MESCO, Inc. and Subsidiaries

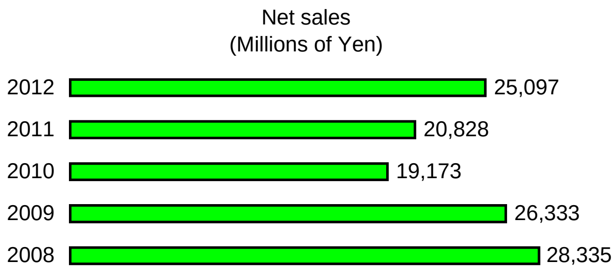
Consolidated Financial Statements
For the year ended March 31,
2011 and 2012

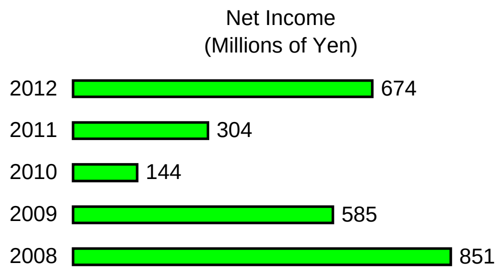
Financial Highlights

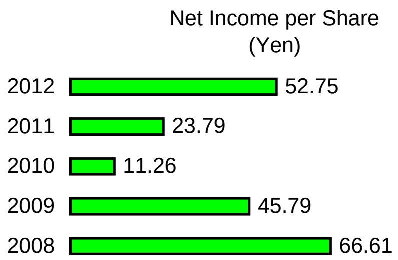
Mesco,Inc. and Consolidated Subsidiaries				Thousands of U.S. dollars
Years ended March 31	Millions of yen			
	2009	2010	**2012**	**2012**
Consolidated Performance				
Net sales	¥19,173	¥20,828	**¥25,097**	**$305,571**
Net income	144	304	**674**	**8,206**
Total assets	14,745	16,387	**17,439**	**212,339**
Total shareholder's equity	8,990	9,129	**9,527**	**116,003**
Net income per share(￥,$)	11.26	23.79	**52.75**	**$0.64**
Cash dividends per share(￥,$)	10.00	15.00	**25.00**	**$0.30**

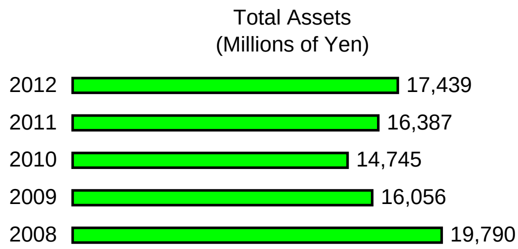
Notes: 1. All U.S. dollar figures are translated from Japanese yen amounts, for convenience only, at the rate of ￥82.13 to US$1.00, the rate prevailing at March 31,2012.

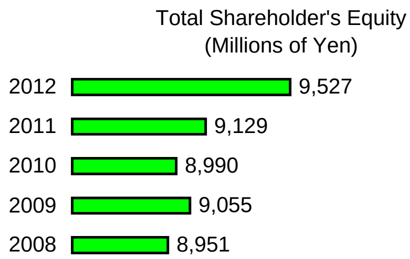
2. In this report, fiscal 2012 represents the year ended March 31,2012.











Financial Section
Five-Year Summary

Mesco,Inc. and Consolidated Subsidiaries
Years ended March 31

	Millions of yen				
	2008	2009	2010	2011	**2012**
Consolidated Performance					
For the year:					
Orders	¥32,283	¥25,215	¥15,620	¥20,615	**¥25,091**
Net sales	28,335	26,333	19,173	20,828	**25,097**
Cost of sales	24,398	22,887	16,268	17,769	**21,400**
Gross profit	3,937	3,446	2,904	3,059	**3,697**
Selling, general and administrative expenses	2,543	2,624	2,681	2,575	**2,539**
Operating income	1,395	823	224	485	**1,158**
Income before income taxes	1,462	883	286	549	**1,211**
Net income	851	585	144	304	**674**
At year-end:					
Total current assets	¥17,417	¥13,692	¥12,443	¥14,052	**¥15,111**
Total assets	19,790	16,056	14,745	16,387	**17,439**
Total current liabilities	9,882	5,976	4,568	5,911	**6,527**
Long-term liabilities	957	1,025	1,188	1,347	**1,385**
Total shareholders' equity	8,951	9,055	8,990	9,129	**9,527**
Per share data:					
Net income (￥)	¥66.61	¥45.79	¥11.26	¥23.79	**¥52.75**
Cash dividends applicable to the year (￥)	18.00	18.00	10.00	15.00	**25.00**
Number of employees (person)	352	353	326	313	**319**

Financial Review

Overview

The Japanese economy during the fiscal year ended March 31,2012 (fiscal 2011) showed signs of mild recovery from the effects of the Great East Japan Earthquake. Outside Japan, however, the European sovereign debt crisis and soaring price of crude oil caused an economic slowdown.

In addition, Floods in Thailand also had a negative impact, and a restricted supply of electricity have led to uncertainty about Japanese economy in the future.

Under these circumstances, on a consolidated basis, the Company's net sales duiring fiscal 2011 amounted ￥25,097 million (US$350,571 thousand), up 20.5%, or ￥4,269 million, from the previous year.

At the earnings level, the gross profit increased 20.9% to ￥3,697 million (US$45,013 thousand), and the grossprofit margin was 14.7% which was same as the previous year.

Selling, general and administrative (SGA) expences decreased 1.4% or ￥36 million, to ￥2,539 million (US$30,915 thousand), reflecting ongoing cost-cutting programs.

As a result, operating income improved 138.8%, or ￥673 million, to ￥1,158 million (US$14,098 thousand), income before income taxes grew 120.6%, or ￥662million, to ￥1,211 million (US$14,745 thousand).

Income taxes totaled ￥537 million (US$6,538 thousand), up 119.2%, or ￥292 million.

Consequently, net income boosted 121.7%, or ￥ 370million, to ￥674 million (US$8,206

Net income per share was ￥52.75 (US$0.64), and cash dividends applicable to the year was ￥25.00 (US$0.30) per share.

Segment Information

Engineering

The Engineering Group's net sales increased 33.2%, or ￥5,231 million, to ￥20,983 million (US$255,491 thousand) , reflecting a rise of orders for the Nonferrous Metal Engineering category within the country.

This sales upturn sent segment (ordinary) profit up 174.7%, or ￥952million, to ￥1,497million (US$18,232 thousand).

Piping

The Piping Group's net sales decreased 20.7%, or ￥1,131 million, to ￥4,328 million (US$52,695 thousand) , reflecting a drop of orders from the various policy measures by public sectors .

Accordingly, segment (ordinary) profit fell 51.9% or ￥320 million, to ￥297million (US$ 3,612thousand)

Financial Position

The Company's total assets increased 6.4%, or ￥1,052 million, during this period, amounting to ￥17,439 million (US$212,339 thousand). This was chiefly attributable to a increase of ￥2,832 million in deposits to the holding company.

Total liabilities increased 9.0%, or ￥654 million, to ￥7,912 million (US$96,336thousand), mainly owing to a increase of ￥643 million in notes and accounts payable.

Factors that included ￥192 million in dividend payments, ￥674million in net income, ￥84million in a loss on deferred hedge and foreign currency translation adjustments led to a increase in total net assets of ￥398 million, to ￥9,527 million (US$116,003thousand)

Consequently, Company's equity ratio edged down 1.1 percentage points, to 54.6%.

The Company had no interest-bearing debt at fiscal year-end.

Cash Flows

Net cash provided by operating activities increased ￥3,537 million, to net cash inflow of ￥3,223 million (US$39,243thousand), mainly reflecting ￥3,531 million increase in advances received which were partially offset by ￥1,950 million increase in notes and accounts receivable.

Net cash used in investing activities increased ￥107 million, to net cash outflow of ￥240 million (US$2,926thousand), due mainly to ￥180 million increase in acquisition property, plant and equipments and ￥56 million increase in Increase in acquisition of intangible assets.

