



FINANCIAL SECTION

2008

Nishimatsu Construction Co., Ltd.

## contents

### Consolidated

Consolidated Balance Sheets .....	12
Consolidated Statements of Income .....	14
Consolidated Statements of Changes in Net Assets ...	15
Consolidated Statements of Cash Flows .....	16

### Non-Consolidated

Non-Consolidated Five-Year Summary .....	17
Non-Consolidated Balance Sheets .....	18
Non-Consolidated Statements of Income .....	20

Note: Figures in US\$ in this annual report are converted from yen at the rate of ¥100.19 = US\$1.00, the rate prevailing on March 31, 2008, for the readers' convenience only.

# Consolidated Balance Sheets

March 31, 2007 and 2008

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
<b>Assets</b>			
<b>Current assets:</b>			
Cash and time deposits .....	¥ 84,974	¥ 72,620	\$ 724,825
Marketable securities .....	300	205	2,047
Notes and accounts receivable, trade:			
Notes .....	18,258	10,610	105,901
Accounts .....	133,420	133,655	1,334,015
Allowance for doubtful accounts .....	(870)	(563)	(5,615)
Inventories .....	206,033	203,850	2,034,634
Deferred income taxes .....	11,898	14,667	146,390
Other current assets .....	44,788	40,356	402,787
Total current assets .....	498,801	475,400	4,744,984
<b>Investments and other assets:</b>			
Investment securities .....	104,615	75,227	750,844
Investments in subsidiaries and affiliates .....	375	384	3,828
Long-term deferred income taxes .....	3	—	—
Others .....	46,199	31,130	310,718
Allowance for doubtful accounts .....	(13,001)	(9,360)	(93,423)
Total investments and other assets .....	138,191	97,381	971,967
<b>Property and equipment:</b>			
Land .....	43,393	43,945	438,619
Buildings .....	64,592	64,320	641,983
Machinery and equipment .....	13,389	12,511	124,868
Accumulated depreciation .....	(44,653)	(44,478)	(443,939)
Total property and equipment .....	76,721	76,298	761,531
<b>Total assets</b> .....	¥713,713	¥649,079	\$6,478,482

The accompanying notes are an integral part of this statement.

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
<b>Liabilities and Net Assets</b>			
<b>Current liabilities:</b>			
Short-term loans from banks .....	¥ 18,765	¥ 19,076	\$ 190,402
Current portion of long-term debt .....	21,580	13,980	139,535
Notes and accounts payable, trade:			
Notes .....	29,571	28,123	280,694
Accounts .....	128,579	124,924	1,246,876
Advances received on uncompleted contracts .....	138,706	140,030	1,397,649
Accrued expenses .....	26,335	27,093	270,416
Accrued income taxes .....	997	512	5,108
Employees' saving deposits .....	9,568	9,336	93,184
Other current liabilities .....	40,342	32,495	324,326
Total current liabilities .....	414,443	395,569	3,948,190
<b>Long-term liabilities:</b>			
Long-term debt .....	70,500	63,047	629,271
Accrued retirement benefits .....	63	100	997
Long-term deferred income taxes .....	23,855	13,582	135,560
Other long-term liabilities .....	9,670	8,238	82,227
Total long-term liabilities .....	104,088	84,967	848,055
<b>Total liabilities</b> .....	518,531	480,536	4,796,245
<b>Net assets:</b>			
Common stock:			
Authorized – 400,000,000 shares			
Issued and outstanding – 277,957,513 shares .....	23,514	23,514	234,691
Capital surplus .....	20,780	20,780	207,410
Retained earning .....	109,053	103,600	1,034,038
Treasury stock, at cost .....	(182)	(206)	(2,058)
Unrealized gain on marketable and investment securities held for sale .....	41,995	20,408	203,696
Deferred loss on derivatives under hedge accounting .....	—	(7)	(72)
Equity adjustment from foreign currency translation .....	(27)	(29)	(285)
Minority interests .....	49	483	4,818
<b>Total net assets</b> .....	195,182	168,543	1,682,238
<b>Total liabilities and net assets</b> .....	¥713,713	¥649,079	\$6,478,482



# Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2007 and 2008

	Millions of yen								
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gain on marketable and investment securities held for sale	Deferred loss on derivatives under hedge accounting	Foreign currency translation adjustments	Minority interests	Total net assets
Balance at March 31, 2006.....	¥23,514	¥20,780	¥120,499	¥(155)	¥40,113			¥ 6	¥204,757
Dividends declared.....			(2,498)						(2,498)
Directors' bonuses.....			(15)						(15)
Net loss.....			(7,467)						(7,467)
Increase due to the newly consolidated subsidiaries.....			533						533
Decrease due to the newly consolidated subsidiaries.....			(1,999)						(1,999)
Purchase of treasury stock.....				(27)					(27)
Changes in unrealized gain on marketable and investment securities held for sale.....					1,882				1,882
Changes in foreign currency translation.....							¥(27)		(27)
Changes in minority interests.....								43	43
Balance at March 31, 2007.....	23,514	20,780	109,053	(182)	41,995		(27)	49	195,182
Dividends declared.....			(2,497)						(2,497)
Net loss.....			(2,956)						(2,956)
Purchase of treasury stock.....				(24)					(24)
Changes in unrealized gain on marketable and investment securities held for sale.....					(21,587)				(21,587)
Changes in deferred loss on derivatives under hedge accounting.....						¥(7)			(7)
Changes in foreign currency translation.....							(2)		(2)
Changes in minority interests.....								434	434
Balance at March 31, 2008.....	¥23,514	¥20,780	¥103,600	¥(206)	¥20,408	¥(7)	¥(29)	¥483	¥168,543

	Thousands of U.S. dollars								
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gain on marketable and investment securities held for sale	Deferred loss on derivatives under hedge accounting	Foreign currency translation adjustments	Minority interests	Total net assets
Balance at March 31, 2007.....	\$234,691	\$207,410	\$1,088,465	\$(1,820)	\$419,153		\$(271)	\$ 490	\$1,948,117
Dividends declared.....			(24,926)						(24,926)
Net loss.....			(29,501)						(29,501)
Purchase of treasury stock.....				(238)					(238)
Changes in unrealized gain on marketable and investment securities held for sale.....					(215,457)				(215,457)
Changes in deferred loss on derivatives under hedge accounting.....						\$(72)			(72)
Changes in foreign currency translation.....							(14)		(14)
Changes in minority interests.....								4,328	4,328
Balance at March 31, 2008.....	\$234,691	\$207,410	\$1,034,038	\$(2,058)	\$203,696	\$(72)	\$(285)	\$4,818	\$1,682,238

# Consolidated Statements of Cash Flows

For the years ended March 31, 2007 and 2008

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests .....	¥ (2,872)	¥ (522)	\$ (5,209)
Adjustment for:			
Depreciation and amortization .....	2,170	2,284	22,797
Provision for allowance for doubtful accounts .....	3,173	(3,944)	(39,365)
Gain on sales of investment securities .....	(366)	(2)	(21)
Interest and dividend income .....	(1,744)	(2,198)	(21,943)
Interest expenses .....	1,354	1,259	12,569
Decrease (increase) in notes and accounts receivable .....	(40,888)	7,285	72,707
Decrease in inventory .....	45,175	2,914	29,081
Increase (decrease) in notes and accounts payable .....	9,856	(5,103)	(50,930)
Increase (decrease) in advance received on uncompleted contracts .....	(19,948)	1,325	13,222
Bonus for directors .....	(15)	—	—
Others .....	(405)	8,089	80,751
Sub-total .....	(4,510)	11,387	113,659
Interest and dividend received .....	1,758	2,190	21,858
Interest paid .....	(1,211)	(1,307)	(13,045)
Income taxes paid .....	(13,449)	(1,341)	(13,382)
Net cash provided by (used in) operating activities .....	(17,412)	10,929	109,090
<b>Cash flows from investing activities:</b>			
Payment for purchases of marketable and investment securities .....	(1,320)	(8,049)	(80,340)
Proceeds from sale of marketable and investment securities .....	380	1,416	14,129
Acquisition of property and equipment .....	(454)	(4,818)	(48,085)
Proceeds from sale of property and equipment .....	12,950	131	1,312
Disbursements for loans .....	(3,690)	(5,375)	(53,652)
Proceeds from collection of loans .....	1,657	16,666	166,342
Others .....	4,536	1,686	16,829
Net cash provided by investing activities .....	14,059	1,657	16,535
<b>Cash flows from financing activities:</b>			
Net increase (decrease) in short-term loans .....	(9,912)	311	3,104
Borrowing of long-term debt .....	20,000	6,527	65,143
Repayment of long-term debt .....	(7,615)	(1,580)	(15,770)
Cash dividends paid .....	(2,498)	(2,498)	(24,929)
Others .....	(320)	(25,822)	(257,729)
Net cash used in financing activities .....	(345)	(23,062)	(230,181)
<b>Effect of exchange rate changes on cash and cash equivalents .....</b>	19	(1,878)	(18,743)
<b>Decrease of cash and cash equivalents .....</b>	(3,679)	(12,354)	(123,299)
<b>Cash and cash equivalents at beginning of year .....</b>	87,766	84,974	848,125
<b>Increase in cash and cash equivalents due to the newly consolidated subsidiaries .....</b>	887	—	—
<b>Cash and cash equivalents at end of year .....</b>	¥84,974	¥72,620	\$724,825

