	1,731
Deferred tax assets	396	771	9,272
Other	607	535	6,434
Allowance for doubtful accounts	(1,218)	(452)	(5,435)
Total investments and other assets	6,356	6,419	77,197
Total noncurrent assets	20,552	20,379	245,087
Total assets	¥ 60,695	¥ 51,845	\$ 623,511

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Liabilities			
Current liabilities:			
Notes payable-trade	¥ 15,555	¥ 13,792	\$ 165,868
Accounts payable for construction contracts	10,617	12,604	151,581
Current portion of bonds	700	560	6,734
Short-term loans payable	4,108	3,755	45,159
Income taxes payable	72	40	481
Advances received on uncompleted construction contracts	11,843	3,978	47,841
Provision for warranties for completed construction	158	138	1,659
Provision for loss on construction contracts	557	1,022	12,291
Provision for bonuses	637	353	4,245
Other	719	716	8,610
Total current liabilities	44,968	36,961	444,509
Noncurrent liabilities:			
Bonds payable	100	560	6,734
Long-term loans payable	4,403	3,031	36,452
Provision for retirement benefits	673	814	9,789
Long-term deposits received	634	599	7,203
Other	278	207	2,489
Total noncurrent liabilities	6,089	5,212	62,681
Total liabilities	51,057	42,173	507,191
Net assets			
Shareholders' equity:			
Capital stock	¥ 5,061	¥ 5,061	\$ 60,865
Capital surplus			
Legal capital surplus	1,400	1,400	16,837
Total capital surpluses	1,400	1,400	16,837
Retained earnings			
Other retained earnings			
Retained earnings brought forward	3,040	3,159	37,991
Total earned surpluses	3,040	3,159	37,991
Treasury stock	(26)	(27)	(324)
Total shareholders' equity	9,475	9,593	115,369
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	162	77	926
Total valuation and translation adjustments	162	77	926
Total net assets	9,637	9,671	116,307
Total liabilities and net assets	¥ 60,695	¥ 51,845	\$ 623,511

NONCONSOLIDATED STATEMENTS OF INCOME

NAKANO CORPORATION

For the years ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Net sales:			
Net sales of completed construction contracts	¥ 99,328	¥ 92,355	\$ 1,110,703
Sales on real estate business	1,093	1,215	14,612
Total net sales	100,421	93,571	1,125,327
Cost of sales:			
Cost of sales of completed construction contracts	92,942	88,438	1,063,595
Cost of sales on real estate business	506	682	8,202
Total cost of sales	93,448	89,121	1,071,809
Gross profit:			
Gross profit on completed construction contracts	6,385	3,916	47,095
Gross profit-real estate business	587	532	6,398
Total gross profit	6,972	4,449	53,505
Selling, general and administrative expenses	4,670	4,406	52,988
Operating income	2,302	43	517
Non-operating income:			
Interest income	20	58	697
Dividends income	228	575	6,915
Foreign exchange gains	2	-	-
Other	11	39	469
Total non-operating income	262	674	8,105
Non-operating expenses:			
Interest expenses	265	184	2,212
Other	59	64	769
Total non-operating expenses	325	249	2,994
Ordinary income	2,239	467	5,616
Extraordinary income:			
Reversal of allowance for doubtful accounts	52	502	6,037
Other	12	11	132
Total extraordinary income	64	514	6,181
Extraordinary loss:			
Bad debts written off	-	105	1,262
Provision of allowance for doubtful accounts	495	-	-
Loss on revision of retirement benefit plan	-	162	1,948
Loss on liquidation of an affiliate	30	-	-
Loss on disaster	-	56	673
Other	116	180	2,164
Total extraordinary losses	642	504	6,061
Income before income taxes	1,661	477	5,736
Income taxes:			
Income taxes-current	32	42	505
Income taxes-deferred	11	109	1,310
Total income taxes	44	151	1,815
Net income	¥ 1,617	¥ 325	\$ 3,908