Net cash used in financing activities increased￥68 million , to net cash outflow of ￥196 million (US$2,383 thousand), chiefly owing to ￥191 million payments for cash dividends.

As a result, cash and cash equivalents at end of year improved ￥2,702 million, to ￥6,154 million (US$74,928thousand).

Forward-Looking Statement

As for our future business environment, conditions in the global economy will likely remain unstable due to the government finance crisis in Europe and the rising price of crude oil.

The Japanese economy is expected to steadily achieve a modest pick up, but there still remains uncertainies which would put back it to bad recession before, such as electricity shotages and the yen's cotinuing strength.

In light of this environment, the Company projects that its consolidated net sales in fiscal 2012,ended March 31,2013 will amount to ￥23,400 million, down 6.8% from the level in fiscal 2011.

This projection was made by the Company based on information currently available, and it is subject to change due to various potential risks and uncertain elements. Accordingly, if events do not correspond to some of the many assumptions made by the Company to provide a basis for the projections, actual performance may be considerably different than projected

Mesco and Consolidated Subsidiaries
Years ended March 31, 2013 (Prospect)

	Millions of yen	Millions of U.S.dollars (Note 1)
	2013	2013
Net sales	￥23,400	$285
Net income	￥290	$3.53
Net income per share (￥ , $)	￥22.70	$0.28

Consolidated Balance Sheets

MESCO, Inc and Consolidated Subsidiaries
Years ended March 31, 2011 and 2012

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2011	**2012**	**2012**
Assets			
Current assets:			
Cash and time deposits (Note 5)	¥1,689	**¥1,537**	**$18,717**
Notes and accounts receivable			
Trade	8,558	**6,906**	**84,087**
Unconsolidated subsidiaries	—	**—**	**—**
Costs on uncompleted construction contracts	951	**858**	**10,453**
Inventories (Note 3)	373	**426**	**5,191**
Deposits to the holding company (Note 5)	2,106	**4,939**	**60,133**
Deferred tax assets (Note 10)	285	**257**	**3,125**
Other current assets	93	**189**	**2,306**
Less:Allowance for doubtful accounts	(2)	**(2)**	**(24)**
Total current assets	14,052	**15,111**	**183,988**
Investments and other assets:			
Investment securities: (Note 12)			
Unconsolidated subsidiaries	70	**53**	**651**
Others	0	**0**	**0**
Goodwill	6	**—**	**—**
Deferred tax assets (Note 10)	438	**393**	**4,787**
Others	304	**292**	**3,555**
Less:Allowance for doubtful accounts	(12)	**(14)**	**(174)**
	807	**724**	**8,819**
Property, plant and equipment:			
Land	1,099	**1,099**	**13,381**
Buildings and structures	421	**474**	**5,766**
Machinery, vehicles and equipment	2,871	**2,497**	**30,401**
Construction in progress	92	**138**	**1,678**
Lease assets	20	**5**	**66**
	4,503	**4,213**	**51,293**
Less:Accumulated depreciation	(2,975)	**(2,609)**	**(31,761)**
	1,528	**1,604**	**19,532**
	¥16,387	**¥17,439**	**$212,339**

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2011	**2012**	**2012**
Liabilities and Net Assets			
Current Liabilities:			
Notes and accounts payable:			
Trade	¥4,270	**¥4,913**	**$59,817**
Others	145	**176**	**2,147**
Accrued income taxes	317	**362**	**4,405**
Advances received	474	**329**	**4,000**
Accrued bonuses	317	**343**	**4,171**
Allowance for warranties for completed construction	238	**110**	**1,341**
Allowance for expected losses on construction contracts in process	13	**83**	**1,006**
Other current liabilities	138	**213**	**2,588**
Total current liabilities	5,911	**6,527**	**79,476**
Employee's retirement benefits (Note 11)	1,245	**1,268**	**15,445**
Directors' and corporate auditors' retirement benefits	77	**93**	**1,128**
Deferred tax liabilities (Note 10)	0	**0**	**3**
Others	25	**23**	**284**
Contingent Liabilities(Note 7)			
Net Assets(Note 8)			
Shareholders' equity:			
Common stock			
Authorized - 32,000 thousand shares			
Issued - 12,780 thousand shares	1,085	**1,085**	**13,215**
Capital surplus	684	**684**	**8,333**
Retained earnings	7,716	**8,199**	**99,825**
Less: Treasury stock	(2)	**(2)**	**(25)**
Total Shareholders' equity	9,484	**9,966**	**121,348**
Valuation, translation adjustments and others:			
Unrealized gains (losses) on hedging derivatives,net of tax	(355)	**(443)**	**(5,395)**
Foreign currency translation adjustments	0	**4**	**50**
Total valuation, translation adjustments and others	(355)	**(439)**	**(5,345)**
Total net assets	9,129	**9,527**	**116,003**
	¥16,387	**¥17,439**	**$212,339**

See accompanying notes.

Consolidated Statements of Income

MESCO, Inc and Consolidated Subsidiaries
Years ended March 31, 2011 and 2012

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2011	2012	2012
Net sales (Note 9):			
Construction contracts (Note 2)	18,676	**¥22,625**	**$275,480**
Net sales on sideline business			
Net sales of merchandise	665	**775**	**9,435**
Net sales of finished goods	1,488	**1,696**	**20,656**
Total net sales of side line business	2,153	**2,471**	**30,091**
Total net sales	20,828	**25,097**	**305,571**
Cost of sales:			
Construction contracts (Note 2)	15,980	**19,351**	**235,619**
Cost of sales on sideline business			
Cost of merchandise sold	564	**637**	**7,759**
Cost of finished goods sold	1,225	**1,411**	**17,179**
Total cost of sales on sideline business	1,789	**2,048**	**24,938**
Total cost of sales	17,769	**21,400**	**260,558**
Gross profit:			
Construction contracts (Note 2)	2,696	**3,274**	**39,861**
Gross profit on sideline business			
Gross profit-merchandise	101	**138**	**1,676**
Gross profit-finished goods	263	**286**	**3,477**
Total gross profit on sideline business	364	**423**	**5,153**
Total gross profit	3,059	**3,697**	**45,013**
Selling , general and administrative expenses (Note 6)	2,575	**2,539**	**30,915**
Operating income (Note 9)	485	**1,158**	**14,098**
Other income (expenses):			
Interest and dividends income	67	**62**	**761**
Interest expense	(0)	**(0)**	**(8)**
Equity in gains(losses) of unconsolidated subsidiaries	8	**(11)**	**(131)**
Foreign exchange gain (loss)	13	**1**	**14**
Loss on disposal of property, plant and equipment	(13)	**(9)**	**(105)**
Loss on valuation of membership	(8)	**(0)**	**(4)**
Others , net	(1)	**10**	**120**
	65	**53**	**647**
Income before income taxes	549	**1,211**	**14,745**
Income taxes (Note 10):			
Current	350	**466**	**5,675**
Deferred	(105)	**71**	**863**
	245	**537**	**6,538**
Net income	¥304	**¥674**	**$8,206**

	Yen	Yen	U.S. dollars(Note 1)
Amounts per share of common stock:			
Net income (Note 15)	¥23.79	**¥52.75**	**$0.64**
Cash dividends applicable to the year	15.00	**25.00**	**0.30**

See accompanying notes.

Consolidated Statements of Comprehensive Income

MESCO, Inc and Consolidated Subsidiaries
Years ended March 31, 2012

	Millions of yen	Thousands of U.S.dollars (Note 1)
	2012	2012
Income before minority interests	**674**	**8,206**
Other comprehensive income		
Unrealized gains (losses) on hedging derivatives, net of tax	**4**	**49**
Foreign currency translation adjustments	**(82)**	**(992)**
Share of other comprehensive income of associates accounted for using equity method	**(6)**	**(76)**
Total other comprehensive income (Note 16)	**(84)**	**(1,019)**
Comprehensive income (Note 16)	**590**	**7,187**
(Breakdown)		
Comprehensive income attributable to owners of the parent	**590**	**7,187**

See accompanying notes.

