

ANNUAL REPORT

2009

*Year Ended
March 31, 2009*

KINDEN CORPORATION

Kinden

Profile

Ever since its establishment in 1944, KINDEN CORPORATION has remained to have committed to its founding principle to be a “company established for the benefit of the public.” It has become a leading company with nationwide service coverage in the integrated field of electrical construction, installation and engineering by demonstrating its future-oriented entrepreneurial spirit and giving full consideration to market trends, even in these rapidly changing times.

Overseas, the Kinden Group has built an extensive network with more than 20 offices in countries around the world, including the ASEAN countries, the United States, China, Egypt and the United Arab Emirates (UAE). Kinden has been continuously involved in the construction of overseas plants for Japanese companies since the 1950s and has accumulated more than 50 years of experience in over 80 countries and proven results in international markets. In recent years the Company has participated actively in social infrastructure improvement projects, primarily in Southeast Asia. In the years ahead, it will focus on making even greater contributions to society and developing its business as a provider of top-quality construction, installation and engineering services in its three core areas of energy, environment and information & communication.

Cautionary Note on Forward-Looking Statements

The future prospects described in this annual report concerning business planning, earnings and management strategies are based on management views derived from supporting information available to Kinden Corporation at the time such information was prepared. Accordingly, readers are cautioned against relying solely on these forward-looking prospects because actual results and strategies may differ substantially depending on changes in the Company’s business environment.

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Q1 Could you review the business environment during the fiscal year ended March 2009?

Due to the rapid deterioration of the economy after the fall of 2008, the business environment was much more severe than anticipated.

During the fiscal year ended March 2009, corporate revenues stagnated in the first half of the year, primarily because of the sharp rise in the prices of crude oil and raw materials. After the fall of 2008, as stock prices plummeted due to the global financial crisis that began in United States and export industries were severely affected by the yen's sharp appreciation, the Japanese economy was forced into a serious recession.

In the Japanese construction industry, the impact of enforcement of the revised Building Standard Law on private-sector construction works began to reach an end, but competition for orders intensified, resulting in a curbing of capital investment in response to the rapid changes in the economic climate. Public works remained sluggish, creating a harsher environment in terms of orders received.

Q2 In these circumstances, what were the Company's operating results in the fiscal year ended March 2009?

Regrettably, we recorded decreases in sales and profit. However, our ongoing efforts to enhance profitability paid off, and we succeeded in posting a rise in operating income on both a consolidated and non-consolidated basis.

The downturn in business conditions turned out to be far more serious than had been predicted. Nevertheless, by placing the highest priority on securing and increasing earnings, the Kinden Group focused unrelentingly and aggressively on fine-tuning its business activities, while striving to cut costs and boost profitability. In particular, during the fiscal year under review, a reduction in "construction loss" realized by ensuring work-site management, in addition to a smoother cooperation among divisions, enabled us to execute projects in a systematic manner. Reflecting this, the ratio of gross profit on completed construction contracts rose 2.4 percentage points from the previous year, to 14.6%. Consequently, consolidated operating income expanded 11.9%, to ¥25,156 million.

Net sales, however, decreased 6.6% compared with the previous year, to ¥494,473 million, due primarily to extension of the work period for large-scale projects—especially construction of wind power generation facilities—and a drop in completed construction contracts during the fiscal year. Net income declined 19.5%, to ¥9,112 million, mainly reflecting the loss on valuation of investment securities incurred from the effect of the financial crisis.

On a non-consolidated basis, sales decreased in the segments of Electrical, Information & Communications Network, Environmental Management Facilities, and Electric Power & Others, while sales in the Power Distribution Lining segment rose slightly. By customer, sales to the Kansai Electric Power Group grew ¥10,809 million, or 10.3%, while sales to other customers decreased ¥34,619 million, or 9.3%. As a result, net sales amounted to ¥453,512 million, down 5.0% from the previous year. Operating income grew 24.5%, to ¥22,967 million, and net income decreased 3.9%, to ¥9,144 million.

Q3 Could you share with us the Company's medium- and long-term management strategies?

We will seek to further strengthen our business foundation and management structure, boost corporate value, and contribute to the development of society, by continually demonstrating our future-oriented entrepreneurial spirit.

Kinden, which celebrates in September 2009 the 65th anniversary of its establishment, has grown to comprise the Company and 34 Group companies inside and outside Japan as of March 31, 2009. We are deeply grateful to our shareholders and investors for their support that has made this growth possible.

Interview with the President

Kinden remains true to its founding vision: to be a “company established in consideration of the public nature of electrical works, and playing a role in the provision of a stable supply of electricity by executing orders for power lining works placed by electric companies.” In a society undergoing constant change, the Company strives to create first-rate facilities and services by continually demonstrating its entrepreneurial spirit that always looks to the future. As the Kinden Group, we aim to contribute to society and expand our business as a comprehensive facility services company whose operations encompass the three core areas of energy, environment and information & communication.

From the fundamental standpoint summed up by its slogan, “the Company’s production base lies in the work site,” the Kinden Group will strive to build a firm business foundation by further enhancing existing strengths and overcoming any weakness, and achieve its goal of becoming a “company that creates customer satisfaction.” In this way, we will be able to grow and thrive in the construction industry, whose business environment faces drastic change.

To achieve the above, we have established the following key management goals: (1) to further enhance the relationship of mutual trust with customers through the creation of customer satisfaction; (2) to establish a strong corporate management structure that can continue to evolve; and (3) to

maintain our nurturing of the human resources that underpin our unique expertise. We will continue to implement corporate reform by addressing our management tasks: (1) enhance the business foundation; (2) recruit, foster and properly assign human resources; and (3) reexamine and enhance the management structure.

Q4 Could you discuss the Company’s position on achieving a return to shareholders and its dividend policy?

Recognizing that providing stable returns to shareholders is a top-priority task, we will aim for more shareholder-oriented management.

In accordance with our philosophy of placing the highest priority on maintaining stable dividend payments to shareholders, we have provided benefits to shareholders, including payment of commemorative dividends each time the Company reached significant milestones or a significant fiscal term, as well as stock splits. Aiming to realize management that places even greater emphasis on shareholders, starting in the fiscal year ended March 2006 we switched to a more ambitious dividend policy of paying stable dividends, while linking them closely to our business performance. In addition, in an effort to increase the opportunity to distribute earnings

Consolidated Financial Highlights

KINDEN CORPORATION AND SUBSIDIARIES
For the years ended March 31

	Millions of yen		Thousands of U.S. dollars*1
	2009	2008	2009
Net sales	¥494,473	¥529,635	\$5,033,834
Operating income	25,156	22,479	256,096
Net income	9,112	11,314	92,771
Total assets	512,561	516,147	5,217,975
Net assets	300,513	305,121	3,059,283
		Yen	U.S. dollar*1
Net income per share	¥36.84	¥45.73	\$0.37
Cash dividends per share	13.00	13.00	0.13

*1 U.S. dollar amounts are computed using the March 31, 2009 exchange rate of ¥98.23=US\$1.

to shareholders, we adopted an interim dividend in the fiscal year ended March 2007. An ordinary interim dividend of ¥5.50 per share was paid for the fiscal year ended March 2009, as planned at the beginning of the fiscal term. The year-end dividend was set at ¥7.50 per share, comprising an ordinary dividend of ¥5.50 per share and a special dividend of ¥2.00 per share based on operating performance.

For the fiscal year ending March 2010, we plan to pay annual dividends of ¥14.00 per share, consisting of an ordinary dividend of ¥11.00, a special dividend of ¥2.00 based on operating performance, and a 65th anniversary commemorative dividend of ¥1.00, paying ¥6.50 per share (including the commemorative dividend of ¥1.00) as the interim dividend and ¥7.50 (including the special dividend of ¥2.00) as the year-end dividend.

Q5

Could you describe the Company's management strategies and your forecasts for the fiscal year ending March 2010?

Because the business environment is predicted to grow increasingly harsh, we will work to establish a more solid footing and achieve steady strategic progress toward acquiring an enhanced corporate capability, with our eyes on the period five to 10 years ahead.

During the fiscal year ending March 2010, the business environment is forecast to grow in severity because of the slowdown of the world economy caused by the global financial crisis, coupled with the deterioration of corporate earnings due to sluggish stock markets and sharp appreciation of the yen, as well as stagnant consumer spending. In the construction industry, there are concerns about a diminishing willingness among Japanese companies to undertake capital investment, and it is predicted that further intensification of competition for orders will impact companies' profitability, worsening the harsh environment.

In this climate, by making its top-priority issue the securing of work volume and profit, the Kinden Group will strive to earn a greater degree of trust by engaging in aggressive and fine-tuned business activities, with close collaboration among the divisions in charge of orders received, engineering and execution, in response to changes in the construction market as well as customer needs. Moreover, we will aim to build a more solid business foundation and stronger management structure

by increasing productivity, reexamining all operations as well as implementing an unending series of improvements, while directing our efforts to recruiting and training human resources.

In addition to putting ourselves on a more solid footing, we will push forward with measures to develop corporate capabilities in anticipation of the period five to 10 years ahead. Specifically, in light of the trends toward a low-carbon society as exemplified by the "Green New Deal," as a comprehensive facility services company we will seek to firmly establish energy-saving and new energy technologies. In this way, we can become a company capable of offering solutions and technologies to meet the demands of customers without fail when the economy begins its turnaround.

We hold high expectations for our overseas operations, which we regard as important areas that will underpin the Company's future growth. In this regard, we are expanding business in Thailand, Vietnam, Indonesia, Abu Dhabi and Hawaii and expect significant economic growth in the years ahead, particularly in Southeast Asia. We hope to contribute to this region's growth by winning orders for infrastructure improvement and plant facilities in Southeast Asia, capitalizing on the achievements and expertise we have accumulated up through today.

For the fiscal year ending March 2010, we project consolidated net sales of ¥510,000 million (up 3.1% year on year), operating income of ¥19,000 million (down 24.5%) and net income of ¥9,800 million (up 7.5%).

On a non-consolidated basis, we project net sales of ¥460,000 million (up 1.4%), operating income of ¥17,000 million (down 26.0%), and net income of ¥9,000 million (down 1.6%), as we continue to engage in sales activities focused on generating profit.

Whereas economic fluctuations of great magnitude are occurring throughout the world, Kinden strives to strengthen the Group's management structure, and, once the economy enters its recovery phase, will quickly set to work to improve corporate earnings. In all our efforts, we ask for the guidance and support of our shareholders and investors.

Kunihiko Fujita

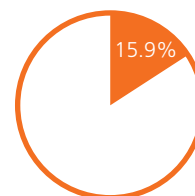
Kunihiko Fujita
President
June 2009

Kinden at a Glance (Non-Consolidated)

Power Distribution Lining

Kinden provides construction and maintenance works of the power distribution facilities (power poles, overhead and underground distribution lines, lines to the home, electric power meters, etc.) used by the Kansai Electric Power Co., Inc., which delivers electricity directly to its customers. Kinden also undertakes the installation works of cable conduit boxes (C. C. BOX), as well as the installation works of home appliances such as induction heating (IH) ovens and electric water heater and electrical system upgrading works for individual residences, offering comprehensive support for people's lives.

Net Sales

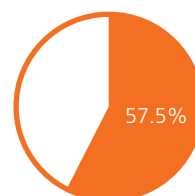


¥72,307 million

Electrical

Kinden provides consistent support in various types of electrical system installations from planning and renewal proposals to design, construction and maintenance in public facilities, buildings, factories, schools, hospitals, and distribution and commercial facilities. The Company also conducts equipment diagnosis relating to renovation works and proposes engineering solutions for energy-saving as well as for realizing an optimum energy environment, offering high-added-value equipment.

Net Sales

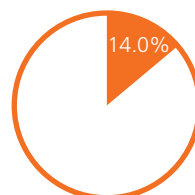


¥260,661 million

Information & Communications Network

Kinden is involved in a wide range of business activities, from infrastructure development such as installation of instruments in factories and buildings, fiber to the home (FTTH), cable television (CATV) and base stations for mobile communications, to the installation of local area network (LAN) equipment, network camera systems and security systems at schools, along with the establishment of private communication networks in private homes. In addition, as a system integrator, the Company builds optimum, high-cost-performance systems that are free from constraints of manufacturers.

Net Sales

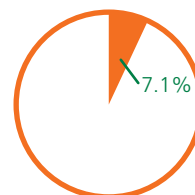


¥63,445 million

Environmental Management Facilities

Kinden undertakes installation of industrial air-conditioning in factories and general air-conditioning in office buildings and commercial and amusement facilities, as well as the installation of sanitation and plumbing systems and interior finish works in offices and large-scale condominiums with a focus on functionality and artistic design. The Company engages in active efforts on a nationwide scale to meet the diverse needs of customers.

Net Sales

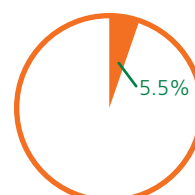


¥32,072 million

Electric Power & Others

Kinden provides electrical construction and maintenance works mainly for power plants, substations, and overhead and underground transmission lines for electric power companies. In recent years, the Company has also focused on the development of new energy sources such as wind and solar power generation and is energetically working on the construction of infrastructure mainly in Southeast Asia.