CORPORATE PROFILE

As of March 31, 2011

Company Outline

Company Name	NAKANO CORPORATION
Headquarters	4-2-28 Kudan-kita, Chiyoda-ku, Tokyo 102-0073, Japan
Foundation	8th February 1933
Established	19th December 1942
Paid-in Capital	¥5,061,678,686
Employees	1,145
Stock Listing	Tokyo Stock Exchange, First Section
Primary Business	Domestic Construction Projects International Construction Projects

Board of Directors

Honorary Chairman	Yoshikazu Oshima		
President	Akira Asai		
Directors	Yutaka Sasa	Munekazu Sako	Koichiro Nakano
	Toshihide Kurokawa	Makoto Yasuhiro	
Standing Corporate Auditors	Masaru Kono	Tadayoshi Watanabe	
Corporate Auditors	Shunichi Sato	Kohei Yamaya	

Main Affiliated Financial Institutions

The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Corporate Bank, Ltd. The 77 Bank, Ltd.	Mitsubishi UFJ Trust and Banking Corporation The Bank of Yokohama, Ltd.
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Major Shareholders

Oshima Scholarship Foundation Yoshikazu Oshima The Bank of Tokyo-Mitsubishi UFJ, Ltd. Nakano Investment Fraternity Association	Kanto Kogyo Co., Ltd. Marine Dream Co., Ltd. Nakano Employee Shareholder Association Sompo Japan Insurance Inc.
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Domestic Offices

Headquarters Tokyo Main Office Civil Engineering Office Tohoku Regional Office Nagoya Regional Office Osaka Regional Office Kyushu Regional Office Hokkaido Branch Office	Higashi Kanto Branch Office Kita Kanto Branch Office Yokohama Branch Office Ibaraki Branch Office Taito Branch Office Kita Tohoku Branch Office Sales Offices (Mie, Hamamatsu, Hyogo, Kitakyushu)
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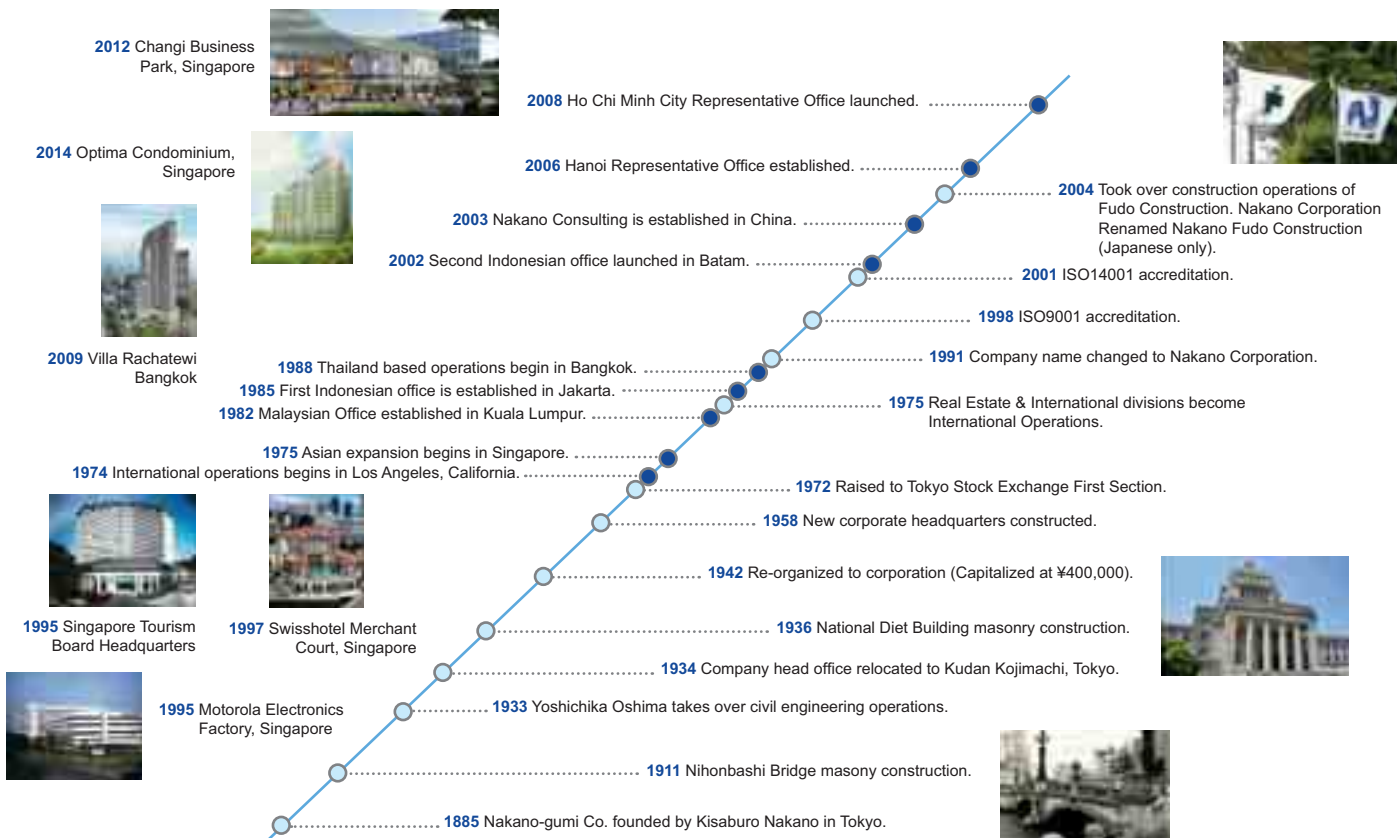
International Offices