Consolidated Statements of Changes in Net Assets

MESCO, Inc and Consolidated Subsidiaries

Years ended March 31, 2011 and 2012

	Number of shares of common stock issued	Shareholders' equity: Common stock	Capital surplus	Retained earnings (Note 8)	Treasury stock	Total shareholders' equity	Valuation, translation adjustments and others: Unrealized gains (losses) on hedging derivatives, net of tax	Foreign currency translation adjustments	Total valuation, translation adjustments and others	Total net assets
	(Thousands)	Millions of yen								
Net assets at April 1, 2011	12,780	¥1,085	¥684	¥7,716	¥(2)	**¥9,484**	¥0	¥(355)	¥(355)	**¥9,129**
Cash dividends				(192)		**(192)**				**(192)**
Net income				674		**674**				**674**
Net changes during the year							4	(88)	(84)	**(84)**
Balance at March 31, 2012	**12,780**	**¥1,085**	**¥684**	**¥8,199**	**¥(2)**	**¥9,966**	**¥4**	**¥(443)**	**¥(439)**	**¥9,527**

	Number of shares of common stock issued	Shareholders' equity: Common stock	Capital surplus	Retained earnings (Note 8)	Treasury stock	Total shareholders' equity	Valuation, translation adjustments and others: Unrealized gains (losses) on hedging derivatives, net of tax	Foreign currency translation adjustments	Total valuation, translation adjustments and others	Total net assets
	(Thousands)	Millions of yen								
Net assets at April 1, 2010	12,780	¥1,085	¥684	¥7,540	¥(2)	**¥9,308**	¥(6)	¥(312)	¥(318)	**¥8,990**
Cash dividends				(128)		**(128)**				**(128)**
Net income				304		**304**				**304**
Net changes during the year							6	(44)	(37)	**(37)**
Balance at March 31, 2011	**12,780**	**¥1,085**	**¥684**	**¥7,716**	**¥(2)**	**¥9,484**	**¥0**	**¥(355)**	**¥(355)**	**¥9,129**

	Shareholders' equity: Common stock	Capital surplus	Retained earnings (Note 8)	Treasury stock	Total shareholders' equity	Valuation, translation adjustments and others: Unrealized gains (losses) on hedging derivatives, net of tax	Foreign currency translation adjustments	Total valuation, translation adjustments and others	Total net assets
	Thousands of U.S. dollars (Note 1)								
Net assets at April 1, 2011	$13,215	$8,333	$93,952	$(25)	**$115,475**	$1	$(4,327)	$(4,326)	**$111,149**
Cash dividends			(2,334)		**(2,334)**				**(2,334)**
Net income			8,206		**8,206**				**8,206**
Net changes during the year						49	(1,068)	(1,019)	**(1,019)**
Balance at March 31, 2012	**$13,215**	**$8,333**	**$99,825**	**$(25)**	**$121,348**	**$50**	**$(5,395)**	**$(5,345)**	**$116,003**

See accompanying notes.

Consolidated Statements of Cash Flows

MESCO, Inc and Consolidated Subsidiaries
Years ended March 31, 2011 and 2012

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2011	**2012**	**2012**
Cash flows from operating activities:			
Income before income taxes	¥549	**¥1,211**	**$14,745**
Depreciation and amortization	145	**135**	**1,640**
Increase(Decrease) in allowance for doubtful accounts	4	**1**	**18**
Foreign exchange gain	(3)	**(4)**	**(44)**
Equity in gains of unconsolidated subsidiaries	(8)	**11**	**131**
Increase(Decrease) in Employees' retirement benefits	159	**23**	**285**
Increase(Decrease) in allowance for warranties for completed construction	89	**(128)**	**(1,560)**
Increase(Decrease) in allowance for expected losses on construction contracts in process	11	**70**	**850**
Interest and dividends income	(67)	**(62)**	**(761)**
Decrease (Increase) in notes and accounts receivable	(1,744)	**(1,950)**	**(23,746)**
Decrease (Increase) in costs on uncompleted construction contracts	(256)	**19**	**230**
Decrease (Increase) in inventories	(72)	**(53)**	**(649)**
Increase (Decrease) in accounts payable	1,009	**647**	**7,882**
Increase (Decrease) in advances received	(63)	**3,531**	**42,993**
Others, net	7	**131**	**1,601**
Subtotal	(239)	**3,582**	**43,614**
Interest and dividends received	47	**62**	**759**
Interest paid	(0)	**(1)**	**(8)**
Income taxes paid	(122)	**(421)**	**(5,122)**
Net cash provided by operating activities	(314)	**3,223**	**39,243**
Cash flows from investing activities:			
Increase in time deposits	(1)	(0)	(5)
Acquisition of property, plant and equipment	(140)	**(180)**	**(2,194)**
Acquisition of intangible assets	(7)	**(56)**	**(684)**
Others , net	14	**(3)**	**(42)**
Net cash used in investing activities	(133)	**(240)**	**(2,926)**
Cash flows from financing activities:			
Payment for cash dividends to the Company's shareholders	(128)	**(191)**	**(2,328)**
Repayment of lease liability	(5)	**(5)**	**(55)**
Net cash used in financing activities	(133)	**(196)**	**(2,383)**
Effect of exchange rate changes on cash and cash equivalents	(17)	**(85)**	**(1,032)**
Net increase in cash and cash equivalents	(597)	**2,702**	**32,902**
Cash and cash equivalents at beginning of year	4,048	**3,452**	**42,027**
Cash and cash equivalents at end of year (Note 5)	¥3,452	**¥6,154**	**$74,928**

See accompanying notes.

Notes to Consolidated Financial Statements

MESCO,Inc. and Consolidated Subsidiaries

Years ended March 31, 2011 and 2012

1.Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, 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. The accounts of consolidated overseas subsidiaries are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified six items as applicable.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of MESCO, Inc. (“the Company”) prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Amounts less than one million yen have been rounded off in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen shown herein do not necessarily agree with the sums of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2012, which was ¥82.13 to U.S. $1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2.Summary of Significant Accounting Policies

a) Consolidation

The consolidated financial statements include the accounts of the Company and its significant subsidiaries (the “Companies”). All significant intercompany transactions, accounts and unrealized profits among the Companies have been eliminated in consolidation. Investments in the unconsolidated subsidiaries and significant affiliates, which the Company and its subsidiaries are able to influence, in a material degree, their financial and operating decision-making, is accounted for by the equity method after the elimination of unrealized intercompany profits. In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries are recorded based on the fair value at the time when the Company acquired control of the respective subsidiaries.

b) Goodwill

The consolidation difference between acquisition cost and net assets at the date of acquisition is shown as the goodwill.

Goodwill is amortized over five years on a straight-line basis for the years ended March 31, 2011 and 2012 ,respectively .

c) Foreign currency translation and foreign currency financial statements

Revenues and expenses are translated at the rates of exchange prevailing when transactions are made. Monetary claims and liabilities denominated in foreign currencies are generally translated into each reporting currency at the rates of foreign exchange prevailing at the balance sheet dates and the resulting translation gains or losses are included in earnings. All assets, liabilities. revenues and expenses of consolidated foreign subsidiaries are translated into Japanese yen at the rates prevailing at their balance sheet dates. The resulting translation adjustments are shown as “Foreign currency translation adjustments,” a component of net assets.

d) Cash and cash equivalents

In the accompanying statements of cash flows, cash and cash equivalents include cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition which have high liquidity and negligible risk of price fluctuation.

e) Marketable securities and investment securities

Available-for-sale securities with fair market values are stated at fair market values, and the corresponding unrealized holding gains or losses, net of applicable income taxes, are reported as a component of net assets.

Realized gains and losses on sale of such securities are computed using average cost.

Other available-for-sale securities with no available fair market value are stated at average cost.

f) Derivative transactions and hedge accounting

The Company generally state derivative financial instruments at fair value and recognize changes in the fair value as gains or losses unless they are used for hedging purposes and qualified for hedge accounting.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company generally defers recognition of gains or losses resulting from changes in their fair value until the related gains or losses on the hedged items are recognized.