Net Sales



¥25,025 million



Power Distribution Lining
 Installation work on high-voltage power distribution lines to ensure uninterrupted power supply (Hyogo): The Kansai Electric Power Co., Inc.



Electrical
 Hankyu Nishinomiya Gardens (Hyogo): Commercial complex



Information & Communications Network
 Tezukayama Gakuen (Osaka): LAN system of a university



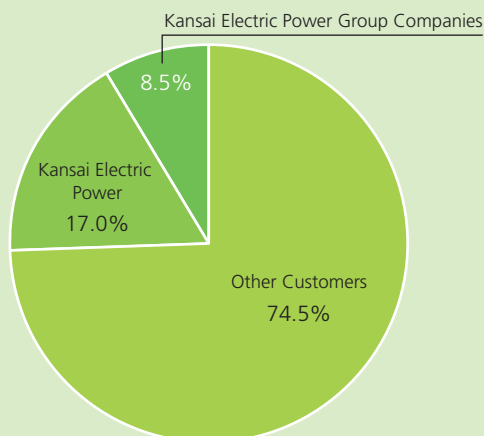
Environmental Management Facilities
 The School of Life and Environment Science, Osaka Prefecture University (Osaka): Air-conditioning systems and sanitary plumbings



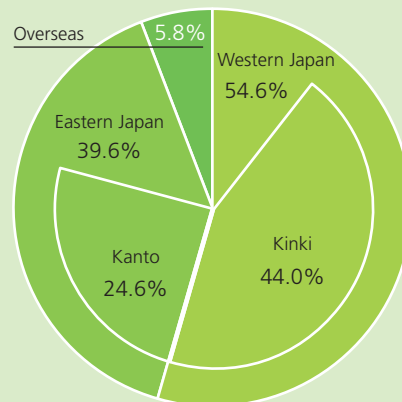
Electric Power & Others
 Underground power transmission lines at Sakai port (Osaka): Underground power transmission lines

Composition of Non-Consolidated Net Sales, Orders and Cost

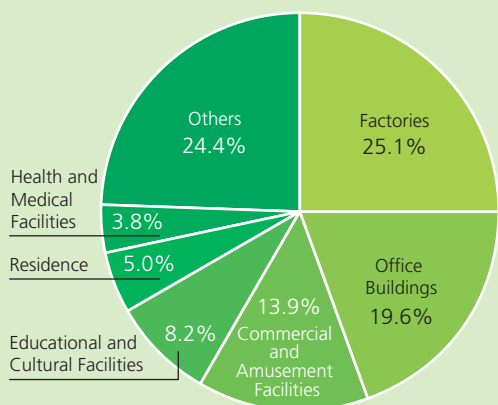
Net Sales by General Customers



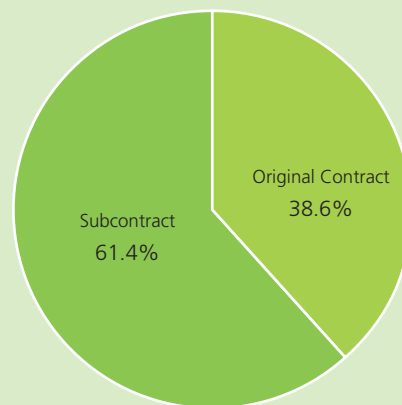
Net Sales by Region (excluding sales of Power Distribution Lining)



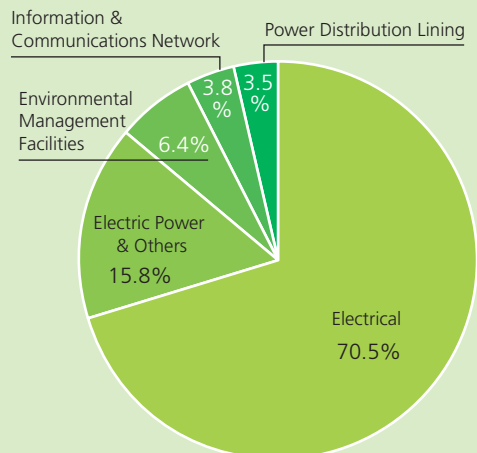
Net Sales by Use (excluding sales of Power Distribution Lining)



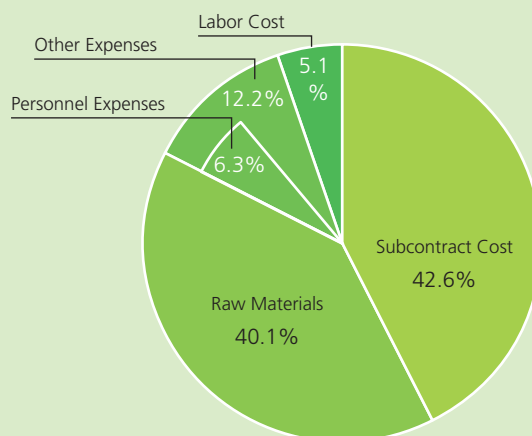
Net Sales by Contractor and Subcontractor (excluding sales of Power Distribution Lining)



Construction Orders on Hand by Operation



Construction Cost by Item



(For the year ended March 31, 2009)

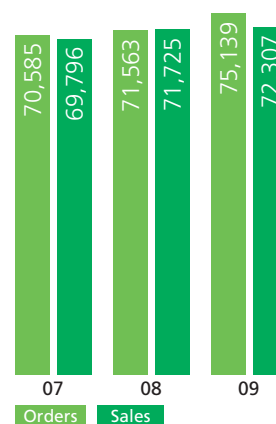
Summary by Segment

Following is a brief review of the Company's operating results by segment on a non-consolidated basis. During the fiscal year under review, orders received increased in all business segments except for Information & Communications Network and Electric Power & Others, which recorded declines. In terms of sales (completed orders), all other segments decreased, except for Power Distribution Lining. Although orders received for renovation works were down 6.0% from the previous year to ¥113,340 million, we believe this area holds ample promise for future expansion, given the increasing need for energy saving and environmentally friendly facilities.

Power Distribution Lining

During the fiscal year under review, works involving additions, upgrades and repairs to existing facilities for the Kansai Electric Power Co., Inc. continued to grow. As a result, orders received rose 5.0% in comparison with the previous year to ¥75,139 million, and sales increased 0.8% to ¥72,307 million. An early retirement scheme introduced in 2002 for the segment and other reform measures implemented by the Company have helped revitalize the organization and resulted in a corporate structure appropriate to the operational scale. Moreover, now that construction orders from the Kansai Electric Power Co., Inc., have leveled out and repair works have increased in the last few years, this business segment serves as the foundation of the Company's stable operations.

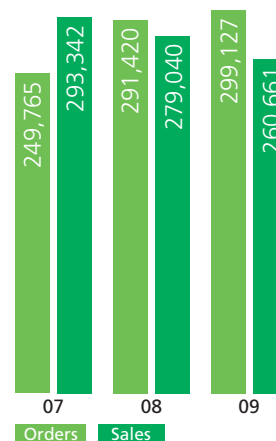
Orders and Sales
Millions of yen



Electrical

Orders received during the fiscal year under review amounted to ¥299,127 million, up 2.6% from the previous year, while sales fell 6.6% to ¥260,661 million. Orders received increased for general buildings—chiefly office buildings and commercial and entertainment facilities—and those for factories also posted strong growth. The decrease in sales was primarily attributable to a decline in factory works, which continued to record a gain in sales up until the previous year. Sales overseas dropped 18.2% from the previous year. Given the slowdown in sales expected for domestic works in the future, we intend to carry out more aggressive marketing activities through selection and concentration mainly in Southeast Asia.

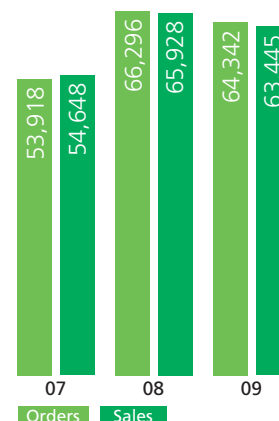
Orders and Sales
Millions of yen



Information & Communications Network

During the fiscal year under review, orders received totaled ¥64,342 million, down 2.9% from the record-high level recorded the previous year, and sales declined 3.8% from the all-time high posted in the previous term to ¥63,445 million. These decreases were primarily attributable to a decline in works for the Kansai Electric Power Co., Inc. subsidiary K-Opticom Corporation—mainly FTTH installation works—as well as in works related to LAN and instrumentation installation works at buildings and factories in the in-house infrastructure network sector. These factors more than offset an increase in works related to mobile phone base stations in the wake of expansion of work areas within the country. Going forward, Kinden will continue to pursue information infrastructure contracts at schools, hospitals and other facilities and carry out aggressive business activities in the replacement market, where it expects further expansion.

Orders and Sales
Millions of yen



Environmental Management Facilities

Orders received during the fiscal year under review rose 2.0% in comparison to the previous year to ¥32,863 million, while sales were down 5.1% to ¥32,072 million. The growth in orders was attributable to steady expansion in installation works of air-conditioning and sanitation and plumbing systems. The decline in sales was due to a reduced volume of interior finish works. Kinden will promote energy-saving proposals for energy services company (ESCO) projects and renovation works, in an effort to win orders and secure profit.

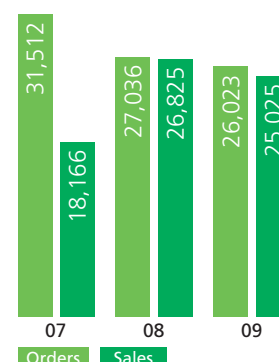
Orders and Sales
Millions of yen



Electric Power & Others

During the fiscal year under review, orders received fell 3.7% from the previous year to ¥26,023 million, and sales declined 6.7% to ¥25,025 million. The decreases were due primarily to a sharp drop in orders for construction works for wind power generation facilities reflecting the effect of the revised Building Standard Law following strong growth posted in the past few years. This more than offset robust orders from the Kansai Electric Power Co., Inc. and its affiliates for utility works associated with construction of a large-scale factory for Sharp Corporation. Looking ahead, Kinden will focus its marketing efforts on works from other electric power companies than the Kansai Electric Power Co., Inc. and will also target overseas works.

Orders and Sales
Millions of yen



Shin Izumo Wind Power Plant, the Largest Wind Farm in Japan, Is Completed

Shin Izumo Wind Power Plant in Shimane Prefecture, whose construction commenced in February 2007, was completed in May 2009. With total power output of 78,000 kW, the largest in Japan, the facility can generate 140 million kWh a year, sufficient to serve some 40,000 households. Operated by Shin Izumo Windfarm Corporation, a joint venture between Eurus Energy Japan Corporation and Kinden, the plant is expected to reduce 85,000 tons of CO₂ every year as part of the Company's efforts to prevent global warming.



Shin Izumo Wind Power Plant consists of 26 wind turbine generators, each capable of generating 3,000 kW.

Construction of Infrastructure Facilities, the First-Ever Order from Abu Dhabi, Gets Under Way

Since June 2008, Kinden has been constructing infrastructure facilities in Abu Dhabi, as part of the first-ever order awarded to us in the capital of the United Arab Emirates. The Company won an order for infrastructure works for Phase 1 Plot 1 of the Al Reem Island development project to construct a complex containing numerous high-rise office towers and luxurious hotels on the island of five million square meters, at a total cost of approximately US\$10 billion. The infrastructure works involve the installation of up to 10 kilometers of 22kV power distribution lines in an area of some 200,000 square meters, in addition to water and sewage pipes, telephone lines and gas pipes, to offer comprehensive support to people's lives. Building on our expertise fostered over many years of constructing infrastructure facilities, we are carrying out construction works jointly with local staff.



Infrastructure works under way at Al Reem Island



Main Policies

Kinden acknowledges that improving corporate governance is an important management goal for the Company, enabling us to bolster, speed up and optimize our business operations and respond to changing business environments in a flexible manner. Kinden is striving to strengthen our system progressively by focusing on the following two key policies:

1. Improve the transparency of operations

We are striving for timely announcement of accurate and high-quality management information, and demonstrate our accountability on a continuous basis to our shareholders and investors in order to promote management reforms.

2. Ensure compliance

We are firmly maintaining our compliance policy with all relevant laws and regulations as well as our articles of incorporation, and will seek to increase sound profits while strictly avoiding all types of dishonest or socially unacceptable corporate behavior.

Board Meetings and Internal Control System

1. Basic description of the Company's organization

The Company has adopted a Board of Auditors system. In order to effectively implement our policies on corporate governance, in addition to a Board of Directors' Meeting and the General Meeting of Shareholders, pursuant to provisions of the Companies Act, the Company has set up a Management Meeting (consisting of Chairman, President, Vice Presidents, etc.), a Statutory Directors' Meeting, an Executive Meeting, a Compliance Committee (consisting of Chairman, President, Vice Presidents, and Statutory Auditor), and a Risk Management Committee.

