



Nishimatsu Construction Co., Ltd.

FINANCIAL SECTION 2009

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Consolidated Balance Sheets

March 31, 2008 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2008	2009	2009
Assets			
Current assets:			
Cash and time deposits (Note 2).....	¥ 72,620	¥ 64,498	\$ 656,605
Marketable securities.....	205	60	611
Notes and accounts receivable, trade:			
Notes.....	10,610	21,490	218,769
Accounts.....	133,655	128,021	1,303,273
Allowance for doubtful accounts (Note 2).....	(563)	(1,207)	(12,290)
Inventories (Note 2).....	203,850	179,710	1,829,481
Deferred income taxes (Notes 2 and 7).....	14,667	11,401	116,065
Other current assets.....	40,356	38,345	390,362
Total current assets.....	475,400	442,318	4,502,876
Investments and other assets:			
Investment securities (Notes 2, 4 and 9).....	75,227	49,570	504,633
Investments in subsidiaries and affiliates.....	384	384	3,904
Others.....	31,130	30,827	313,832
Allowance for doubtful accounts (Note 2).....	(9,360)	(9,652)	(98,263)
Total investments and other assets.....	97,381	71,129	724,106
Property and equipment (Notes 2 and 9):			
Land.....	43,945	45,538	463,583
Buildings.....	64,320	64,763	659,305
Machinery and equipment.....	12,511	12,196	124,155
Accumulated depreciation.....	(44,478)	(45,961)	(467,887)
Total property and equipment.....	76,298	76,536	779,156
Total assets	¥649,079	¥589,983	\$6,006,138

The accompanying notes are an integral part of this statement.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2008	2009	2009
Liabilities and Net Assets			
Current liabilities:			
Short-term loans from banks (Note 5).....	¥ 19,076	¥ 41,404	\$ 421,500
Current portion of long-term debt (Note 5).....	13,980	11,756	119,680
Notes and accounts payable, trade:			
Notes.....	28,123	21,915	223,100
Accounts.....	124,924	101,266	1,030,905
Advances received on uncompleted contracts.....	140,030	131,361	1,337,280
Accrued expenses (Note 9).....	27,093	27,603	281,004
Accrued income taxes.....	512	223	2,274
Employees' saving deposits.....	9,336	6,867	69,904
Other current liabilities.....	32,495	29,873	304,116
Total current liabilities	395,569	372,268	3,789,763
Long-term liabilities:			
Long-term debt (Note 5).....	63,047	52,059	529,973
Accrued retirement benefits (Notes 2 and 6).....	100	442	4,498
Long-term deferred income taxes (Notes 2 and 7).....	13,582	4,393	44,717
Other long-term liabilities.....	8,238	6,796	69,185
Total long-term liabilities	84,967	63,690	648,373
Total liabilities	480,536	435,958	4,438,136
Net assets:			
Common stock:			
Authorized – 800,000,000 shares			
Issued and outstanding – 277,957,513 shares.....	23,514	23,514	239,373
Capital surplus.....	20,780	20,780	211,548
Retained earning.....	103,600	103,678	1,055,458
Treasury stock, at cost.....	(206)	(223)	(2,274)
Unrealized gain on marketable and investment securities held for sale.....	20,408	6,137	62,479
Deferred loss on derivatives under hedge accounting.....	(7)	(1)	(7)
Equity adjustment from foreign currency translation.....	(29)	(382)	(3,892)
Minority interests.....	483	522	5,317
Total net assets	168,543	154,025	1,568,002
Total liabilities and net assets	¥649,079	¥589,983	\$6,006,138

Consolidated Statements of Income

For the years ended March 31, 2008 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2008	2009	2009
Net sales (Note 2):			
Contracts completed	¥406,461	¥400,752	\$4,079,724
Sales of real estate	26,233	23,296	237,160
	432,694	424,048	4,316,884
Cost of sales (Note 2):			
Cost of construction	385,771	376,102	3,828,794
Cost of real estate	21,401	17,970	182,930
	407,172	394,072	4,011,724
Gross profit	25,522	29,976	305,160
Selling, general and administrative expenses	21,494	21,741	221,327
Income from operations	4,028	8,235	83,833
Other income (expenses):			
Interest and dividend income	2,198	1,979	20,142
Interest expenses	(1,259)	(1,216)	(12,380)
Gains on sales of investment securities	3	3,226	32,844
Gains on sales of fixed assets	75	14	144
Provision for allowance for doubtful accounts	(130)	(246)	(2,508)
Loss from settlement of project development	(1,247)	—	—
Loss on bankruptcy of real estate companies	—	(3,331)	(33,911)
Valuation loss on inventories	(1,006)	—	—
Loss on impairment of long-lived assets	(1,235)	(90)	(914)
Valuation loss on marketable and investment securities	—	(714)	(7,266)
Foreign currency exchange loss	—	(818)	(8,326)
Other – net	(1,948)	(75)	(767)
	(4,549)	(1,271)	(12,942)
Income (loss) before income taxes and minority interests	(522)	6,964	70,891
Income taxes (Notes 2 and 7):			
Current	875	750	7,638
Deferred	1,131	3,445	35,067
Income (loss) before minority interests	(2,528)	2,769	28,186
Minority interests	(428)	(200)	(2,033)
Net income (loss)	¥ (2,956)	¥ 2,569	\$ 26,153

	Yen	U.S. dollars
Per share of common stock (Notes 13 and 15):		
Net income (loss)	¥(10.65)	\$0.094
Cash dividends applicable to the year	9.00	0.041

The accompanying notes are an integral part of this statement.