All of derivative contracts are based on actual demand and not for trading in the short term or for speculation.

For commodities forward transaction for purchases of inventories and currency forward contracts , the Company evaluates hedge effectiveness by comparing the cumulative changes in cash flows or the changes in fair value of the hedged items with the corresponding changes in the hedging derivative instruments.

The hedge effectiveness is skipped for currency forward contracts that are believed to have high hedge effectiveness, such as in cases where hedging instruments and hedged items share the same important characteristics.

g) Inventories

Costs on uncompleted construction contracts：	At cost on an individual basis
Inventories of side line business：	At cost on an individual basis
Other inventories：	At cost using average method

The carrying value of inventories on the balance sheet is presented at book value after write-down for a decline in earnings

h) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is generally computed by the declining-balance method based on the estimated durable years of these depreciable assets, except the straight-line method is applied to: (1) buildings, excluding building fixtures, acquired after March 31, 1998 and (2) property, plant and equipment of consolidated subsidiaries. The durable years of these assets generally range from 6 to 38 years for buildings and structures and 2 to 20 years for machinery and equipment.

i) Allowance for doubtful accounts

The Company and consolidated subsidiaries provide the allowance for doubtful accounts in an amount sufficient to cover possible losses on collection by estimating individually uncollectible amounts and applying a percentage based on collection experience to the remaining accounts.

j) Allowance for warranties on completed construction

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

k) Allowance for expected losses on contraction contracts in process

An allowance is provided for estimated future losses related to the construction contracts in process.

l) Employees' retirement benefits

The Company provided employees' retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the balance sheet date. The liabilities and expenses for employees' retirement were determined based on the amounts actuarially calculated using certain assumptions.

m) Directors' and statutory auditors' retirement benefits

Directors and corporate auditors are generally entitled to receive retirement benefits based on the Companies' internal rules. Their retirement benefits are accrued at the amount required to pay in accordance with the internal rules if the directors and corporate auditors had retired at the balance sheet date.

n) Research and development expenses

Research and development expenses are charged to statements of income as incurred.

o) Income taxes

The Companies recognize tax effects of temporary differences between the financial statement basis and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income of each of the Companies, with certain adjustments required for consolidation and tax purposes.

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

p) Net income, diluted net income and cash dividends per share

Net income per share is computed based on the weighted-average number of shares of common stock outstanding during the respective fiscal year.

Diluted net income per share is not presented as there were no shares with dilutive effects in 2011 and 2012.

Cash dividends per share represent the historical amount applicable to the respective year.

q) Bonuses to directors and corporate auditors

Bonuses for directors and corporate auditors are accounted for as expense with an allowance of the estimated amount attributable for the fiscal year.

r) Recognition of revenues and related costs

Recognition of net sales and cost of sales of completed construction contracts

Construction contracts whose outcome can be estimated reliably: Percentage-of-completion method

Other construction contracts: Completed-contract method

s) Reclassification

Certain prior year amounts have been reclassified to conform to the 2012 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

t) Accounting of consumption tax

Consumption tax generally withheld upon sale, as well as that paid for purchases of goods or services, are recorded as a liability or an asset, and are excluded from the relevant revenue, costs or expenses.

u) Changes in presentation

(Changes in accounting policy)

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

3.Inventories

Inventories as of March 31, 2011 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars(Note1)
	2011	**2012**	**2012**
Merchandise and finished goods	¥105	**¥179**	**$2,183**
Raw material and supplies	268	**247**	**3,007**
Total	¥373	**¥426**	**$5,191**

4.Allowance for expected losses on construction contracts in process

Amounts of costs on uncompleted construction contracts and merchandise and finished goods, for which a construction loss is anticipated, matching with allowance for expected losses on construction contracts were as follows:

	Millions of yen		Thousands of U.S. dollars(Note1)
	2011	**2012**	**2012**
Allowance for expected losses on construction contracts in process	¥13	**¥83**	**$1,006**
Costs on uncompleted construction contracts	—	11	130
Merchandise and finished goods	—	**0**	**0**
Total	—	**¥0**	**$0**

Note: Costs on uncompleted construction contracts for which a construction loss is anticipated and allowance for expected losses on construction contracts in process are presented without being offset.

5.Amounts of Cash and Cash Equivalents

Amounts of cash and cash equivalents at March 31, 2011 and 2012 were reconciled with cash and time deposits as follows:

	Millions of yen		Thousands of U.S. dollars(Note1)
	2011	**2012**	**2012**
Cash and time deposits	¥1,689	**¥1,537**	**$18,717**
Time deposits with maturities exceeding three months from the date of deposit	(344)	**(322)**	**(3,922)**
Deposits to the holding company	2,106	**4,939**	**60,133**
Total: Cash and cash equivalents	¥3,452	**¥6,154**	**$74,928**

6.Research and Development Expenses

Research and development expenses included in general and administrative expenses amounted to ￥53 million and 57 million (US$694 thousand), for the years ended March 31, 2011 and 2012, respectively.

7.Contingent Liabilities

Contingent liabilities at March 31, 2011 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars(Note1)
	2011	**2012**	**2012**
Notes receivable securitized with recourse	¥35	**¥3**	**$37**
Total	¥35	**¥3**	**$37**

8.Net Assets

The Japanese Company Law provides that an amount equal to 10 % of cash dividends and other cash appropriations of retained earnings must be set aside as a legal earnings reserve included in retained earnings until the total amount of capital surplus and the legal earnings reserve equals 25% of common stock.

The excess of the total amount of capital surplus and the legal earnings reserve over 25% of common stock can be transferred to retained earnings by a resolution of the shareholders, which may be available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with the Japanese Company Law.

9.Segment information

The operations of the Companies for the years ended March 31, 2011 and 2012 were summarized as follows.

(a) Overview of reportable segments
The reportable segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Company and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.
The Company has business sectors categorized by products and services in head office, and each business sectors plans business strategies comprehensively and operates business activities domestically and internationally.
As a result, the Company reports two segments, such as Engineering and Piping based on business sectors categorized by products and services.

(b) Basis for Calculating amounts of net sales, profit or loss, assets, and other items by reported segmen
Accounting procedure for reported segments is mostly the same as procedures indicated in 2. Summary of Significant Accounting Policies. Profit for reported segments is based on ordinary income. Sales for inter-segment are based on actual market prices.

(c) Information on amounts of net sales, profit or loss, assets, and other items by reported segment

Segment information as of and for the fiscal year ended March 31, 2011 was as follows:

	Millions of yen		
	Engineering	Piping	Total
Year ended March 31, 2011			
Sales			
Outside customers	¥15,477	¥5,351	¥20,828
intergroup	275	108	383
Total	15,752	5,459	21,211
Segment profit (loss)	¥545	¥617	¥1,163
Segment Assets	¥8,795	¥4,538	¥13,333
Depreciation expense	55	68	123
Amortization of Goodwill	26	—	26
Interest income	43	0	43
Interest expense	0	—	0
Investment gains on equity method	8	—	8
Investments of unconsoridated subsidiaries	6	—	6
Capital expenditures	103	66	169

Segment information as of and for the fiscal year ended March 31, 2012 was as follows:

	Millions of yen		
	Engineering	Piping	Total
Year ended March 31, 2011			
Sales			
Outside customers	¥20,981	¥4,115	¥25,097
intergroup	2	212	215
Total	20,983	4,328	25,311
Segment profit (loss)	¥1,497	¥297	¥1,794
Segment Assets	¥6,974	¥4,506	¥11,480
Depreciation expense	32	72	104
Amortization of Goodwill	6	—	6
Interest income	28	0	28
Interest expense	0	—	0
Investment gains on equity method	11	—	11
Investments of unconsoridated subsidiaries	53	—	53
Capital expenditures	62	68	130