To ensure efficient management of the Company, the Standing Directors' Meeting (which meets twice monthly and consists of the Standing Directors, and which is also attended by the Standing Auditors) is delegated by the Board of Directors with the authority to make all decisions pertaining to the development of the Company's overall management policies and plans as well as the efficient promotion of business operations, except for important matters that require a decision by the Board of Directors, pursuant to provisions of the Companies Act. Following the conclusion of the 93rd General Shareholders' Meeting held on June 27, 2007, Kinden adopted an executive officer system, with the aim of vitalizing the Board of Directors, speeding up the decision making on issues concerning the Company's business operations, and enhancing the monitoring function over business execution.

2. Improvement of the internal control system

At a meeting held on May 15, 2006, the Board of Directors formulated its basic policy regarding the internal control system, pursuant to

provisions of the Companies Act. This policy calls for the establishment of an internal control system concentrating on the basic principles of the compliance system to ensure that directors and employees execute their duties in compliance with the law and the Company's articles of incorporation, storing and managing information related to directors' execution of duties, and rules and other related regulations with regard to the risk management of loss.

3. Internal audit and auditors' audit

Regarding the internal audit, the Office of Administration (comprising four staff members) conducts periodical internal audits of the Company's business operations (regarding the appropriateness of the business process and the improvement of management efficiency) as well as audits of matters outside the ordinary scope of business, while maintaining communication with the auditors' audit and the accounting audit.

As for the auditors' audit, in accordance with the policies established by the Board of Auditors consisting of five auditors, the auditors monitor the execution of duties by the directors, by means of such methods as attending the Board of Directors' meetings and other important meetings, receiving reports on business results from the directors and examining documents pertaining to important decisions. In addition, to ensure efficient auditing activities, the Company has established the Auditing Department (comprising five members), which assists the Auditors and the Board of Auditors with the execution of their duties.

4. Status of the accounting audit

The accounting audit for the Company is conducted by two certified public accountants, Masayuki Maeda and Shozo Ikejiri, who are employees of Osaka Audit Corporation. Five additional certified public accountants, one assistant certified public accountant and one passer of the certified public accountant examination perform audit duties as assistants. To ensure the accuracy of the audit of the Company, the Company provides appropriate information such as monthly financial statements so that undue emphasis is not placed on term-end results.

5. Relationships between external directors and external auditors

The Company does not elect external directors. Three of the five auditors of the Company are external auditors. Of these, two are executive officers (one director and one auditor) of the Kansai Electric Power Co., Inc., a customer of the Company's Power Distribution Lining segment and power transmission work (Electric Power & Others segment), serving concurrently as the Company's auditors. As of March 31, 2009, the Kansai Electric Power Co., Inc. owned 42.2% (direct ownership of 36.2% and indirect ownership of 6.0%) of the total number of shareholder voting rights of the Company, and the Company was an affiliate of the Kansai Electric Power Co., Inc.

6. The number of directors on the Board of Directors

Our articles of incorporation stipulate that a minimum of three directors sit on the Board.

7. Requirements for adoption of resolutions concerning election and dismissal of directors

The Company's articles of incorporation stipulate that a resolution concerning the election of directors shall be adopted by a majority of the voting rights of shareholders in attendance who represent one-third or more of the total number of shareholders entitled to vote and that the resolution for election shall not be made by cumulative voting.

8. Matters resolved by the General Shareholders' Meeting that can be adopted by the Board of Directors

(a) Acquisition of own shares

The Company's articles of incorporation stipulate that to enable execution of a flexible capital strategy in response to changes in the operating environment, the Company may, by a resolution of the Board of Directors, acquire its own shares through market transactions pursuant to the provision of Article 165, Paragraph 2 of the Companies Act.

(b) Interim dividend

The Company's articles of incorporation stipulate that to better enable the distribution of the Company's surplus to its shareholders, the Company may, by a resolution of the Board of Directors, pay a surplus dividend as an interim dividend to the shareholders or pledgees listed in the register of shareholders as of September 30 each year pursuant to the provision of Article 454, Paragraph 5 of the Companies Act.

9. Requirements for adoption of special resolutions by the General Shareholders' Meeting

The Company's articles of incorporation stipulate that to ensure smooth management of the shareholders' meeting, resolutions

provided for in Article 309, Paragraph 2 of the Companies Act shall be adopted by more than two-thirds of the voting rights of the shareholders in attendance who represent one-third or more of the shareholders entitled to vote.

Status of Enhancement of the Risk Management System

The Company is instituting, in each area of responsibility, a system aimed at preventing the occurrence of risk as well as the avoidance or reduction of loss should a risk occur, by establishing Risk Management Rules and the Risk Management Committee.

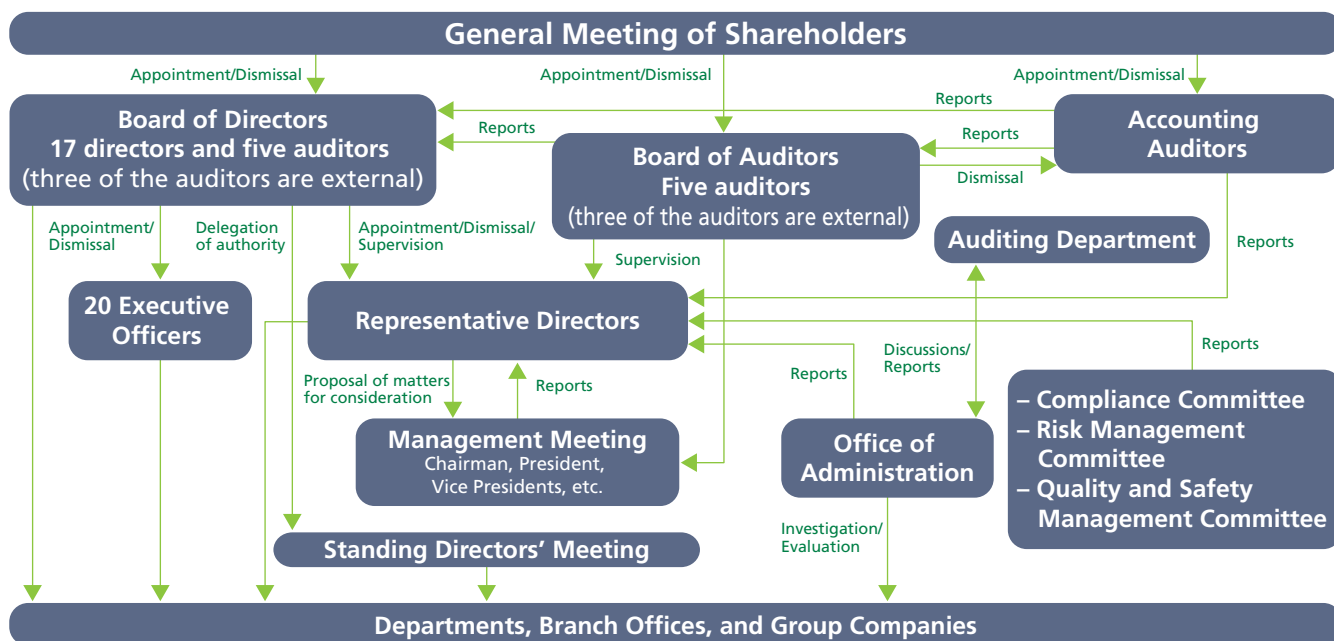
Remuneration of Directors and Auditors

Remuneration paid to the Company's directors in the 95th fiscal term (the fiscal year ended March 31, 2009) amounted to ¥769 million. Auditors' remuneration amounted to ¥113 million (including external auditors' remuneration of ¥41 million).

Remuneration for Audit Services

Remuneration paid to Osaka Audit Corporation in the 95th fiscal term (the fiscal year ended March 31, 2009) for services set forth by Article 2, Paragraph 1 of the Certified Public Accountants Law totaled ¥42 million. No other remuneration was paid.

Corporate Governance Structure



ISO Certification

Kinden obtained ISO9001 quality management system certification for general construction by December 1999 covering its nationwide network of 15 branch offices as well as headquarters divisions. At the same time, Kinden's Chuo Branch Office received ISO9001 certification. By December 2001, the Center was awarded ISO14001 certification for its environmental management system as well. Among overseas affiliates, the Singapore branch of Kinden International, Ltd. obtained ISO9001 in April 2002, ISO14001 in December 2005, and OHSAS18001 in September 2007. The Hong Kong & China Regional Main Branch Office obtained ISO9001 in April. P.T. Kinden Indonesia obtained ISO9001 in February 2006.

Taking advantage of this accomplishment, Kinden will implement measures to reduce the environmental burden by proposing as well as promoting design and construction of environmentally friendly (resource- and energy-saving) facilities. Kinden is focusing on construction recycling and, as "a company that contributes to creating a recycling-oriented society," is committed to contributing to the movement toward environmental conservation.

Participation in Local Environmental Protection Activities

In order to contribute to the improvement of the local life environment of local residents, each of our branch offices around the country is actively involved in various locally based activities designed to improve the environment.

One example from Wakayama Prefecture is that we voluntarily provide the stone wall cleaning every year at Wakayama Castle utilizing Kinden's aerial platform service vehicles, to clean areas that are otherwise hard to reach. At Himeji Castle, which was registered on UNESCO's World Heritage list in 1993, we provide annual clean-up by inspecting burned-out floodlights, cleaning glass in the lighting fixtures, and removing fallen leaves and other debris. We will continue to actively provide such voluntary services that help citizens improve their living environment in the areas where we operate.

New Energy: Eco-Friendly Energy Systems Construction

In this age of mass energy consumption, atmospheric pollution with CO₂ emissions from the burning of fossil fuels has been a major global environmental problem, and the need to ensure the efficient use of our limited natural resources has become a global issue. So-called "New Energy" has been developed to help alleviate these problems, and is attracting a great deal of attention. Kinden is actively involved in proposing and developing the implementation of eco-friendly energy systems that include wind and solar power generation facilities, fuel cells, and highly efficient co-generation systems that utilize both electricity and thermal energy.



Clean-up activities for the stone wall at Wakayama Castle



Clean-up activities at Himeji Castle



Solar power generation facility at the Iwakuni City Hall, Yamaguchi Prefecture

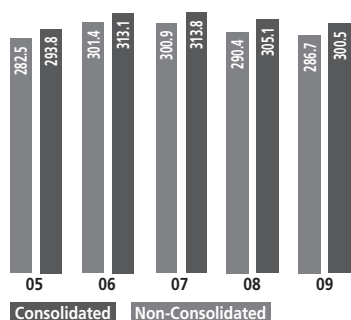
Five-Year Financial Summary

Years ended March 31

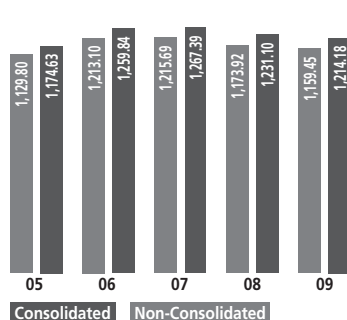
	Consolidated					Non-Consolidated				
	Millions of yen					Millions of yen				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
FOR THE YEAR										
Net sales.....	¥403,440	¥451,514	¥482,125	¥529,635	¥494,473	¥391,613	¥437,721	¥471,742	¥477,322	¥453,512
Power distribution lining.....						59,881	67,208	69,796	71,725	72,307
Electrical						223,797	265,782	293,342	279,040	260,661
Information & communications network.....						57,427	63,458	54,648	65,928	63,445
Environmental management facilities.....						34,628	32,500	35,789	33,803	32,072
Electric power & others						15,878	8,771	18,166	26,825	25,025
Operating income	11,320	15,955	16,843	22,479	25,156	9,836	14,588	15,035	18,449	22,967
Net income	7,525	7,843	9,136	11,314	9,112	7,110	7,600	8,028	9,519	9,144
Capital investment.....	1,786	2,302	3,429	3,661	5,096	1,101	1,618	2,622	2,961	4,875
Depreciation and amortization.....	3,710	3,697	4,036	4,955	5,299	3,369	3,209	3,373	4,190	4,632
Research and development	530	543	486	496	514	530	543	483	492	508
AT YEAR-END										
Common stock.....	¥ 26,411	¥ 26,411	¥ 26,411	¥ 26,411	¥ 26,411	¥ 26,411	¥ 26,411	¥ 26,411	¥ 26,411	¥ 26,411
Net assets*	293,847	313,102	313,878	305,121	300,513	282,555	301,409	300,900	290,427	286,740
Total assets	469,156	500,342	525,921	516,147	512,561	452,377	481,296	504,192	468,300	475,897
Number of shares outstanding (excluding treasury stock) (Thousands)										
Balance at end of year.....	250,010	248,377	247,514	247,399	247,306	250,010	248,377	247,514	247,399	247,306
Number of employees (Persons).....	7,658	8,023	8,352	9,230	9,200	6,428	6,373	6,441	6,563	6,715
Equity ratio (%).....	62.6	62.6	59.6	59.0	58.6	62.5	62.6	59.7	62.0	60.3
Return on equity (%)	2.5	2.6	2.9	3.7	3.0	2.5	2.6	2.7	3.2	3.2
Payout ratio (%).....						39.2	43.4	40.1	33.8	35.2
Price-earnings ratio (Times).....	28.56	34.86	28.68	20.97	21.72	29.91	35.60	32.63	24.93	21.64

* The "Shareholders' Equity" item used until fiscal 2007, prior to the enforcement of the Companies Act, is presented as "Net Assets." For fiscal 2008, following the enforcement of the Companies Act, "Net Assets" includes minority interests.