Nakano International Corporation (USA) Nakano Singapore (Pte.) Ltd. (Singapore) Nakano Construction Sdn. Bhd. (Malaysia) Thai Nakano Co., Ltd. (Thailand)	PT. Indonakano (Indonesia) PT. Nakano S Batam (Indonesia) Nakano Consulting Shanghai Co., Ltd. (China) Representative Office in Ho Chi Minh City (Vietnam) Hanoi Representative Office (Vietnam)
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Industry Affiliations

Japan Federation of Construction Contractors National General Contractors Association of Japan Association of Representative General Contractors	Building Contractors Society The Associated General Contractors of Tokyo Japan Prefabricated Construction Suppliers & Manufacturers Association
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COMPANY HISTORY



INVESTOR INFORMATION

As of March 31, 2011

Stock Listing

Tokyo Stock Exchange, First Section,
Code Number 1827

Authorized Number of Shares

154,792,300

Issued Number of Shares

34,498,097

Minimum Trading Unit

500

Number of Shareholders

4,480

Stock Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation

SHAREHOLDER COMPOSITION

Financial Institutions

4,412,749

Securities Companies

166,416

Other Institutions

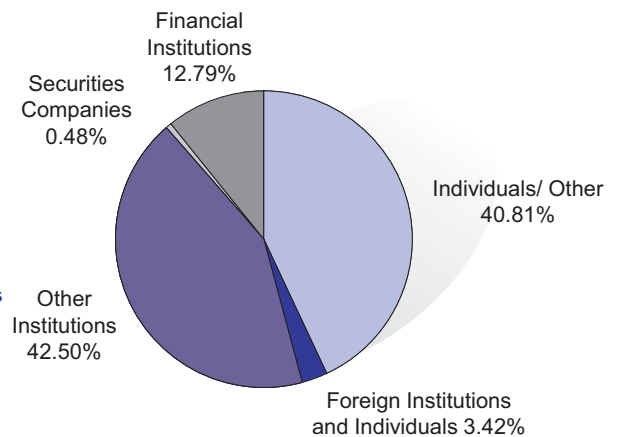
14,661,539

Foreign Institutions and Individuals

1,180,332

Individuals/ Other

14,077,061



SHARE PRICE RANGE





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