	Thousands of U.S. dollars (Note 1)		
	Engineering	Piping	Total
Year ended March 31, 2011			
Sales			
Outside customers	$255,462	$50,109	$305,571
intergroup	29	2,586	2,614
Total	255,491	52,695	308,186
Operating income	$18,232	$3,612	$21,844
Identifiable assets	$84,918	$54,865	$139,783
Depreciation expense	388	873	1,262
Amortization of Goodwill	78	—	78
Interest income	338	0	338
Interest expense	3	—	3
Investment gains on equity method	131	—	131
Investments of unconsoridated subsidiaries	651	—	651
Capital expenditures	756	825	1,581

(d) Adjustments of difference between the total of Segment information and the total of financial report

Millions of yen

Sales	March 31,2011	March 31,2012
Segment total	¥21,211	¥25,311
Intergroup	△ 383	△ 215
Sales on financial report	20,828	25,097

Millions of yen

Profits	March 31,2011	March 31,2012
Segment total	¥1,163	¥1,794
Corporation	△ 583	△ 574
Ordinary Profits on financial report	580	1,220

Millions of yen

Assets	March 31,2011	March 31,2012
Segment total	¥13,333	¥11,480
Corporation	3,054	5,959
Total Assets on financial report	16,387	17,439

Millions of yen

Others	Segment total		Adjustments		Financial report	
	2011	2012	2011	2012	2011	2012
Depreciation expense	¥123	¥104	¥22	¥25	¥145	¥128
Amortization of Goodwill	26	6	—	—	26	6
Interest income	43	28	24	35	67	62
Interest Expense	0	0	0	0	0	0
Investment gains on equity method	8	11	—	—	8	11
Investments of unconsoridated subsidiaries	6	53	—	—	6	53
Capital expenditures	169	130	2	76	171	206

Thousands of U.S.dollars(Note 1)

Sales	March 31,2011	March 31,2012
Segment total	$255,094	$308,186
Intergroup	△ 383,068	△ 2,614
Sales on financial report	20,827,974	305,571

Thousands of U.S.dollars(Note 1)

Profits	March 31,2011	March 31,2012
Segment total	$13,981	$21,844
Corporation	△ 7,010	△ 6,993
Ordinary Profits on financial report	6,971	14,851

Thousands of U.S.dollars(Note 1)

Assets	March 31,2011	March 31,2012
Segment total	$160,353	$139,783
Corporation	36,726	72,556
Total Assets on financial report	197,079	212,339

Thousands of U.S.dollars(Note 1)

Others	Segment total		Adjustments		Financial report	
	2011	2012	2011	2012	2011	2012
Depreciation expense	$1,477	$1,262	$265	$300	$1,741	$1,562
Goodwill	308	78	—	—	308	78
Interest and Dividends received	521	338	285	422	806	761
Interest Paid	0	3	2	4	2	8
Equity in gains of unconsolidated subsidiaries	92	131	—	—	92	131
Investments of unconsoridated subsidiaries	70	651	—	—	70	651
Capital expenditures	2,030	1,581	26	928	2,056	2,509

(f) Relative Information
March 31,2012

1. Area information
Sales

Millions of yen

Japan	Others	Total
¥20,415	¥4,681	¥25,097

Thousands of U.S.dollars(Note 1)

Japan	Others	Total
$248,575	$56,996	$305,571

2. Main Customer Information

Millions of yen

Customer's name	Sales	Relevant Segment
Mitsui Mining and Smelting Co., Ltd.	¥6,773,931	Engineering
Hachinohe Smelting Co., Ltd.	2,999,717	Engineering

Thousands of U.S.dollars(Note 1)

Customer's name	Sales	Relevant Segment
Mitsui Mining and Smelting Co., Ltd.	$82,478	Engineering
Hachinohe Smelting Co., Ltd.	36,524	Engineering

(f) Amortization of Goodwill and Balance on Segment
March 31,2012

Millions of yen

	Engineering	Piping	Total
Amortization of Goodwill	¥6	¥ ―	¥6
Balance at end of fiscal year	―	―	―

Thousands of U.S.dollars(Note 1)

	Engineering	Piping	Total
Amortization of Goodwill	$78	¥ ―	$78
Balance at end of fiscal year	―	―	―

10.Income Taxes

The Company is subject to a number of taxes based on income, which, in the aggregate, indicate statutory rates in Japan of approximately 40.4%, for the years ended March 31, 2011 and 2012.
Its foreign subsidiaries were subject to the income taxes of the countries in which they operate.

Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2011 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars(Note1)
	2011	2012	2012
Deferred tax assets:			
Unpaid enterprise tax	¥26	¥27	$323
Accrued business office taxes	4	4	51
Excess accrued bonuses to employees	128	130	1,577
Allowance for warranties for completed construction	96	42	507
Allowance for expected losses on construction contracts in process	5	31	380
Employees' retirement benefits	503	454	5,529
Directors' and corporate auditors' retirement benefits	31	35	422
Excess bad debt expenses	6	6	67
Loss on valuation of golf course membership	14	12	147
Loss on valuation of inventories	1	2	27
Accrued social insurance	19	20	250
Goodwill	6	0	0
Others	10	11	134
Subtotal	¥851	¥773	$9,414
Valuation allowance	¥17	(¥15)	($184)
Total deferred tax assets	¥834	¥758	$9,230
Deferred tax liabilities:			
Unrealized gains (losses) on hedging derivatives, net of tax	¥0	(¥2)	($30)
Retained earnings of foreign subsidiaries	(¥111)	(¥106)	($1,288)
Others	(0)	(0)	($3)
Total deferred tax liabilities	(¥111)	(¥109)	($1,322)
Net deferred tax assets	¥723	¥650	$7,909

The net deferred tax assets at March 31, 2011 and 2012 were contained in the consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars(Note1)
	2011	2012	2012
Deferred tax assets - current	¥285	¥257	$3,125
Deferred tax assets - non current	¥438	¥393	$4,787
Deferred tax liabilities - non current	(0)	(0)	(3)

The following table summarizes the significant differences between the statutory effective tax rate and the tax rate calculated based on the Company's consolidated financial statements for the year ended March 31, 2011 and 2012.

	2011	2012
Statutory income tax rate	40.4%	40.4%
Permanent difference due to non-deductible expense	2.8	1.7
Inhabitant tax	3.2	1.4
Valuation allowance	0.6	(0.2)
Difference in tax rates of foreign consolidated subsidiaries	(1.8)	(5.6)
Retained earnings of foreign consolidated subsidiaries	0.0	(0.4)
Change in income tax rates	―	6.3
Others	(0.6)	0.7
Tax rate calculated based on the Companies' consolidated financial statements	44.6%	44.3%

Adjustment of deferred tax assets and liabilities for enacted changes in tax laws and rates

On December 2, 2011, amendments to the Japanese tax regulations were enacted into law. As a result of these amendments, the statutory income tax rate for the Company will be reduced to 37.8% for years beginning on or after April 1, 2012 and 35.5% for years beginning on or after April 1, 2015. Based on the amendments, the statutory income tax rates utilized for the measurement of deferred tax assets and liabilities expected to be settled or realized from April 1, 2012 to March 31, 2015 and on or after April 1, 2015 are 37.8% and 35.5%, respectively, as of March 31, 2012.

Due to these changes in statutory income tax rates, net deferred tax assets decreased by ¥76 million ($932 thousand) and unrealized losses on hedging derivatives, net of tax increased by ¥0 million ($2 thousand) as of March 31, 2012.

Moreover, income taxes-deferred increased by ¥76 million ($934 thousand) recognized for the year ended March 31, 2012.