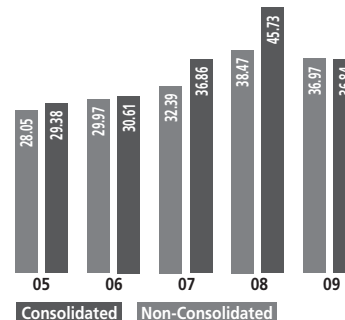
Net Assets
Billions of yen



Net Assets per Share
Yen



Net Income per Share
Yen



Management's Discussion and Analysis

RESULTS OF OPERATIONS

Consolidated results of the Kinden Group for the fiscal year ended March 31, 2009, are as follows.

Consolidated net sales decreased ¥35,161 million, or 6.6%, in comparison with the previous fiscal year, to ¥494,473 million (US\$5,033,834 thousand). Operating income rose ¥2,676 million, or 11.9%, compared with the previous fiscal year, to ¥25,156 million (US\$256,096 thousand). Net income declined ¥2,201 million, or 19.5% compared with the previous fiscal year, to ¥9,112 million (US\$92,771 thousand).

FINANCIAL POSITION

Total assets as of March 31, 2009, amounted to ¥512,561 million (US\$5,217,975 thousand), a decrease of ¥3,585 million, or 0.7%, compared with the end of the previous fiscal year. Within this figure, current assets declined ¥6,714 million and noncurrent assets rose ¥3,128 million. The decrease in current assets was primarily due to a drop in sales credit, such as notes receivable, accounts receivable from completed construction contracts and other, as well as a decline in short-term investment securities, despite an increase in costs on uncompleted construction contracts and other inventories. The increase in noncurrent assets was mainly attributable to a rise in construction in progress, which more than offset a decrease in investment securities.

Total liabilities as of March 31, 2009, amounted to ¥212,048 million (US\$2,158,691 thousand), an increase of ¥1,022 million, or 0.5%, compared with the end of the previous fiscal year. Within this figure, current liabilities increased ¥2,245 million and noncurrent liabilities declined ¥1,223 million. The increase in current liabilities was primarily due to an increase in advances received on uncompleted construction contracts, which more than offset decreases in notes payable, accounts payable for construction contracts and other and provision for loss on construction contracts. The decline in noncurrent liabilities was mainly attributable to a fall in deferred tax liabilities, despite an increase in provision for retirement benefits.

Net assets as of March 31, 2009, amounted to ¥300,513 million (US\$3,059,283 thousand), a decrease of ¥4,607 million, or 1.5%, compared with the end of the previous fiscal year. This was primarily attributable to a fall in valuation difference on available-for-sale securities, which more than offset an increase in retained earnings.

At the fiscal year-end, the equity ratio stood at 58.6%, a decline of 0.4 percentage point compared with the previous fiscal year-end.

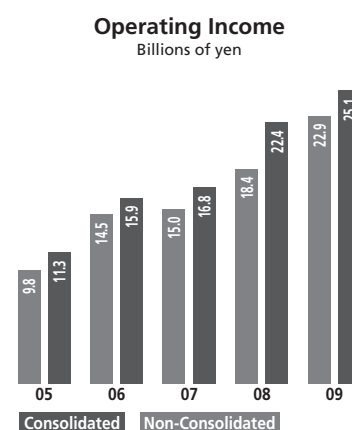
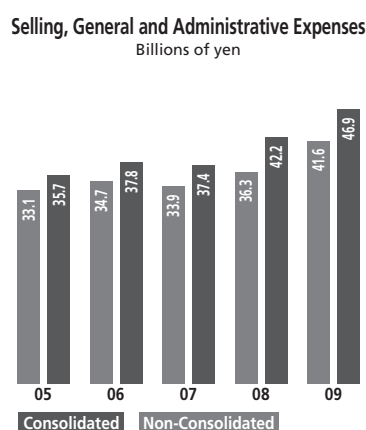
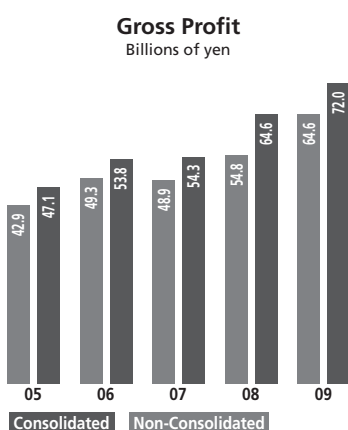
CASH FLOW ANALYSIS

Net cash provided by operating activities amounted to ¥2,765 million (US\$28,153 thousand), a net decline of ¥19,269 million from net cash provided of ¥22,034 million posted in the previous fiscal year. This was primarily attributable to the recording of income before income taxes and minority interests coupled with an increase in advances received on uncompleted construction contracts, which outweighed an increase in costs on uncompleted construction contracts and income taxes paid.

Net cash used in investing activities amounted to ¥5,718 million (US\$58,219 thousand), a net decline of ¥6,128 million compared with ¥410 million in net cash provided by investing activities in the previous fiscal year. This mainly reflected a decline in cash primarily due to purchase of property, plant and equipment as well as investment securities, which more than offset proceeds from withdrawal of time deposits and proceeds from sales of investment securities.

Net cash used in financing activities amounted to ¥12,239 million (US\$124,598 thousand), a net decrease of ¥3,792 million compared with ¥8,446 million in net cash used in financing activities in the previous fiscal year. This primarily resulted from a net decrease in short-term loans payable, and cash dividends paid.

Accordingly, cash and cash equivalents decreased ¥16,605 million (US\$169,046 thousand), a net decline of ¥30,358 million compared with the increase of ¥13,752 million recorded in the previous fiscal year. Cash and cash equivalents at the end of the fiscal year stood at ¥49,995 million (US\$508,968 thousand).



RISK FACTORS

Economic conditions

The demand for electrical construction, installation and engineering work, which is the major source of the Kinden Group's earnings, is influenced by economic conditions in the regions and countries in which the Group receives orders.

1. Price-based competition for private-sector construction orders

The most crucial factor in obtaining orders becomes pricing, which encourages intense price-based competition. If demand for construction declines or shrinks, price competition would become even more severe, and this may lead to a negative impact on the Group's results and financial position.

2. Increased materials costs

Owing to rising prices for steel, copper and other commodities, the Group's raw materials costs have trended upward. Although the Group has sought to reduce its operating costs, if raw materials prices surge to higher levels than forecast, this may result in a deterioration in the profitability of construction work, and may lead to a negative impact on the Group's results and financial position.

3. Restrained construction investment through national and local government policy

Based on policies of the national government and local government bodies to restrain construction investment, public works orders have declined and the Kinden Group has felt the impact of these policies. If, in the future, policies are implemented that further restrain construction investment, resulting in a significant drop in orders compared with the current level, this may lead to a negative impact on the Group's results and financial position.

4. Restrained capital investment by electric power companies

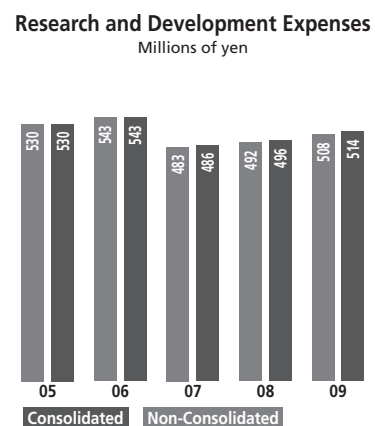
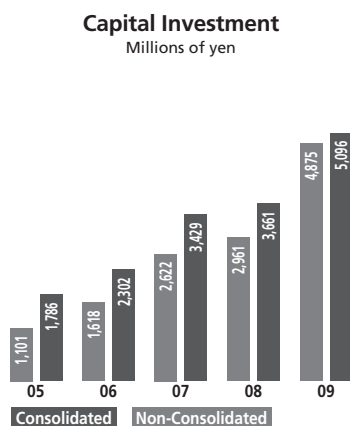
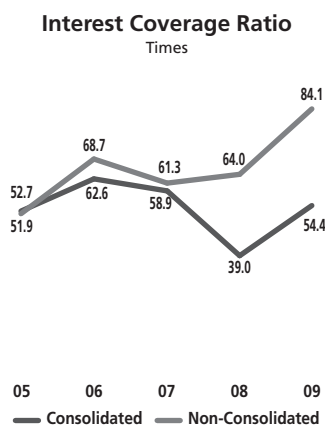
The Kinden Group receives orders and carries out power distribution lining, electric power and other work from the Kansai Electric Power Co., Inc., a major customer. In the performance of this work, the Kinden Group faces a range of fixed costs, including labor costs and costs associated with vehicles, machinery, equipment and the maintenance of operations centers. If, in the future, capital investment by electric power companies becomes further restrained, resulting in a significant imbalance between the level of orders received and the operational infrastructure maintained by the Group, this may lead to a negative impact on the Group's results and financial position.

5. Changes in overseas economic conditions and regulatory environment

The Kinden Group is active in overseas construction markets, particularly in infrastructure-related construction and engineering projects. If changes occur in the economic situation or regulatory environment of countries or regions in which the Group operates, this may lead to a negative impact on the Group's results and financial position.

Exposure to bad debts due to customer bankruptcies and other factors

The Kinden Group undertakes work based on contracts concluded with customers. Contracts are performed and payment is received according to contract conditions. The Group has strengthened its credit control systems in recent years; however, if a customer falls into bankruptcy, the Group would likely face exposure to bad debts. Depending on the size of the bad debts, this may lead to a negative impact on the Group's results and financial position.



Consolidated Balance Sheets

KINDEN CORPORATION AND SUBSIDIARIES
March 31, 2009 and 2008

ASSETS	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
CURRENT ASSETS:			
Cash and deposits.....	¥ 34,318	¥ 31,819	\$ 349,365
Notes receivable, accounts receivable from completed construction contracts and other.....	130,602	133,665	1,329,558
Short-term investment securities	16,000	35,000	162,883
Costs on uncompleted construction contracts	106,302	103,652	1,082,184
Other inventories	11,818	—	120,319
Deferred tax assets.....	9,022	9,608	91,849
Other.....	10,258	10,200	104,437
Allowance for doubtful accounts.....	(5,723)	(4,632)	(58,270)
Total current assets	312,599	319,314	3,182,327
PROPERTY, PLANT AND EQUIPMENT:			
Land	56,896	55,699	579,217
Buildings and structures	82,826	82,391	843,191
Machinery and equipment	2,284	2,367	23,251
Vehicles, tools, furniture and fixtures.....	26,503	26,484	269,806
Construction in progress.....	20,436	2	208,045
	188,946	166,946	1,923,511
Accumulated depreciation	(73,590)	(72,267)	(749,168)
Total property, plant and equipment	115,355	94,679	1,174,343
INVESTMENTS AND OTHER ASSETS:			
Investment securities.....	53,860	72,442	548,307
Investments in and loans to affiliates.....	3,663	4,090	37,298
Deferred tax assets.....	5,076	406	51,678
Other.....	26,012	28,926	264,811
Allowance for doubtful accounts.....	(4,006)	(3,712)	(40,791)
Total investments and other assets	84,605	102,153	861,304
Total assets	¥512,561	¥516,147	\$5,217,975

See the accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
CURRENT LIABILITIES:			
Short-term loans payable	¥ 18,224	¥ 21,945	\$ 185,531
Notes payable, accounts payable for construction contracts and other	76,583	80,905	779,631
Advances received on uncompleted construction contracts	62,908	48,760	640,419
Income taxes payable.....	8,536	10,184	86,903
Provision for loss on construction contracts	1,434	5,936	14,600
Provision for warranties for completed construction.....	356	661	3,634
Provision for directors' bonuses	223	250	2,275
Other.....	26,427	23,803	269,037
Total current liabilities	194,695	192,449	1,982,034
NONCURRENT LIABILITIES:			
Long-term loans payable	—	793	—
Deferred tax liabilities	290	3,152	2,961
Provision for retirement benefits.....	16,011	14,074	162,995
Other.....	1,051	555	10,700
Total noncurrent liabilities	17,353	18,576	176,657
NET ASSETS:			
SHAREHOLDERS' EQUITY:			
Capital stock			
Authorized: 600,000,000 shares			
Issued: 266,065,080 shares (2009)	26,411	26,411	268,873
Capital surplus.....	29,848	29,847	303,862
Retained earnings	254,826	248,929	2,594,185
Treasury stock	(15,796)	(15,709)	(160,810)
Total shareholders' equity	295,290	289,479	3,006,111
VALUATION AND TRANSLATION ADJUSTMENTS:			
Valuation difference on available-for-sale securities.....	5,965	15,251	60,734
Deferred gains or losses on hedges	11	(145)	122
Foreign currency translation adjustment	(992)	(10)	(10,108)
Total valuation and translation adjustments	4,984	15,095	50,747
MINORITY INTERESTS:.....	238	546	2,424
Total net assets	300,513	305,121	3,059,283
Total liabilities and net assets	¥512,561	¥516,147	\$5,217,975