The accompanying notes are an integral part of this statement.

# Non-Consolidated Five-Year Summary

	Millions of yen				
	2004	2005	2006	2007	2008
Orders received .....	¥392,041	¥453,174	¥425,889	¥409,086	<b>¥402,478</b>
Orders received from overseas* .....	63,942	48,137	35,958	62,141	<b>46,752</b>
Percentage of orders received from overseas* .....	16.3%	10.6%	8.4%	15.2%	<b>11.6%</b>
Net sales .....	441,636	444,056	446,047	476,222	<b>414,037</b>
Cost of sales .....	409,771	410,765	418,213	450,360	<b>390,837</b>
Selling, general and administrative expenses .....	25,014	23,020	21,022	21,269	<b>21,077</b>
Income (loss) before income taxes .....	(5,590)	7,373	9,636	(5,138)	<b>(2,032)</b>
Net income (loss).....	(6,594)	2,603	3,521	(7,362)	<b>(3,238)</b>
Percentage of net income (loss) against net sales .....	(1.5%)	0.6%	0.8%	(1.5%)	<b>(0.8%)</b>
Total assets .....	720,724	703,430	709,393	692,764	<b>623,580</b>
Shareholders' equity .....	180,427	180,704	199,123	—	<b>—</b>
Net assets .....	—	—	—	191,123	<b>163,692</b>
Percentage of shareholders' equity against total assets .....	25.0%	25.7%	28.1%	—	<b>—</b>
Percentage of net assets against total assets .....	—	—	—	27.6%	<b>26.3%</b>
Common stock .....	23,514	23,514	23,514	23,514	<b>23,514</b>
Per share of common stock (in yen):					
Net income (loss)** .....	¥(23.75)	¥9.28	¥12.69	¥(26.53)	<b>¥(11.67)</b>
Cash dividends applicable to the year .....	9.00	9.00	9.00	9.00	<b>9.00</b>
Shareholders' equity .....	650	651	717	—	<b>—</b>
Net assets .....	—	—	—	689	<b>590</b>
Number of shareholders .....	26,072	28,640	26,417	27,528	<b>26,246</b>
Number of employees .....	4,113	4,002	3,853	3,698	<b>3,641</b>

## Notes:

\* Includes real estate and other orders.

\*\* Net income per share of common stock is based upon the weighted average number of shares of common stock outstanding during each year.

# Non-Consolidated Balance Sheets

March 31, 2007 and 2008

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
<b>Assets</b>			
<b>Current assets:</b>			
Cash and time deposits .....	¥ 83,013	¥ 71,082	\$ 709,469
Marketable securities .....	300	195	1,947
Notes and accounts receivable, trade:			
Notes .....	18,213	10,457	104,377
Accounts .....	131,238	132,843	1,325,911
Allowance for doubtful accounts .....	(892)	(577)	(5,758)
Inventories .....	201,740	198,778	1,984,013
Short-term loans to subsidiaries and affiliates .....	4,280	1,513	15,101
Deferred income taxes .....	10,906	13,741	137,147
Other current assets .....	41,510	39,322	392,470
Total current assets .....	490,308	467,354	4,664,677
<b>Investments and other assets:</b>			
Investment securities .....	104,514	68,311	681,817
Investments in subsidiaries and affiliates .....	984	1,993	19,896
Other .....	53,618	38,873	387,988
Allowance for doubtful accounts .....	(18,483)	(15,607)	(155,774)
Total investments and other assets .....	140,633	93,570	933,927
<b>Property and equipment:</b>			
Land .....	34,976	35,624	355,560
Buildings .....	50,757	52,651	525,512
Machinery and equipment .....	12,808	11,969	119,460
Accumulated depreciation .....	(36,718)	(37,588)	(375,165)
Total property and equipment .....	61,823	62,656	625,367
<b>Total assets</b> .....	¥692,764	¥623,580	\$6,223,971