11.Employees' Retirement Benefits

The Company provides two retirement benefit plans for employees, an unfunded retirement plan and a funded retirement plan, under which all eligible employees are entitled to benefits based on the length of service and basic rate of pay at the time of termination.
Employees' retirement benefits included in the liability section of the consolidated balance sheet as of March 31, 2011 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars(Note1)
	2011	**2012**	**2012**
Projected benefit obligation	(¥2,075)	**(¥2,105)**	**$25,630**
Plan assets at fair value	804	**908**	**11,052**
Projected benefit obligation in excess of plan assets	(1,271)	**(1,197)**	**(14,578)**
Less: unrecognized actuarial differences	4	**(71)**	**(867)**
Less: unrecognized prior service costs	22	**—**	**—**
Allowance for employees' retirement benefits	(¥1,245)	**(¥1,268)**	**($15,445)**

The employee's retirement benefit costs for the year ended March 31, 2011 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars(Note1)
	2011	**2012**	**2012**
Service costs-benefits earned during the year	¥115	**¥113**	**$1,371**
Interest cost on projected benefit obligation	35	**37**	**452**
Expected return on plan assets	(1)	**(1)**	**(10)**
Amortization of actuarial differences	193	**33**	**406**
Amortization of prior service costs	22	**22**	**267**
Employees' retirement benefit costs	¥365	**¥204**	**$2,487**

The actuarial assumptions for calculating the projected benefit obligation for the years ended March 31, 2011 and 2012 were as follows:

	2011	**2012**
Attribution of benefits to periods of service	Benefit/ years of-service -approach	**Benefit/ years of-service -approach**
Discount rate used to determine the projected benefit obligation	1.7%	**1.7%**
Expected return on plan assets	0.1%	**0.1%**
Period to amortize the actuarial differences	3 years	**3 years**
Period to amortize prior service costs	5 years	**5 years**

12.Financial Instruments

(a)Conditions of Financial Instruments

1. Policy for financial instruments
The Companies raise funds primarily through bank loans.
Temporary fund surpluses are managed principally through short-term deposits.
The Companies utilize financial assets with high degrees of safety for surplus funds.
The Companies use derivatives to reduce risk as described below and do not enter into derivatives for trading in the short term or for speculation.

2.Description of financial instruments, risk
Notes and accounts receivable from completed construction contracts- are exposed to the credit risks of customers.
Because the Companies are expanding their business globally, certain trade receivables denominated in foreign currencies are exposed to foreign currency exchange rate fluctuation risk. For this risk, currency forward contracts are used on a certain portion of the positions that are considered as necessary.
Deposits to the holding company is deposits paid to the holding company in accordance with the policy of management for temporary fund surpluses.
Investment securities are equity securities, and most of which is equity securities for unconsolidated subsidiaries.
The majority of notes and accounts payable for construction contracts have payment due dates of less than one year. A portion of those are denominated in foreign currencies in association with the import of materials and equipments, raw materials and others are thus exposed to foreign currency exchange rate fluctuation risks. For this risk,currency forward contracts are used on a certain portion of the positions that are considered as necessary.
Derivative transactions entered into by the Companies are implemented and controlled based on the Company's internal policies. Moreover, in order to mitigate credit risk, the Companies only conduct business with highly rated financial institutions and trading companies.
Regarding derivative transactions please refer to "Notes to Consolidated Financial Statements 13. Derivative Transactions".

3.Description of risk management system
Supplementary explanation regarding fair value of financial instruments
The fair value of financial instruments is measured based on the market price, if available, or reasonably estimated value if a market price is not available. Because fair value is estimated based on certain assumptions, the fair value might differ if different assumptions are used.
In addition, the contract amount of the derivative transactions described below in Notes 13 (Derivative Transactions) does not represent the market risk of the derivative transactions.

(b)Fair value of financial instruments
The carrying amounts on the consolidated balance sheets, fair value, and differences as of March 31, 2012 are as follows. In addition, financial instruments, of which it is extremely difficult to measure the fair value, are not included. (Please refer to "2. Financial instruments whose fair value is extremely difficult to measure")

	Millions of yen		
	Consolidated balance sheet amount	Fair value	Difference
Year ended March 31, 2012			
Assets:			
(a)Cash and time deposits:	**¥1,537**	**¥1,537**	¥ —
(b)Notes and accounts receivable from completed construction contracts:	**6,906**	**6,906**	—
(c) Deposits to the holding company:	**4,939**	**4,939**	—
Total:	**13,382**	**13,382**	—
Liabilities:			
(a)Notes and accounts payable for construction contracts:	**4,913**	**4,913**	—
(b)Advances received on uncompleted construction contracts:	**329**	**329**	—
Total:	**5,241**	**5,241**	—
Derivative transactions	**7**	**7**	—

Notes:Derivative assets and liabilities are on net basis. Items that are net liabilities are shown in parenthesis.

	Thousands of U.S.dollars (Note 1)		
	Consolidated balance sheet amount	Fair value	Difference
Year ended March 31, 2012			
Assets:			
(a)Cash and time deposits:	**$18,717**	**18,717**	$ —
(b)Notes and accounts receivable from completed construction contracts:	**84,087**	**84,087**	—
(c) Deposits to the holding company:	**60,133**	**60,133**	—
Total:	**162,938**	**162,938**	—
Liabilities:			
(a)Notes and accounts payable for construction contracts:	**59,817**	**59,817**	—
(b)Advances received on uncompleted construction contracts:	**4,000**	**4,000**	—
Total:	**63,817**	**63,817**	—
Derivative transactions	**80**	**80**	—

Notes:Derivative assets and liabilities are on net basis. Items that are net liabilities are shown in parenthesis.

Notes:

1. Method of estimating fair value of financial instruments

Assets:

(a)Cash and time deposits and (c)Deposits to the holding company:

The consolidated balance sheet amounts approximate fair value because of the short maturity of these instruments.

(b)Notes and accounts receivable from completed construction contracts:

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

although, the fair value of notes and accounts receivable from completed construction contracts due over one year are based on the present value of discounted cash flows using the interest rate determined by the factors such as bonds issued by the government of Japan.

Liabilities:

(a)Notes and accounts payable for construction contracts (b)Advances received on uncompleted construction contracts

The consolidated balance sheet amounts approximate fair value because of the short maturity of these instruments.

Derivative transactions:

Contract amount, fair value, unrealized gain or loss, and others are described in “Notes to Consolidated Financial Statements 13. Derivative Transactions” .

2. Financial instruments whose fair value is extremely difficult to measure

	Consolidated balance sheet amount	
	Millions of	Thousands of
Classification	yen	U.S.dollars(Note 1)
Unlisted equity securities	**¥53**	**$651**

Investment securities is only unlisted equity securities, and there is no market value and it is extremely difficult to measure the fair value.

3. The redemption schedule for money claim with maturity date subsequent to the consolidated balance sheets date

	Millions of yen	
	April 1 , 2012 to March 31 , 2013	April 1 , 2013 to March 31 , 2017
Year ended March 31, 2012		
(a)Cash and time deposits:	**¥1,537**	¥ —
(b)Notes and accounts receivable from completed construction contracts:	**6,906**	—
(c) Deposits to the holding company:	**4,939**	—
Total:	**13,382**	—

	Thousands of U.S.dollars (Note 1)	
	April 1 , 2012 to March 31 , 2013	April 1 , 2013 to March 31 , 2017
Year ended March 31, 2012		
(a)Cash and time deposits:	**$18,717**	$ —
(b)Notes and accounts receivable from completed construction contracts:	**84,087**	—
(c) Deposits to the holding company:	**60,133**	—
Total:	**162,938**	—

13.Derivative Transactions

The Company used currency forward contracts to hedge transactions, such as sales denominated in foreign currencies and forecasted purchases of inventories (mainly construction materials and raw materials) against foreign currency exchange risk.

The Companies utilized commodities forward transaction to reduce the Companies' exposure to fluctuations in raw material prices which is subject to international market fluctuation.

All of these contracts were based on actual demand and not for trading in the short term or for speculation.

Derivative transactions for which hedge accounting had been applied as of March 31, 2012 were as follows:

Currency-related derivatives

Type	Hedged items		Millions of yen	Thousands of U.S. dollars(Note 1)
			2012	**2012**
Forward contracts				
Selling:				
U.S.dollars:	Notes and accounts receivable from completed construction contracts	Contract amounts	**¥335**	**$4,080**
		Due over one year	—	—
		Market value	**353**	**4,294**
		Unrealized gain(loss)	**(18)**	**(214)**
Buying:				
U.S.dollars:	Notes and accounts payable for construction contracts	Contract amounts	**¥380**	**$4,626**
		Due over one year	—	—
		Market value	**404**	**4,920**
		Unrealized gain(loss)	**24**	**294**

Notes:

(a)The deferred hedge method is applied as hedge accounting methods.