Consolidated Statements of Changes in Net Assets

KINDEN CORPORATION AND SUBSIDIARIES
For the years ended March 31, 2009 and 2008

	Thousands	Millions of yen								
	Shares of common stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Minority interests	Total net assets
Balance at March 31, 2007	266,065	¥26,411	¥29,847	¥240,832	¥(15,586)	¥32,192	¥ 0	¥ (0)	¥181	¥313,878
Cash dividends, ¥13.0 per share				(3,217)						(3,217)
Net income				11,314						11,314
Purchase of treasury stock.....					(128)					(128)
Disposal of treasury stock.....			0		4					5
Net changes of items other than shareholders' equity.....						(16,941)	(146)	(9)	364	(16,732)
Balance at March 31, 2008	266,065	¥26,411	¥29,847	¥248,929	¥(15,709)	¥15,251	¥(145)	¥ (10)	¥546	¥305,121
Cash dividends, ¥13.0 per share				(3,215)						(3,215)
Net income				9,112						9,112
Purchase of treasury stock.....					(98)					(98)
Disposal of treasury stock.....			0		12					12
Net changes of items other than shareholders' equity.....						(9,285)	157	(982)	(308)	(10,418)
Balance at March 31, 2009	266,065	¥26,411	¥29,848	¥254,826	¥(15,796)	¥ 5,965	¥ 11	¥(992)	¥238	¥300,513

	Thousands	Thousands of U.S. dollars								
	Shares of common stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Minority interests	Total net assets
Balance at March 31, 2008	266,065	\$268,873	\$303,857	\$2,534,152	\$(159,929)	\$155,260	\$(1,484)	\$ (105)	\$5,567	\$3,106,192
Cash dividends, ¥13.0 per share				(32,738)						(32,738)
Net income				92,771						92,771
Purchase of treasury stock.....					(1,003)					(1,003)
Disposal of treasury stock.....			4		123					127
Net changes of items other than shareholders' equity.....						(94,526)	1,606	(10,003)	(3,142)	(106,065)
Balance at March 31, 2009	266,065	\$268,873	\$303,862	\$2,594,185	\$(160,810)	\$ 60,734	\$ 122	\$(10,108)	\$2,424	\$3,059,283

See the accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

KINDEN CORPORATION AND SUBSIDIARIES
For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥21,496	¥ 22,364	\$ 218,843
Adjustments for:			
Depreciation	5,299	4,955	53,949
Impairment loss	30	31	313
Amortization of goodwill	147	190	1,505
Increase (decrease) in allowance for doubtful accounts	4,823	1,229	49,106
Increase (decrease) in provision for loss on construction contracts	(4,502)	3,414	(45,834)
Increase (decrease) in provision for retirement benefits	1,947	1,390	19,822
Interest and dividends income	(1,542)	(1,419)	(15,701)
Interest expenses	491	612	5,000
Foreign exchange losses (gains)	570	347	5,811
Equity in (earnings) losses of affiliates	24	73	250
Loss (gain) on valuation of investment securities	4,394	1,359	44,735
Loss on valuation of membership	18	50	185
Loss (gain) on sales of property, plant and equipment	(10)	(355)	(103)
Loss on retirement of property, plant and equipment	170	130	1,736
Loss (gain) on sales of investment securities	(161)	(523)	(1,639)
Decrease (increase) in notes and accounts receivable-trade	3,130	17,663	31,869
Decrease (increase) in costs on uncompleted construction contracts and other	—	9,753	—
Decrease (increase) in costs on uncompleted construction contracts	(26,774)	—	(272,567)
Decrease (increase) in other inventories	(9,010)	—	(91,726)
Decrease (increase) in prepaid pension costs	(181)	(568)	(1,845)
Increase (decrease) in notes and accounts payable-trade	(3,624)	(16,392)	(36,898)
Increase (decrease) in advances received on uncompleted construction contracts	18,898	(12,593)	192,395
Other	1,140	(583)	11,613
Sub-total	16,779	31,128	170,822
Interest and dividends income received	1,555	1,426	15,838
Interest expenses paid	(491)	(612)	(5,000)
Income taxes paid	(15,078)	(9,908)	(153,506)
Net cash provided by (used in) operating activities	2,765	22,034	28,153
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments into time deposits	(2,731)	(125)	(27,809)
Proceeds from withdrawal of time deposits	5,737	688	58,412
Purchase of short-term investment securities	—	(2,014)	—
Proceeds from sales of short-term investment securities	—	2,014	—
Purchase of property, plant and equipment	(5,786)	(3,661)	(58,903)
Proceeds from sales of property, plant and equipment	247	751	2,524
Purchase of investment securities	(5,000)	(2,727)	(50,901)
Proceeds from sales of investment securities	4,057	5,616	41,301
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(19)	(301)	(200)
Payments for loans receivable	(52)	(38)	(532)
Collection of loans receivable	48	282	494
Other	(2,220)	(74)	(22,604)
Net cash provided by (used in) investing activities	(5,718)	410	(58,219)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in short-term loans payable	(7,395)	(375)	(75,289)
Proceeds from long-term loans payable	759	—	7,729
Repayment of long-term loans payable	(2,278)	(3,847)	(23,195)
Redemption of bonds	—	(880)	—
Purchase of treasury stock	(98)	(128)	(1,003)
Proceeds from sales of treasury stock	12	5	127
Cash dividends paid	(3,215)	(3,217)	(32,738)
Cash dividends paid to minority shareholders	(3)	(2)	(33)
Other	(19)	—	(195)
Net cash provided by (used in) financing activities	(12,239)	(8,446)	(124,598)
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS			
CASH EQUIVALENTS	(1,412)	(245)	(14,381)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(16,605)	13,752	(169,046)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	66,601	52,848	678,014
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	¥49,995	¥ 66,601	\$ 508,968

See the accompanying notes to consolidated financial statements.

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared from the accounts and records maintained by KINDEN CORPORATION ("the Company") and its consolidated subsidiaries ("the Group"). The Company and its consolidated subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Financial Instruments and Exchange Law of Japan and in conformity with principles and practices generally accepted in Japan, which are different in certain respects from the accounting and disclosure requirements of international accounting standards.

The consolidated financial statements are prepared from the financial statements of the Company and its consolidated subsidiaries, which are filed with the Ministry of Finance as required by the Financial Instruments and Exchange Law of Japan.

Certain reclassifications have been made in the accompanying consolidated financial statements for convenience of readers outside Japan.

The amounts stated in the accompanying consolidated financial statements are in Japanese yen. U.S. dollar amounts included in the accompanying consolidated financial statements and the notes to consolidated financial statements represent the arithmetic result of translating Japanese yen to U.S. dollar amounts on a basis of ¥98.23 to US\$1, the fixed-market rate on March 31, 2009. U.S. dollar amounts are rounded down to the nearest thousand dollars. Such U.S. dollar amounts are not intended to imply that Japanese yen amounts have been converted, realized or settled in U.S. dollars, at that or any other rate.

2. Summary of significant accounting policies

(a) Basis of consolidation and accounting of investments in affiliated companies

The accompanying consolidated financial statements include the accounts of the Company and all of its 26 subsidiaries. Major consolidated subsidiaries are as follows:

- Kinden Shoji Company, Limited
- Kinden Electrical & Mechanical Service Company, Limited
- MECS Corporation
- Aleph Networks Corporation
- Nishihara Engineering Co., Ltd.
- US Kinden Corporation
- Wasa Electrical Services, Inc.
- Kinden International, Ltd.
- Kinden Vietnam Co., Ltd.
- Kindenko (Thailand) Co., Ltd.

The accounts of Kindenko (Thailand) Co., Ltd. are incorporated in the consolidated financial statements because the Company substantially controls Kindenko (Thailand) Co., Ltd. in light of the regulations of the consolidated financial statements. The other 25 companies are the Company's majority-owned subsidiaries.

All of the voting rights for CEF Shirama Wind Farm Co., Ltd. and CEF Shiratakiyama Wind Farm Co., Ltd. have been acquired, making both of these companies consolidated subsidiaries as of the fiscal year.

All transactions and receivables/payables held by and against each other among consolidated subsidiaries are cancelled out. Consolidated net income is inclusive of the Company's equity in consolidated companies' net income/loss minus unrealized internal profit.

The equity method is applied to investments in 4 of the Company's 7 affiliates. The 4 affiliates accounted for by the equity method are as follows:

- Kinden Freight Service Company, Incorporated
- Hankyu Ironworks Company, Limited
- Schneider Electric Engineering Company, Limited
- Bintai Kinden Corporation Bhd.

There are 3 affiliates not accounted for by the equity method:

- Yoshida Shisetsu Seibi SPC Ltd.
- Otakanomori PFI Company, Limited
- Sanyu Co., Ltd.

The 3 above non-equity method affiliates are excluded from the application of the equity method owing to their having no material effect on net income or retained earnings and due to their having little significance in relation to the Company's overall position.

Consolidated net income in the accompanying consolidated financial statements includes the Company's equity in current earnings/losses of these affiliated subsidiaries. Investments are stated at cost plus/minus equity in earnings/losses and dividends.

(b) Recognition of revenue and related costs

The Company and its domestic subsidiaries record revenue from and related costs of construction contracts on the completed-contract basis. The subsidiaries abroad adopt the percentage-of-completion method.

(c) Foreign currency translation

Domestic subsidiaries: Foreign currency denominated monetary claims and liabilities are translated at the exchange rate on the closing date. Other asset and liability items are translated at acquisition or occurrence. Revenues and expenses are translated at the historical rates at occurrence.

Overseas subsidiaries: Asset and liability items are translated at the rate of exchange in effect on the closing date of each subsidiary. Components of shareholders' equity are translated at the historical rates at acquisition or occurrence. Revenue and expense items are translated at the exchange rate in effect on the closing date of each subsidiary.

Translation differences arising out of the adoption of the above standards are presented as translation adjustments in the net assets section of the consolidated balance sheets.

(d) Cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents in the statements of cash flows consist of vault cash, deposits that can be withdrawn on demand, and short-term investments generally with maturities of 3 months or less, that are readily convertible to known amounts of cash and present insignificant risk of change in value.

(e) Marketable securities and investment securities

The Group categorizes marketable securities by the holding objectives. Marketable securities held to maturity are accounted for by the cost amortization method. Other marketable securities with market values are accounted for by the fair value based on the market prices, and the difference from market values and those values after tax-effect adjustment posted in net assets. Those without market values are accounted for at cost utilizing the moving average method. When the market price of securities with market prices falls more than 30% from the acquisition cost or, in the case of securities with no market price, when the value derived by multiplying asset value per share by the number of shares falls more than 30% from the acquisition cost, such loss in value is written off and included in gains or losses.

(f) Derivative transactions

Derivative transactions are stated using the market value method.

(g) Inventories

Cost on uncompleted construction contracts

Costs on uncompleted construction contracts are stated at cost as determined by the specific project basis.

Cumulative costs on uncompleted construction contracts are stated as costs on uncompleted construction contracts in the current assets section. Advances on uncompleted construction contracts are stated as advances on uncompleted construction contracts in the current liabilities section.

Other inventories (materials, supplies, and merchandise)

Inventories are primarily valued at cost based on the moving average approach (with balance sheet values reflecting write downs for decreased profitability).

(h) Depreciation methods for important depreciable assets

Property, plant and equipment (excluding leased assets)

Property, plant and equipment are stated at acquisition cost. The Company and its domestic subsidiaries mainly compute depreciation of property, plant and equipment based on the declining-balance method over their estimated useful lives, except that buildings and structures excluding attached structures acquired after April 1, 1998 are depreciated by the straight-line method. The subsidiaries abroad compute depreciation of property and equipment using the straight-line method over their estimated useful lives.

Estimated useful lives vary from 10 to 50 years for buildings and structures, and 3 to 7 years for machinery and equipment.

Maintenance and repair expenses and minor replacements are charged to income as accrued. Significant replacements and betterments are capitalized.

Leased assets related to finance leases that do not transfer ownership

Leased assets related to finance leases that do not transfer ownership are depreciated using the straight-line method, with zero residual values and useful lives equal to lease terms.

For leased assets related to finance leases that do not transfer ownership and began on or before March 31, 2008, accounting treatments complying with methods for ordinary lease transactions are being applied.

(i) Allowance for doubtful accounts

To make allowance for possible losses on receivable, including loans receivable and accounts receivable, the Company provided in an amount to cover possible losses on collection. It consists of the estimated uncollectible amount calculated by applying the percentage of actual losses on collection to the remaining receivables experienced in the past and the identified doubtful receivables determined by the management.

(j) Provision for loss on construction contracts

To provide for future losses on construction orders, the Company makes allowance provisions for uncompleted construction contracts at year-end based on projected losses. The provision amount is determined by a rational estimate of the likely loss amount.

(k) Provision for warranties for completed construction

To provide for possible future expenses under warranties for completed construction contracts, the Company makes allowance provisions for construction contracts completed during the fiscal year. The provision amount is determined based on estimates of claims on construction contracts for which the Company has warranty liability.