The accompanying notes are an integral part of this statement.

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
<b>Liabilities and Net Assets</b>			
<b>Current liabilities:</b>			
Short-term loans from banks .....	¥ 15,365	¥ 15,576	\$ 155,469
Current portion of long-term debt .....	20,680	12,580	125,561
Notes and accounts payable, trade:			
Notes .....	28,872	27,469	274,169
Accounts .....	125,380	121,828	1,215,969
Advance received on uncompleted contracts .....	137,111	139,845	1,395,798
Accrued expenses .....	26,292	27,052	270,006
Accrued income taxes .....	843	335	3,348
Employees' saving deposits .....	9,537	9,294	92,768
Other current liabilities .....	40,026	31,708	316,473
Total current liabilities .....	404,106	385,687	3,849,561
<b>Long-term liabilities:</b>			
Long-term debt .....	69,100	56,900	567,921
Long-term deferred income taxes .....	22,307	11,650	116,281
Other long-term liabilities .....	6,128	5,650	56,392
Total long-term liabilities .....	97,535	74,200	740,594
<b>Total liabilities</b> .....	501,641	459,888	4,590,154
<b>Net assets:</b>			
Common stock:			
Authorized – 400,000,000 shares			
Issued and outstanding – 277,957,513 shares .....	23,514	23,514	234,691
Capital surplus .....	20,780	20,780	207,410
Legal reserve .....	5,878	5,878	58,671
Retained earnings .....	99,172	93,436	932,586
Treasury stock, at cost .....	(182)	(206)	(2,058)
Unrealized gain on marketable and investment securities held for sale .....	41,961	20,297	202,589
Deferred loss on derivatives under hedge accounting .....	—	(7)	(72)
<b>Total net assets</b> .....	191,123	163,692	1,633,817
<b>Total liabilities and net assets</b> .....	¥692,764	¥623,580	\$6,223,971

# Non-Consolidated Statements of Income

For the years ended March 31, 2007 and 2008

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
<b>Net sales:</b>			
Contracts completed .....	¥466,216	¥391,910	\$3,911,669
Sales of real estate .....	10,006	22,127	220,845
	476,222	414,037	4,132,514
<b>Cost of sales:</b>			
Cost of construction .....	443,315	372,690	3,719,831
Cost of real estate .....	7,045	18,147	181,131
	450,360	390,837	3,900,962
Gross profit .....	25,862	23,199	231,552
<b>Selling, general and administrative expenses</b> .....	21,269	21,077	210,367
Income from operations .....	4,593	2,123	21,186
<b>Other income (expenses):</b>			
Interest and dividend income .....	1,832	2,266	22,613
Interest expenses .....	(1,160)	(1,179)	(11,770)
Profit on sales of investment securities .....	366	3	25
Profit on sales of properties .....	2	75	753
Provision for allowance for doubtful accounts .....	(8,108)	(130)	(1,294)
Loss from settlement of project development .....	—	(1,227)	(12,243)
Other – net .....	(2,663)	(3,962)	(39,549)
	(9,731)	(4,154)	(41,465)
<b>Loss before income taxes</b> .....	(5,138)	(2,032)	(20,279)
<b>Income taxes:</b>			
Current .....	1,288	526	5,244
Deferred .....	936	681	6,800
	2,224	1,207	12,044
<b>Net loss</b> .....	¥ (7,362)	¥ (3,238)	\$ (32,323)
<b>Per share of common stock:</b>			
Net income .....	¥(26.53)	¥(11.67)	\$(0.116)
Cash dividends applicable to the year .....	9.00	9.00	0.090

The accompanying notes are an integral part of this statement.