(b)Market values of currency forward contracts are based on prices provided by financial institutions.

14.Related Party Transactions

1. Year ended March 31, 2011

(1) Transactions of the Company with its holding company and significant shareholders, for the year ended March 31, 2011were as follows:

	Millions of Yen			
	2011			
(a) Name (b) Attribution (c) Capital (Millions of yen) (d) Equity ownership percentage held by the holding company	Transactions during the year ended March 31, 2011		Balance at the end of the year	
	Description of transaction	Amount	Account	Amount
(a) Mitsui Mining And Smelting Co.,Ltd.	Sales	¥3,868	Notes and accounts receivable from completed construction contracts	¥1,136
(b) Holding Company	Purchases	573	Notes and accounts payable from completed construction contracts	218
			Other current liabilities	17
(c) 42,129	Withdrawal of funds	755	Deposits to the holding company	2,106
(d) Direct 63.4%	Interest income	24	—	—
	Interest expense	0	—	—

Notes：
1. The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
2. Business conditions and policy of business conditions
   (i)The amount of orders was determined properly on an arm's – length basis as in the case of other general transactions
   (ii)The purchase amount of raw materials for metal processing was determined properly considering normal market prices as in the case of other general transactions
   (iii)The deposits paid to its holding company was determined properly considering normal market interest rates as in the case of other general transactions
3. Workers on loan
   The Company accepted 25 workers on loan (25 support persons on engineering service) from Mitsui Mining & Smelting Co.,Ltd.(its holding company）by request from the Company based upon the contract between the two parties for the year ended March 31, 2011.
4. The transaction amount of deposits paid to its holding company is stated in net increase basis.

(2) Transactions of the Company with its unconsolidated subisidiary for the year ended March 31, 2011 were as follows:

	Millions of Yen			
	2011			
(a) Name (b) Attribution (c) Capital (Thousands of Baht) (d) Equity ownership percentage of the Company	Transactions during the year ended March 31, 2011		Balance at the end of the year	
	Description of transaction	Amount	Account	Amount
(a) Siam Mesco Co.,Ltd.	Sales	¥35	–	—
(b) Unconsolidated subsidiary			–	—
(c) 3,000 (d) 49.0%	Purchases	38	—	—

Notes：
1. The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
2. Business conditions and policy of business conditions
   (i)The amount of orders was determined properly on an arm's – length basis as in the case of other general transactions
   (ii)The purchase amount of raw materials for metal processing was determined properly considering normal market prices as in the case of other general transactions
3. SIAM MESCO Co.,Ltd is regarded as subsidiary because a majority of directors are made up of by the Company's directors or employees.

(3) Transactions of the Company with companies with the same parent company and subsidiaries of other affiliates of the Company for the year ended March 31, 2011 were as follows:

	Millions of Yen			
	2011			
(a) Name (b) Attribution (c) Capital (d) Equity ownership percentage of the Company	Transactions during the year ended March 31, 2011		Balance at the end of the year	
	Description of transaction	Amount	Account	Amount
(a) Mitsui Copper Foil (Malaysia) SDN.BHD. (b) Company with the same parent company	Sales	¥974	Notes and accounts receivable from completed construction contracts	¥1,808
(c) 160 millions of Malaysia Ringgits (d) —	Interest Income	20	Interest Receivable	20
(a) Hachinohe Smelting Co.,Ltd. (b) Company with the same parent company	Sales	¥1,924	Notes and accounts receivable from completed construction contracts	¥613
(c) 4,795 millions of yen	Rent income of facilities	3	Other current receivable	0
(d) —	Purchases	22	Notes and accounts payable from completed construction contracts	2
			Other current liabilities	2
(a) Hikoshima Mining and Smelting Co.,Ltd. (b) Company with the same parent company (c) 460 millions of yen (d) —	Sales	434	Notes and accounts receivable from completed construction contracts	162

Notes:
1. The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
2. Business conditions and policy of business conditions
   (i)The amount of orders received was determined properly on an arm's – length basis as in the case of other general transactions

(4) Transactions of the consolidated subsidiaries of Company with companies with the same parent company and subsidiaries of other affiliates of the Company for the year ended March 31, 2011 were as follows:

	Millions of Yen			
	2011			
(a) Name (b) Attribution (c) Capital (d) Equity ownership percentage of the Company	Transactions during the year ended March 31, 2011		Balance at the end of the year	
	Description of transaction	Amount	Account	Amount
(a) Mitsui Copper Foil (Malaysia) SDN.BHD. (b) Company with the same parent company (c) 160 millions of Malaysia Ringgits (d) —	Sales	¥1,503	Notes and accounts receivable from completed construction contracts	¥22
			Advances received on uncompleted construction contracts	418

Notes:
1. The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
2. Business conditions and policy of business conditions
   (i)The amount of orders received was determined properly on an arm's – length basis as in the case of other general transactions

(5) Notes about parent company and significant affiliated company
Information on its parent company
Mitsui Mining & Smelting Co.,Ltd. (listed in Tokyo Stock Exchange and Osaka Stock Exchange)

2. Year ended March 31, 2012

(1) Transactions of the Company with its holding company and significant shareholders, for the year ended March 31, 2012 were as follows:

(a) Name (b) Attribution (c) Capital (Millions of yen) (d) Equity ownership percentage held by the holding company	Millions of Yen 2012 Transactions during the year ended March 31, 2012 Description of transaction	Amount	Balance at the end of the year Account	Amount
(a) Mitsui Mining And Smelting Co.,Ltd.	Sales	¥6,774	Notes and accounts receivable from completed construction contracts	¥1,596
(b) Holding Company	Purchases	561	Notes and accounts payable from completed construction contracts	190
			Other current liabilities	17
(c) 42,129	Withdrawal of funds	2,832	Deposits to the holding company	4,939
(d) Direct 63.4%	Interest income	35	—	—
	Interest expense	0	—	—

(a) Name (b) Attribution (c) Capital (Millions of yen) (d) Equity ownership percentage held by the holding company	Thousands of U.S.dollars (Note1) 2012 Transactions during the year ended March 31, 2012 Description of transaction	Amount	Balance at the end of the year Account	Amount
(a) Mitsui Mining And Smelting Co.,Ltd.	Sales	$82,478	Notes and accounts receivable from completed construction contracts	$19,434
(b) Holding Company	Purchases	6,837	Notes and accounts payable from completed construction contracts	2,316
			Other current liabilities	205
(c) 42,129	Withdrawal of funds	34,487	Deposits to the holding company	60,133
(d) Direct 63.4%	Interest income	422	—	—
	Interest expense	2	—	—

Notes：
1. The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
2. Business conditions and policy of business conditions
   (i)The amount of orders was determined properly on an arm's – length basis as in the case of other general transactions
   (ii)The purchase amount of raw materials for metal processing was determined properly considering normal market prices as in the case of other general transactions
   (iii)The interest rate of deposits paid to its holding company was determined properly considering normal market interest rates as in the case of other general transactions
3. Workers on loan
   The Company accepted 24 workers on loan (24 support persons on engineering service) from Mitsui Mining & Smelting Co.,Ltd.(its holding company）by request from the Company based upon the contract between the two parties for the year ended March 31, 2012.
4. The transaction amount of withdrawal of funds is stated in net increase basis.