(l) Provision for directors' bonuses

To provide for the payment of directors' bonuses, the Company makes allowance provisions for directors' bonuses based on the expected amount applicable to the fiscal year.

(m) Provision for retirement benefits

Employees' retirement benefits liability is stated at an amount obtained by adjusting employees' retirement benefits liability for unrecognized actuarial differences, less the fair value of pension fund assets.

The difference arising from the application of the new accounting standards are amortized in a lump sum in the fiscal year they are accrued.

Actuarial gain or loss is amortized from the year following the year in which the gain or loss is recognized primarily by the straight-line method over a period of 15 or 5 years, which falls within the average remaining years of service of the employees.

Prior service cost is amortized over a set number of years (1) within the average remaining service years of employees at the time incurred.

(n) Accounting for hedging activities

Hedging activities are principally accounted for under the deferral hedge accounting method. If the criteria for appropriation are met, gains and losses on foreign exchange forward contracts are appropriated, and if the criteria for special case are met, gains and losses on interest rate swaps are accounted for in a non-standard way.

Hedging instruments and hedged items

Hedging instruments

Foreign exchange forward contracts and interest rate swaps are used.

Hedged items

Loans, transactions expected to be denominated in foreign currencies, and accounts payable denominated in foreign currencies related to the importation of raw materials.

Hedging policy

Based on internal regulations that stipulate items such as the authority for derivative trading and the scope of transactions, exchange-rate risks and interest-rate risks related to the hedged items are hedged to a certain degree.

Method for evaluating the effectiveness of hedges

A comparison of the accumulative changes in cash flows of the hedged items or the changes in exchange rates and the accumulative changes in cash flows of the hedging instruments or the changes in exchange rates are made every six months, and the effectiveness of hedges is evaluated based on the factors such as the amount of changes.

The evaluation of the effectiveness of the interest rate swaps accounted for using the non-standard method has been omitted.

(o) Research and development expenses

Research and development expenses are accounted for as an expense as they are incurred. Research and development costs in the years

ended March 31, 2009 and March 31, 2008 were ¥514 million (US\$5,236 thousand) and ¥496 million, respectively.

(p) Income taxes

The Group accounts for income taxes based on the taxes levied in accordance with the tax regulations of respective countries.

The Company adopted tax-effective accounting based on the asset and liability method.

(q) Per share information

Net income per share is computed based on the average number of shares of common stock issued and outstanding during each fiscal period.

Information on diluted net income per share has been omitted since there are no latent shares.

(r) Changes in important items fundamental to the preparation of consolidated financial statements

1. Changes in evaluation standards and methods for important assets inventories

Materials, supplies, etc.

In the past, materials, supplies, etc. were valued at cost based on the moving average method. However, in accordance with the Accounting Standards for Measurement of Inventories (ASBJ Statement No. 9, July 5, 2006), which took effect beginning with the fiscal year, these assets are now being valued at cost based on the moving average method (with balance sheet values reflecting write downs for decreased profitability). As a result, operating income and income before income taxes and minority interests for the fiscal year are all ¥2,285 million (US\$23,263 thousand) lower than they would have been without the change.

2. Application of the accounting standard for lease transactions

In the past, the accounting treatment for ordinary lease transactions was applied to finance leases that do not transfer ownership. However, beginning with the fiscal year, the Accounting Standard for Lease Transactions (ASBJ Statement No. 13 (June 17, 1993 (First Subcommittee of the Business Accounting Council), revised March 30, 2007)) and the Implementation Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16 (January 18, 1994 (Japanese Institute of Certified Public Accountants; Accounting System Committee), revised March 30, 2007)) are being applied, and these transactions are now being accounted for in a manner similar to that for ordinary sale and purchase transactions.

For finance leases that do not transfer ownership and began on or before March 31, 2008, accounting treatments complying with methods for operating lease transactions are being applied.

The impacts of these changes on operating income and income before income taxes and minority interests for the fiscal year are immaterial.

3. Application of the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

Beginning with the fiscal year, the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries

for Consolidated Financial Statements” (Practical Issues Task Force No. 18, May 17, 2006) is being applied and the required consolidation adjustments are being made. The impacts of this change on operating income and income before income taxes and minority interests for the fiscal year are immaterial.

(s) Changes in presentation

1. Beginning with the fiscal year, English account names on the consolidated financial statements have been changed in accordance with the adoption of XBRL for use in the EDINET system.

2. Consolidated balance sheets

Pursuant to the application of the “Partial Revision of Regulations Regarding the Terminology, Format and Preparation Methods of Financial Statements” (Cabinet order No. 50, August 7, 2008), information presented under the item, costs on uncompleted construction contracts and other, in the previous fiscal year is being presented under the separate items, costs on uncompleted construction contracts and other inventories, beginning with the fiscal year. Costs on uncompleted construction contracts and other in the previous fiscal year included ¥100,743 million (US\$1,025,590 thousand) in costs on uncompleted construction contracts and ¥2,908 million (US\$29,610 thousand) in other inventories.

3. Consolidated statements of cash flows

Information presented as (increase) decrease in costs on uncompleted construction contracts and other under cash flows from operating activities in the previous fiscal year is being presented under the separate items, (increase) decrease in costs on uncompleted construction contracts and (increase) decrease in other inventories beginning with the fiscal year. In the previous fiscal year, (increase) decrease in costs on uncompleted construction contracts included a ¥10,186 million decrease in costs on uncompleted construction contracts and a ¥432 million increase in other inventories.

3. Market value information for securities

1. Held-to-maturity debt securities with available fair values as of March 31, 2009 and 2008, respectively

	Millions of yen		
	Book value	Market value	Difference
As of March 31, 2009			
Corporate bonds.....	¥17,572	¥16,019	¥(1,552)
Subtotal.....	¥17,572	¥16,019	¥(1,552)

	Millions of yen		
	Book value	Market value	Difference
As of March 31, 2008			
Corporate bonds.....	¥18,551	¥17,912	¥(638)
Subtotal.....	¥18,551	¥17,912	¥(638)

	Thousands of U.S. dollars		
	Book value	Market value	Difference
As of March 31, 2009			
Corporate bonds.....	\$178,887	\$163,081	\$(15,805)
Subtotal.....	\$178,887	\$163,081	\$(15,805)

Notes to Consolidated Financial Statements

2. Acquisition cost, unrecognized gain, unrecognized loss and market value information regarding marketable securities classified as available-for-sale securities as of March 31, 2009 and 2008, respectively

As of March 31, 2009	Millions of yen			
	Acquisition cost	Unrecognized gain	Unrecognized loss	Book value
Equity securities	¥23,941	¥11,613	¥(1,347)	¥34,207
Subtotal	¥23,941	¥11,613	¥(1,347)	¥34,207

As of March 31, 2008	Millions of yen			
	Acquisition cost	Unrecognized gain	Unrecognized loss	Book value
Equity securities	¥26,127	¥27,035	¥(1,441)	¥51,721
Subtotal	¥26,127	¥27,035	¥(1,441)	¥51,721

As of March 31, 2009	Thousands of U.S. dollars			
	Acquisition cost	Unrecognized gain	Unrecognized loss	Book value
Equity securities	\$243,733	\$118,230	\$(13,722)	\$348,241
Subtotal	\$243,733	\$118,230	\$(13,722)	\$348,241

3. Securities classified as other marketable securities sold during the accounting periods ended March 31, 2009 and 2008

Accounting period ended March 31, 2009	Millions of yen		
	Proceeds from sales	Gain on sale	Loss on sale
	¥316	¥161	¥0

Accounting period ended March 31, 2008	Millions of yen		
	Proceeds from sales	Gain on sale	Loss on sale
	¥724	¥524	¥0

Accounting period ended March 31, 2009	Thousands of U.S. dollars		
	Proceeds from sales	Gain on sale	Loss on sale
	\$3,226	\$1,642	\$(3)

4. Carrying value of principal securities without market quotations as of March 31, 2009 and 2008, respectively

(a) Held-to-maturity debt securities

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Negotiable deposit	¥16,000	¥35,000	\$162,883
Unlisted domestic bonds without public offering bonds	¥ 20	¥ 220	\$ 203

(b) Available-for-sale securities

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Unlisted equity securities	¥3,741	¥3,897	\$38,089

5. Scheduled redemption amounts of securities with maturities accounted for as available-for-sale securities and held-to-maturity debt securities as of March 31, 2009 and 2008.

Accounting period ended March 31, 2009	Millions of yen			
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years
Bonds:				
Corporate bonds ...	¥ 4,004	¥8,559	¥4,500	¥528
Others	16,000	—	—	—
Total	¥20,004	¥8,559	¥4,500	¥528

Accounting period ended March 31, 2008	Millions of yen			
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years
Bonds:				
Corporate bonds ...	¥ 2,201	¥13,071	¥3,498	—
Others	35,000	—	—	—
Total	¥37,201	¥13,071	¥3,498	—

Accounting period ended March 31, 2009	Thousands of U.S. dollars			
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years
Bonds:				
Corporate bonds ...	\$ 40,768	\$87,136	\$45,810	\$5,375
Others	162,883	—	—	—
Total	\$203,651	\$87,136	\$45,810	\$5,375

4. Derivatives

1. State of derivative transactions

(a) Details

Foreign exchange forward contracts and interest-rate swaps are used.

(b) Policy on derivatives

Derivatives are used to hedge changes in interest rates and exchange rates, not for speculative purposes.

(c) Purpose of transactions

Foreign exchange forward contracts are used to mitigate exchange rate fluctuation risks for foreign-currency-denominated accounts payable and prospective foreign-currency-denominated transactions for raw material imports. Interest rate swaps are used to mitigate the risk of future increases in interest rates for loans.

Hedging activities are accounted for using derivatives.

Details are provided in "(n) Accounting for hedging activities" in "2. Summary of significant accounting policies."

(d) Risks related to derivatives

Foreign exchange forward contracts are subject to risks related to fluctuations in foreign exchange markets and interest rate swaps are subject to risks related to fluctuations in market interest rates.

All counterparties for derivative transactions are financial institutions with high credit ratings, so it is judged that there is very little risk of non-performance on the part of counterparties.

(e) Risk management related to derivative transactions

Derivatives are monitored and managed based on internal regulations that set various terms such as authority and the scope of transactions.

(f) Supplementary explanations regarding "Market value information, etc. of transactions" etc.

The value of items such as the nominal amounts of contracts does not reveal the risk from derivatives.

2. Market value information, etc. of transactions

(a) Currencies

This has been omitted since there are only derivatives that are accounted for as hedges.

(b) Interest rates

Nonmarket Transactions

As of March 31, 2009	Millions of yen			
	Contract/ Notional Amount	Of which due after one year	Fair Value*	Unrealized Gain (Loss)
Interest-rate swaps				
Paying fix / receiving				
floating rate	¥250	—	¥(1)	¥(1)
Total	¥250	—	¥(1)	¥(1)

As of March 31, 2008	Millions of yen			
	Contract/ Notional Amount	Of which due after one year	Fair Value*	Unrealized Gain (Loss)
Interest-rate swaps				
Paying fix / receiving				
floating rate	¥250	¥250	¥(3)	¥(3)
Interest rate caps				
Buying	300	—	0	0
Total	¥550	¥250	¥(3)	¥(3)

As of March 31, 2009	Thousands of U.S. dollars			
	Contract/ Notional Amount	Of which due after one year	Fair Value*	Unrealized Gain (Loss)
Interest-rate swaps				
Paying fix / receiving				
floating rate	\$2,545	—	\$(13)	\$(13)
Total	\$2,545	—	\$(13)	\$(13)

* Fair values are calculated based on price and other information provided by counterparty financial institutions.

5. Accrued employees' retirement benefits and pension plans

The Company has the following defined-benefit plans for the retirement benefit of its employees: an employee's pension plan, a tax qualified pension plan and a lump-sum employees' benefit plan.

Of consolidated subsidiaries, 1 has a corporate pension plan and 2 have tax qualified pension plans, 16 have established lump-sum retirement benefit plans, and 3 are members of the retirement allowance mutual aid system.

Employees who terminate their service with the Company are entitled to lump-sum employees' retirement benefit or pension benefit determined by reference to their current basic rates of pay, length of service and conditions under which termination occurs.

Major components of employees' retirement benefit obligation and costs, as well as basis of presentation of employees' retirement obligation, are as follows:

Matters concerning employees' retirement benefits obligation:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
a. Benefit obligation*	¥(106,468)	¥(104,068)	\$(1,083,865)
b. Market value of pension plan assets	64,053	75,560	652,080
c. Unfunded benefit obligation (a + b)	(42,414)	(28,508)	(431,785)
d. Unamortized portion of actuarial differences	27,353	15,213	278,463
e. Unrecognized past service obligation	10	—	111
f. Net amount recognized in balances sheets (c + d + e)	(15,049)	(13,294)	(153,210)
g. Prepaid pension costs	961	779	9,784
h. Accrued employees' retirement benefits (f - g)	¥ (16,011)	¥ (14,074)	\$ (162,995)

* Some of consolidated subsidiaries calculate employees' retirement benefit obligation by the simple method.