(2) Transactions of the Company with its unconsolidated subsidiary for the year ended March 31, 2012 were as follows:

Millions of Yen				
2012				
(a) Name (b) Attribution (c) Capital (Thousands of Baht) (d) Equity ownership percentage of the Company	Transactions during the year ended March 31, 2012		Balance at the end of the year	
	Description of transaction	Amount	Account	Amount
(a) Siam Mesco Co.,Ltd. (b) Unconsolidated subsidiary (c) 3,000 (d) 49.0%	Sales	¥58	—	—

Thousands of U.S.dollars (Note1)				
2012				
(a) Name (b) Attribution (c) Capital (Thousands of Baht) (d) Equity ownership percentage of the Company	Transactions during the year ended March 31, 2012		Balance at the end of the year	
	Description of transaction	Amount	Account	Amount
(a) Siam Mesco Co.,Ltd. (b) Unconsolidated subsidiary (c) 3,000 (d) 49.0%	Sales	$701	—	—

Notes:

1. The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
2. Business conditions and policy of business conditions
   (i)The amount of orders received was determined properly on an arm's – length basis as in the case of other general transactions
   (ii)The purchase amount of raw materials for metal processing was determined properly considering normal market prices as in the case of other general transactions
3. SIAM MESCO Co.,Ltd is regarded as subsidiary because a majority of directors are made up of by the Company's directors or employees.

(3) Transactions of the Company with companies with the same parent company and subsidiaries of other affiliates of the Company for the year ended March 31, 2012were as follows:

	Millions of Yen			
	2012			
(a) Name (b) Attribution (c) Capital (d) Equity ownership percentage of the Company	Transactions during the year ended March 31, 2012		Balance at the end of the year	
	Description of transaction	Amount	Account	Amount
(a) Mitsui Copper Foil (Malaysia) SDN.BHD. (b) Company with the same parent company	Sales	¥905	Notes and accounts receivable from completed construction contracts	¥240
(c) 160 millions of Malaysia Ringgits (d) —	Interest Income	1	Interest Receivable	—
(a) Hachinohe Smelting Co.,Ltd.	Sales	¥3,000	Notes and accounts receivable from completed construction contracts	¥158
(b) Company with the same parent company			Advances received on uncompleted construction contracts	46
(c) 4,795 millions of yen	Rent income of facilities	8	Other current receivable	4
(d) —	Purchases	32	Notes and accounts payable from completed construction contracts	2
			Other current liabilities	2

	Thousands of U.S.dollars (Note1)			
	2012			
(a) Name (b) Attribution (c) Capital (d) Equity ownership percentage of the Company	Transactions during the year ended March 31, 2012		Balance at the end of the year	
	Description of transaction	Amount	Account	Amount
(a) Mitsui Copper Foil (Malaysia) SDN.BHD. (b) Company with the same parent company	Sales	$11,014	Notes and accounts receivable from completed construction contracts	$2,923
(c) 160 millions of Malaysia Ringgits (d) —	Interest Income	17	Interest Receivable	—
(a) Hachinohe Smelting Co.,Ltd.	Sales	$36,524	Notes and accounts receivable from completed construction contracts	$1,921
(b) Company with the same parent company			Advances received on uncompleted construction contracts	$563
(c) 4,795 millions of yen	Rent income of facilities	94	Other current receivable	46
(d) —	Purchases	387	Notes and accounts payable from completed construction contracts	27
			Other current liabilities	25

Notes：

1. Mitsui Copper Foil (Malaysia) SDN.BHD.
   The amounts stated above do not include consumption tax.
   Hachinohe Smelting Co.,Ltd. and Kamioka Mining and Smelting Co.,Ltd.
   The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.

2. Business conditions and policy of business conditions
   (i)The amount of orders received was determined properly on an arm's – length basis as in the case of other general transactions
   (ii)The purchase amount of raw materials was determined properly considering normal market prices as in the case of other general transactions
   (iii)Rent expense of machineries was determined properly considering normal market prices as in the case of other general transactions

(4) Transactions of the consolidated subsidiaries of Company with companies with the same parent company and subsidiaries of other affiliates of the Company for the year ended March 31, 2012 were as follows:

Millions of Yen				
2012				
(a) Name (b) Attribution (c) Capital (d) Equity ownership percentage of the Company	Transactions during the year ended March 31, 2012		Balance at the end of the year	
	Description of transaction	Amount	Account	Amount
(a) Mitsui Copper Foil (Malaysia) SDN.BHD. (b) Company with the same parent company (c) 160 millions of Malaysia Ringgits (d) —	Sales	¥1,192	Notes and accounts receivable from completed construction contracts	¥103
			Advances received on uncompleted construction contracts	—

Thousands of U.S.dollars (Note1)				
2012				
(a) Name (b) Attribution (c) Capital (d) Equity ownership percentage of the Company	Transactions during the year ended March 31, 2012		Balance at the end of the year	
	Description of transaction	Amount	Account	Amount
(a) Mitsui Copper Foil (Malaysia) SDN.BHD. (b) Company with the same parent company (c) 160 millions of Malaysia Ringgits (d) —	Sales	$14,514	Notes and accounts receivable from completed construction contracts	$1,258
			Advances received on uncompleted construction contracts	—

Notes：
1. The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
2. Business conditions and policy of business conditions
   (i)The amount of orders received was determined properly on an arm's – length basis as in the case of other general transactions

(5) Notes about parent company and significant affiliated company
   Information on its parent company
   Mitsui Mining & Smelting Co.,Ltd. (listed in Tokyo Stock Exchange)

15.Earnings per Share of Common Stock

Earnings per share of common stock at March 31, 2011 and 2012 were as follows:

	Net income (Millions of yen)	Weighted-average shares (Thousands)	Net income per share (Yen)	Net income per share (U.S.dollars (Note 1))
Year ended March 31, 2011				
Net income available to common shareholders	¥304	12,777	¥23.79	**$0.29**

	Net income (Millions of yen)	Weighted-average shares (Thousands)	Net income per share (Yen)	Net income per share (U.S.dollars (Note 1))
Year ended March 31, 2012				
Net income available to common shareholders	**¥674**	**12,777**	**¥52.75**	**$0.64**

16.Consolidated Statement of Comprehensive Income

Year ended March 31, 2012

Amounts reclassified to net income in the current period that were recognized in other comprehensive income in the current or previous periods and tax effects for each component of other comprehensive income were as follows:

	Millions of yen	Thousands of U.S. dollars(Note1)
	2012	**2012**
Unrealized gains (losses) on hedging derivatives:		
Increase(decrease) during the year	**¥6**	**$80**
Reclassification adjustments	**(0)**	**(1)**
Sub-total, before tax	**6**	**79**
Tax (expense) or benefit	**(2)**	**(30)**
Sub-total, net of tax	**4**	**49**
Foreign currency translation adjustments:		
Increase(decrease) during the year	**(81)**	**(992)**
Sub-total, net of tax	**(81)**	**(992)**
Share of other comprehensive income of associates accounted for using equity		
Increase(decrease) during the year	**(6)**	**(76)**
Sub-total, net of tax	**(6)**	**(76)**
Total other comprehensive income	**(83)**	**(1,019)**

Directors and Auditors
(As of June 26, 2012)

Shin-ichi Sumi
President and Representative Director

Toru Higuchi
Managing and Representative Director

Yoshinori Ueda
Managing and Representative Director

Takashi Saito
Managing and Representative Director

Directors
Kiyoshi Yanagi
Akira Shichijo
Tamotsu Sato
Katsuaki Masamichi
Kiichiro Hirato
Motohiro Kihara
Jun-ichi Araki
Katsunori Kobayashi

Auditors
Masashi Kawakami
Akira Kutsunai
Daigaku Sakai
Toshiki Mori

Coporate Data
(As of March 31, 2012)

Established: February 17, 1964

Authorized Capital: 32,000,000 shares

Shares issued: 12,780,000 shares

Paid-in capital: ￥1,085,350,000

Stock listing: Common stock is listed on the Tokyo stock exchange.

Number of shareholders: 601

The Holding Company:

	Percentage of outstanding shares (%)
Mitsui Mining & Smelting Co.,Ltd.	63.4

Consolidated subsidiaries:

	Paid-in Capital (Millions)	Share (%)
MESCO(U.S.A.),INC.	¥13	100
MESCOENG(MALAYSIA) SDN.BHD.	¥15	100
TAIWAN MESCO Co.,Ltd.	¥18	100

Non-consolidated subsidiaries:

	Paid-in Capital (Millions)	Share (%)
SIAM MESCO Co.,Ltd.	¥5	49

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