Matters concerning employees' retirement cost:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
a. Service cost*, **	¥ 3,359	¥3,680	\$ 34,202
b. Interest cost	1,968	2,053	20,039
c. Expected return	(2,563)	(2,861)	(26,101)
d. Amortization of actuarial difference	1,522	869	15,502
e. Amortization of past service liabilities	—	—	—
f. Accrued employees' retirement cost (a + b + c + d + e)	¥4,287	¥3,741	\$43,643

* Excludes employees' contribution to the Corporate Pension Fund.

** Employees' retirement cost of consolidated subsidiaries that calculate employees' retirement benefits by the simple method is included in a. Service cost.

Basis of presentation of employees' retirement obligation:

	2009	2008
	a. Allocation of estimated severance benefit costs	Straight-line method over period
b. Discount rate	2.0%	2.0%
c. Expected return on assets	3.5% or 1.2%	3.5% or 1.2%
d. Amortization of actuarial differences* ...	15 or 5 years	15 or 5 years
e. Amortization of prior service cost**	1 year	—

* By the straight-line method over a period, which falls within the average remaining service years of employees at the time the actuarial difference is incurred. Amortization begins from the following fiscal year.

** Prior service cost is amortized over a set number of years within the average remaining service years of employees at the time year incurred.

6. Short-term and long-term loans payable

	Millions of yen		Thousands of U.S. dollars	Average rate
	2009	2008	2009	
Short-term loans payable ...	¥18,166	¥21,162	\$184,940	1.535%
Current portion of long-term loans payable	58	783	590	3.146%
Current portion of lease obligations.....	296		3,018	—
Long-term loans payable (excluding current portion of long-term loans payable)	—	793	—	—
Lease obligations (excluding current portion of lease obligation).....	620	—	6,318	—
Total	¥19,141	¥22,739	\$194,868	

7. Income taxes

The factors that differentiate between statutory tax rate and effective tax rate after adopting the tax effect accounting are as follows:

	2009	2008
Statutory tax rate	40.6%	40.6%
Permanently non-deductible expenses.....	6.3%	6.1%
Permanently non-taxable income	(0.7%)	(1.0%)
Increase in valuation allowance	8.5%	2.6%
Others	3.8%	0.8%
Effective tax rate	58.4%	49.1%

Principal components of deferred tax assets and liabilities as of March 31, 2009 and 2008:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Deferred tax assets			
Allowance for doubtful accounts...	¥ 4,446	¥ 2,137	\$ 45,271
Accrued expenses.....	4,052	3,609	41,251
Accrued enterprise tax.....	675	793	6,872
Provision for retirement benefits...	6,099	5,384	62,096
Loss on valuation of investment securities	1,889	2,170	19,240
Loss on valuation of memberships	766	778	7,805
Impairment loss.....	430	695	4,378
Provision for loss on construction contracts	582	2,410	5,931
Others.....	4,953	3,308	50,426
Sub-total deferred tax assets	23,896	21,287	243,274
Valuation allowance	(5,148)	(3,101)	(52,407)
Total deferred tax assets	¥18,748	¥ 18,185	\$190,866
Deferred tax liabilities			
Valuation difference on available-for-sale securities	(4,713)	(11,126)	(47,985)
Others.....	(227)	(196)	(2,313)
Total deferred tax liabilities	¥ (4,940)	¥ (11,323)	\$ (50,299)
Net deferred tax assets.....	13,807	6,862	140,567

8. Shareholders' equity

In accordance with the Companies Act, the Company records more than half of the issue price of new shares as common stock and the remainder as additional paid-in capital. Additional paid-in capital, which is included within capital surplus, totaled ¥29,657 million (US\$301,916 thousand) as of March 31, 2009 and 2008. Capital surplus is inclusive of gain on sale of treasury stock, which amounted to ¥191 million (US\$1,945 thousand).

In accordance with the Companies Act, the Company provides for an earned reserve. Under the Companies Act, which came into effect in May 2006, the Company is required to provide for earned reserve in an amount equal to 10% of appropriations of retained earnings until the sum of this reserve and additional paid-in capital equals to 25% of common stock. The Company has already provided earned reserve equal to 25% of common stock. Earned reserve, which is included in retained earnings, totaled ¥6,602 million (US\$67,218 thousand) as of March 31, 2009 and 2008.

Appropriation of retained earnings for the fiscal year ended March 31, 2009, was approved by the Annual General Meeting of Shareholders held on June 25, 2009, and subsequently recorded in the Company's accounts. This appropriation will be reflected in the following fiscal year's consolidated financial statements.

To enable the Company to carry out a flexible capital policy that can respond to changes in the operating climate, the Company undertakes purchases of treasury stock in accordance with the provisions of the Companies Act.

9. Per share information

	Yen		U.S. dollars
	2009	2008	2009
Net assets	¥1,214.18	¥1,231.10	\$12.36
Net income.....	36.84	45.73	0.37

Calculation formulas:

Net assets per share = (Total net assets – Minority interests)/Number of shares outstanding at year-end (excluding treasury stock)

Net income per share = Net income/Average number of shares outstanding (excluding treasury stock)

As of March 31, 2009:

Net assets per share: ¥1,214.18 = (¥300,513 million – ¥238 million)/247,306 thousand shares

Net income per share: ¥36.84 = ¥9,112 million/247,350 thousand shares

10. Leases

Finance leases other than those which are deemed to transfer ownership and were entered into on or before March 31, 2008 are accounted for in a manner similar to that used for ordinary operating leases.

Leased assets not capitalized based on the accounting method used for operating lease transactions as of March 31, 2009 and 2008:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Acquisition costs.....	¥1,285	¥3,376	\$13,090
Accumulated depreciation	(782)	(1,692)	7,964
Net leased property.....	¥ 503	¥1,683	\$ 5,126
Due within one year.....	¥ 237	¥ 562	\$ 2,422
Due after one year	265	1,121	2,703
Lease payments.....	¥ 352	¥ 721	\$ 3,586

* Acquisition cost equivalents and outstanding lease commitments are inclusive of interest payable.

11. Cash and cash equivalents

Reconciliation of cash and cash equivalents in consolidated cash flow statements to balance sheets:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Cash deposit.....	¥34,318	¥31,819	\$349,365
Deposits with maturities			
longer than 3 months.....	(322)	(218)	(3,279)
Short-term investment with maturities within 3 months			
after the date of acquisition	16,000	35,000	162,883
Cash and cash equivalents	¥49,995	¥66,601	\$508,968

12. Contingent liabilities

The Company was contingently liable as a guarantor of ¥20 million (US\$204 thousand) to a customer as of March 31, 2009.

The Group considers that there was no significant credit risk as of March 31, 2009.

13. Related party transactions

1. Related party transactions between the Company

The Company is an affiliate of the Kansai Electric Power Co., Inc.

As of March 31, 2009, Kansai Electric Power directly held 36.2% of the Company's outstanding stock and indirectly held 6.0% of the Company's outstanding stock.

As for the relations between the Company and Kansai Electric Power, the Company receives orders from Kansai Electric Power for power distribution, transmission line construction and other projects, and there are directors who serve on the boards of both companies. Construction contracts for electrical projects orders are signed following negotiations based on appropriate prices, reflecting market prices and other factors.

Major transactions and accounts receivable with Kansai Electric Power are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Principal transactions			
Value of completed contracts	¥77,004	¥76,056	\$783,924
Construction material purchase ..	14,378	14,808	146,374
Backlog			
Accounts receivable			
from completed			
construction contracts	11,248	11,065	114,506
Advances received on			
uncompleted construction			
contracts	1,202	1,288	12,246
Accounts payable for			
construction contracts	1,204	1,256	12,265
Accounts receivable-other.....	0	0	2

2. Related party transactions with consolidated subsidiaries of the Company

Consolidated subsidiaries of the Company receive orders from Kansai Electric Power for power distribution and transmission line construction and other projects. Following negotiations, construction contracts are signed based on appropriate prices reflecting market prices and other factors.

Major transactions and accounts receivable with Kansai Electric Power are as follows:

	Millions of yen	Thousands of U.S. dollars
	2009	2009
Major amount of transaction		
Net sales of completed		
construction contracts	¥99	\$1,013
Balance		
Accounts receivable		
from completed		
construction contracts	20	209

* Beginning with the fiscal year, the Company is applying the Accounting Standard for Related Party Disclosures (ASBJ Statement No. 11, October 17, 2006) and other standards, and has accordingly added transactions between consolidated subsidiaries and related parties to the disclosure scope for the consolidated financial statements.

14. Segment information

In the fiscal years ended March 31, 2009 and 2008, the Construction Business accounted for more than 90% of sales, operating income and assets of all business segments of the Company. Accordingly, the Company does not provide business segment information.

In the fiscal years ended March 31, 2009 and 2008, Japan accounted for more than 90% of sales and assets of all geographic segments of the Company. Accordingly, the Company does not provide geographic segment information.

In the fiscal years ended March 31, 2009 and 2008, sales of overseas accounted for less than 10% of the total of consolidated net sales. Accordingly, the Company does not provide overseas sales information.

15. Subsequent event

The Cash dividends of the Company's retained earnings in respect of the year ended March 31, 2009, were approved at the shareholders' meeting of the Company held on June 25, 2009:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥7.5 per share)	¥1,854	\$18,882

Report of Independent Certified Public Accountants

OSAKA AUDIT CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS
3-6, 2-CHOME, KITAHAMA, CHUO-KU
OSAKA 541-0041, JAPAN

To the Board of Directors of
KINDEN CORPORATION

We have audited the consolidated balance sheets of KINDEN CORPORATION and its subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, consolidated statements of changes in net assets and cash flows, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 the 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of KINDEN CORPORATION and its consolidated subsidiaries as of March 31, 2009 and 2008 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.

Also, in our opinion, the U. S. dollar amounts in the accompanying consolidated financial statements have been translated from Japanese yen on the basis set forth in Note 1 to the consolidated financial statements.

Osaka Audit Corporation

June 25, 2009
Osaka Audit Corporation

Non-Consolidated Statements of Income

KINDEN CORPORATION
For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Net sales of completed construction contracts	¥453,512	¥477,322	\$4,616,844
Cost of sales of completed construction contracts	388,894	422,521	3,959,022
Gross profit on completed construction contracts	64,617	54,800	657,822
Selling, general and administrative expenses	41,650	36,350	424,013
Operating income	22,967	18,449	233,808
Other income (expenses)			
Interest and dividends income	1,843	1,715	18,764
Interest expenses.....	(295)	(315)	(3,005)
Provision of allowance for doubtful accounts	(298)	(91)	(3,037)
Gain on sales of noncurrent assets.....	55	494	567
Gain on sales of investment securities	161	524	1,642
Impairment loss	(19)	(31)	(194)
Loss on valuation of investment securities	(3,220)	(1,323)	(32,782)
Loss on valuation of stocks of subsidiaries and affiliates	(403)	—	(4,112)
Other.....	(299)	(401)	(3,051)
Income before income taxes	20,490	19,020	208,599
Income taxes			
Income taxes-current	11,669	12,823	118,800
Income taxes-deferred	(323)	(3,322)	(3,291)
Total income taxes	11,346	9,501	115,508
Net income	¥ 9,144	¥ 9,519	\$ 93,090

	Yen		U.S. dollars
	2009	2008	2009
Amounts per common share			
Net income	¥36.97	¥38.47	\$0.37
Cash dividends.....	13.00	13.00	0.13

Non-Consolidated Balance Sheets

KINDEN CORPORATION
March 31, 2009 and 2008

ASSETS	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
CURRENT ASSETS:			
Cash and deposits.....	¥ 18,007	¥ 20,045	\$ 183,320
Notes receivable-trade.....	12,028	12,095	122,450
Accounts receivable from completed construction contracts	104,777	102,483	1,066,651
Short-term investment securities	16,000	35,000	162,883
Costs on uncompleted construction contracts	117,187	89,126	1,192,986
Raw materials and supplies	11,414	2,327	116,197
Deferred tax assets.....	8,734	9,369	88,921
Other.....	8,267	9,200	84,169
Allowance for doubtful accounts.....	(5,543)	(4,580)	(56,430)
Total current assets	290,873	275,069	2,961,150
PROPERTY, PLANT AND EQUIPMENT:			
Land	55,915	54,700	569,230
Buildings and structures	77,126	76,680	785,166
Machinery and equipment	1,746	1,768	17,777
Vehicles, furniture and fixtures.....	22,380	21,459	227,834
Construction in progress.....	577	2	5,875
	157,745	154,611	1,605,883
Accumulated depreciation	(66,125)	(64,678)	(673,172)
Total property, plant and equipment	91,620	89,933	932,710
INVESTMENTS AND OTHER ASSETS:			
Investment securities.....	51,899	70,074	528,344
Investments in and loans to affiliates.....	22,258	12,797	226,593
Deferred tax assets.....	4,684	—	47,686
Other.....	22,546	24,723	229,529
Allowance for doubtful accounts.....	(7,985)	(4,297)	(81,293)
Total investments and other assets	93,403	103,297	950,860
Total assets	¥475,897	¥468,300	\$4,844,721

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
CURRENT LIABILITIES:			
Short-term loans payable	¥ 15,070	¥ 15,020	\$ 153,415
Notes payable-trade.....	5,039	4,405	51,305
Accounts payable for construction contracts	60,208	62,505	612,931
Advances received on uncompleted construction contracts	61,160	43,171	622,624
Income taxes payable.....	7,940	9,425	80,837
Provision for loss on construction contracts.....	1,034	5,843	10,526
Provision for warranties for completed construction.....	167	471	1,700
Provision for directors' bonuses	127	135	1,294
Other.....	22,600	21,311	230,074
Total current liabilities	173,347	162,289	1,764,709
NONCURRENT LIABILITIES:			
Deferred tax liabilities	—	2,787	—
Provision for retirement benefits.....	14,813	12,797	150,802
Other.....	996	—	10,139
Total noncurrent liabilities	15,809	15,584	160,942
NET ASSETS:			
SHAREHOLDERS' EQUITY:			
Capital stock			
Authorized: 600,000,000 shares			
Issued: 266,065,080 shares (2009)	26,411	26,411	268,873
Capital surplus.....	29,848	29,847	303,862
Retained earnings	240,266	234,337	2,445,953
Treasury stock.....	(15,796)	(15,709)	(160,810)
Total shareholders' equity	280,729	274,887	2,857,879
VALUATION AND TRANSLATION ADJUSTMENTS:			
Valuation difference on available-for-sale securities.....	6,009	15,687	61,177
Deferred gains or losses on hedges	1	(147)	13
Total valuation and translation adjustments	6,010	15,540	61,190
Total net assets	286,740	290,427	2,919,070
Total liabilities and net assets	¥475,897	¥468,300	\$4,844,721

Board of Directors and Auditors

As of June 25, 2009

Chairman	KEISHI YOSHIMOTO
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President	KUNIHICO FUJITA
------------------	-----------------

Vice Presidents	MICHIYUKI HASHIMOTO KATSUTOSHI ITO TADAHICO OHISHI
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Directors	HARUO ASHITAKA** KOUICHI ITO** MITSUNORI KAWAGUCHI** TOSHIO FUJII* ATSUSHI KIMURA* HIROTO TANAKA* EIJI KAWAGOE* YUKIKAZU MAEDA* TETSU SHIOTA* TOSHIHIRO HISAKA* SUMIO URASHIMA* MASAZUMI FUJISHIMA
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Standing Statutory Auditors	NAOJI WAKAYAMA SEISHIRO TANABE
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Statutory Auditors	KENJI KOBAYASHI NORHIKO SAITOH MAMORU YOSHIDA
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** Senior managing executive officer, * Managing executive officer

Name:	KINDEN CORPORATION
Date of establishment:	August 26, 1944
Osaka head office:	2-3-41, Honjo-Higashi, Kita-ku, Osaka 531-8550, Japan
Tokyo head office:	2-1-21, Kudan-Minami, Chiyoda-ku, Tokyo 102-8628, Japan
Research center:	Kyoto Institute: 3-1-1, Saganakadai, Kizugawa, Kyoto 619-0223, Japan
Training centers:	Kinden Gakuen: 12-77, Imazu-Kusugawa-cho, Nishinomiya, Hyogo 663-8222, Japan Human Resources Development Center: 1-21, Takahana, Inzai, Chiba 270-1342, Japan
Capital:	¥26,411,487,018 (As of March 31, 2009)
Construction business license:	Construction License of the Minister of Land, Infrastructure, Transport and Tourism Special and Ordinary Construction License—18, No. 114
Employees:	6,858 (As of March 31, 2009)
URL:	http://www.kinden.co.jp/
Business areas:	<p>Construction, installation, and engineering</p> <p>Electrical Power generation and substation facilities, overhead power transmission and distribution facilities, underground power transmission and distribution facilities, wind power generation facilities, electrical facilities for nuclear power generation, building electrical facilities, electrical factory facilities, public electrical facilities, solar power generation facilities, stage and theater facilities, explosion-proof electrical facilities, disaster prevention/crime prevention facilities, and electrical railroad facilities</p> <p>Instrumentation Building instrumentation systems, factory instrumentation systems, facility instrumentation systems, and power plant instrumentation systems</p> <p>Information and communications Facilities and equipment for information and telecommunications businesses, facilities and equipment for CATV businesses, wireless communication systems for administration of disaster prevention, Internet systems, Intranet systems, LAN systems, telephone systems, image transmission and display systems, information processing systems, and security systems</p> <p>Air-conditioning and sanitation Air-conditioning systems, ventilation, water supply, drainage and sanitary plumbings, fire-extinguishing systems, chilling and refrigerating systems, water treatment systems, industrial waste processing systems, air purification systems, district heating and cooling systems, cogeneration systems, medical gas supply systems, and waterworks</p> <p>Interiors System ceilings, metal ceilings, free access floors, partitions, partial interiors, interior furnishings, and small-scale construction</p> <p>Civil engineering Survey and investigation, civil engineering structure, CAB, land development, road construction, C.C. BOX, and paving</p> <p>Other Painting, mechanical installation, gardening, and steel structures</p>

Network

As of March 31, 2009

OVERSEAS OFFICES

**Hong Kong & China Regional
Main Branch Office** (Hong Kong)

**ASEAN Regional Main Branch
Office** (Singapore)

Guam Office
Saipan Office
Egypt Office
Taiwan Office

Dubai Office (UAE)
Shanghai Representative Office
(China)

OVERSEAS SUBSIDIARIES AND AFFILIATES

US Kinden Corporation
2908 Kaihikapu Street, Honolulu,
Hawaii 96819-2096, U.S.A.

Wasa Electrical Services, Inc.
2908 Kaihikapu Street, Honolulu,
Hawaii 96819-2096, U.S.A.

Kinden Pacific Corporation
Airport Industrial Center, 165 Skyline
Drive, Suite 400, Tamuning,
Guam 96911, U.S.A.

Kinden International, Ltd.
Flat B, 4F Cosmo-Sing Shing Building,
No. 81 Hung To Road, Kwun Tong,
Kowloon, Hong Kong, China

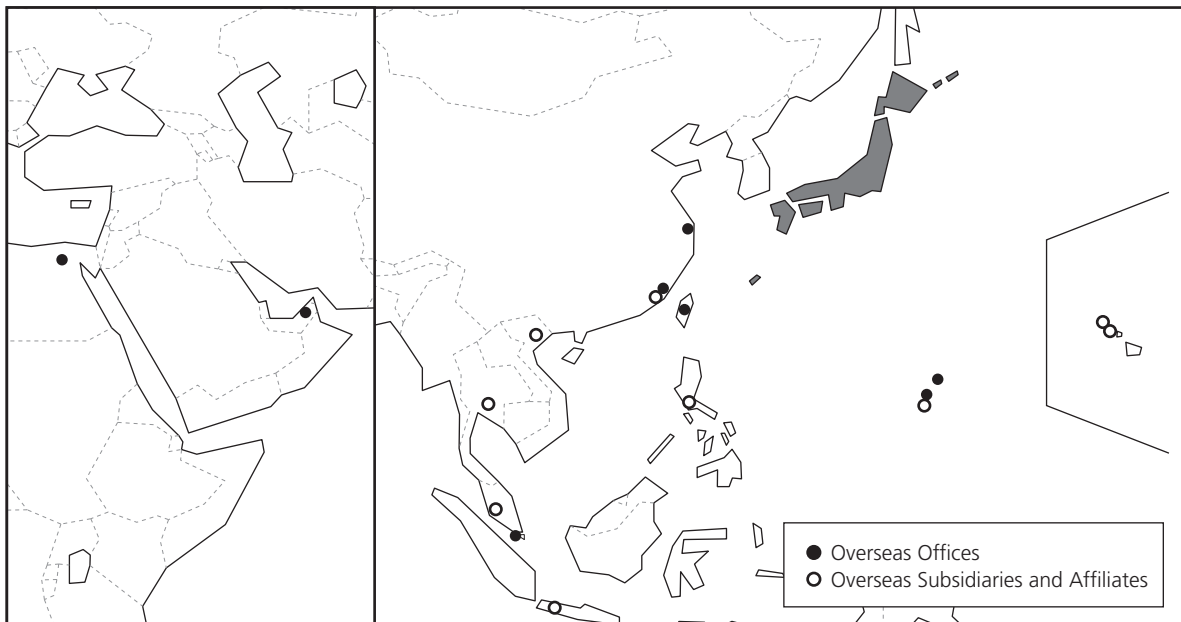
P.T. Kinden Indonesia
Summitmas I 19th Floor Jl. Jend Sudirman
Kav 61-62, Jakarta 12190, Indonesia

Kinden Phils Corporation
5th Floor, ODC International Plaza,
219 Salcedo St., Legaspi Village,
Makati City, Philippines

Kinden Vietnam Co., Ltd.
7th Floor, KINH DO TOWER,
93 Lo Duc St., Hai Ba Trung District,
Hanoi, Vietnam

Kindenko (Thailand) Co., Ltd.
Room No. 1001-3, 10th Floor,
Lertpanya Bldg.,
41 Soi Lertpanya, Sri-Ayuthaya Road,
Kwaeng Thanon-Phayathai, Khet
Ratchatewee, Bangkok 10400, Thailand

Bintai Kinden Corporation Bhd.
43-0-2, Jalan 1/48A, Sentul Perdana,
Bandar Baru Sentul, 51000 Kuala Lumpur,
Malaysia



DOMESTIC NETWORK

Osaka Head Office

Tokyo Head Office

Kyoto Institute

Kinden Gakuen

Human Resources Development Center

Hokkaido Branch Office

Sub-branch Offices: Tomakomai, Hakodate,
Kushiro, Asahikawa

Tohoku Branch Office

Sub-branch Offices: Iwate, Aomori, Akita,
Fukushima, Yamagata

Tokyo Branch Office

Sub-branch Offices: Kofu, Chiba, Ichihara,
Kashima, Ibaraki, Tsukuba, Gunma,
Saitama, Utsunomiya, Niigata, Nagaoka

Yokohama Branch Office

Sub-branch Office: Atsugi

Chubu Branch Office

Sub-branch Offices: Toyota, Higashimikawa,
Nishimikawa, Gifu, Mie, Ise, Nabari,
Shizuoka, Hamamatsu, Numazu, Toyama,
Kanazawa, Fukui, Nagano, Matsumoto

Shiga Branch Office

Sub-branch Offices: Rittou, Otsu,
Takashima, Hikone, Youkaichi

Kyoto Branch Office

Sub-branch Offices: Kyoto Electric Power,
Kyoto, Sonobe, Fushimi, Yamashiro,
Obama, Fukuchiyama, Miyazu

Osaka Branch Office

Chuo Branch Office

Sub-branch Offices: Chuo,
Kita-Osaka, Hokusetsu, Takatsuki,
Kami-Yodogawa, Nanba,
Higashi-Osaka, Minami-Osaka, Kongo,
Wakasa, Nagoya, Information &
Communications

Nara Branch Office

Sub-branch Offices: Koriyama, Sakurai,
Tenri, Chuwa, Nara, Takada

Wakayama Branch Office

Sub-branch Offices: Wakayama,
Minoshima, Kihoku, Tanabe, Gobo, Shingu

Kobe Branch Office

Sub-branch Offices: Kobe Electric Power,
Hanshin, Kobe, Kobe-Nishi, Awaji, Sanda,
Hyogo-Higashi

Himeji Branch Office

Sub-branch Offices: Ako, Himeji,
Nishiharima, Kakogawa, Yashiro,
Toyooka, Takasago

Chugoku Branch Office

Sub-branch Offices: Kure, Tokuyama,
Shimonoseki, Yamaguchi, Iwakuni,
Okayama, Kurashiki, Sanin

Shikoku Branch Office

Sub-branch Offices: Ehime, Niihama,
Tokushima, Kochi

Kyushu Branch Office

Sub-branch Offices: Miyazaki, Kitakyushu,
Oita, Nagasaki, Kumamoto, Kagoshima,
Okinawa

DOMESTIC SUBSIDIARIES AND AFFILIATES

Kinden Shoji
Company, Limited

Nishihara Engineering Co., Ltd.

Kinden Electrical & Mechanical
Service Company, Limited

Kinden Nagoya Service
Company, Incorporated

MECS CORPORATION

MECS Nara Corporation

Kinden Nishinohon Service
Company, Incorporated

Kinden Services
Company, Incorporated

Kinden Keiji Service
Company, Incorporated

Kinden Hyogo Service
Company, Incorporated

Aleph Networks Corporation

Nishihara Construction Co., Ltd.

Estanine Co., Ltd.

Kinki Freight Service
Company, Incorporated

Schneider Electric Engineering
Company, Limited

Hankyu Ironworks Company,
Limited

KINDEN CORPORATION

OSAKA HEAD OFFICE

2-3-41, HONJO-HIGASHI, KITA-KU,
OSAKA 531-8550, JAPAN

TOKYO HEAD OFFICE

2-1-21, KUDAN-MINAMI, CHIYODA-KU,
TOKYO 102-8628, JAPAN

URL

<http://www.kinden.co.jp/>