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2008 and 2009

	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	Equity adjustment from foreign currency transaction	Minority interests	Total net assets
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
Adjustment for deferred income tax of prior periods			5						5
Dividends declared			(2,496)						(2,496)
Net income			2,569						2,569
Purchase of treasury stock				(17)					(17)
Changes in unrealized gain on marketable and investment securities held for sale					(14,271)				(14,271)
Changes in deferred loss on derivatives under hedge accounting						6			6
Changes in foreign currency translation							(353)		(353)
Changes in minority interests								39	39
Balance at March 31, 2009	¥23,514	¥20,780	¥103,678	¥(223)	¥ 6,137	¥(1)	¥(382)	¥522	¥154,025

	Thousands of U.S. dollars (Note 3)								
	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	Equity adjustment from foreign currency transaction	Minority interests	Total net assets
Balance at March 31, 2008	\$239,373	\$211,548	\$1,054,671	\$(2,099)	\$207,761	\$(74)	\$ (291)	\$4,914	\$1,715,803
Adjustment for deferred income tax of prior periods			50						50
Dividends declared			(25,416)						(25,416)
Net income			26,153						26,153
Purchase of treasury stock				(175)					(175)
Changes in unrealized gain on marketable and investment securities held for sale					(145,282)				(145,282)
Changes in deferred loss on derivatives under hedge accounting						67			67
Changes in foreign currency translation							(3,601)		(3,601)
Changes in minority interests								403	403
Balance at March 31, 2009	\$239,373	\$211,548	\$1,055,458	\$(2,274)	\$ 62,479	\$ (7)	\$(3,892)	\$5,317	\$1,568,002

The accompanying notes are an integral part of this statement.

Consolidated Statements of Cash Flows

For the years ended March 31, 2008 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2008	2009	2009
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ (522)	¥ 6,964	\$ 70,891
Adjustment for:			
Depreciation and amortization	2,284	2,245	22,859
Increase (decrease) in allowance for doubtful accounts	(3,944)	4,032	41,050
Gain on sales of investment securities	(2)	(3,226)	(32,843)
Interest and dividend income	(2,198)	(1,979)	(20,142)
Interest expenses	1,259	1,216	12,380
Decrease (increase) in notes and accounts receivable	7,285	(5,245)	(53,395)
Decrease (increase) in inventory	2,914	24,014	244,463
Increase (decrease) in notes and accounts payable	(5,103)	(29,866)	(304,045)
Increase (decrease) in advance received on uncompleted contracts	1,325	(8,669)	(88,256)
Others	8,089	2,709	27,581
Sub-total	11,387	(7,805)	(79,457)
Interest and dividend received	2,190	2,059	20,959
Interest paid	(1,307)	(1,152)	(11,731)
Income taxes paid	(1,341)	(1,142)	(11,622)
Net cash provided by (used in) operating activities	10,929	(8,040)	(81,851)
Cash flows from investing activities:			
Payment for purchases of marketable and investment securities	(8,049)	(1,062)	(10,807)
Proceeds from sale of marketable and investment securities	1,416	4,411	44,904
Acquisition of property and equipment	(4,818)	(2,565)	(26,110)
Proceeds from sale of property and equipment	131	39	396
Disbursements for loans	(5,375)	(1,806)	(18,381)
Proceeds from collection of loans	16,666	5,142	52,351
Payments of long-term time deposits	—	(10,055)	(102,375)
Others	1,686	5,924	60,303
Net cash provided by (used in) investing activities	1,657	28	281
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	311	22,328	227,299
Borrowing of long-term debt	6,527	2,130	21,684
Repayment of long-term debt	(1,580)	(4,210)	(42,859)
Cash dividends paid	(2,498)	(2,497)	(25,416)
Others	(25,822)	(17,924)	(182,465)
Net cash provided by (used in) financing activities	(23,062)	(173)	(1,757)
Effect of exchange rate changes on cash and cash equivalents	(1,878)	(682)	(6,941)
Net increase (decrease) of cash and cash equivalents	(12,354)	(8,867)	(90,268)
Cash and cash equivalents at beginning of year (Note 2)	84,974	72,620	739,288
Cash and cash equivalents at end of year (Note 2)	¥72,620	¥63,753	\$649,020

The accompanying notes are an integral part of this statement.

Non-Consolidated Five-Year Summary

	Millions of yen				
	2005	2006	2007	2008	2009
Orders received	¥453,174	¥425,889	¥409,086	¥402,478	¥276,678
Orders received from overseas*	48,137	35,958	62,141	46,752	21,245
Percentage of orders received from overseas*	10.6%	8.4%	15.2%	11.6%	7.7%
Net sales	444,056	446,047	476,222	414,037	408,859
Cost of sales	410,765	418,213	450,360	390,837	381,109
Selling, general and administrative expenses	23,020	21,022	21,269	21,077	21,452
Income (loss) before income taxes	7,373	9,636	(5,138)	(2,032)	5,148
Net income (loss)	2,603	3,521	(7,362)	(3,238)	1,664
Percentage of net income (loss) against net sales	0.6%	0.8%	(1.5%)	(0.8%)	0.4%
Total assets	703,430	709,393	692,764	623,580	568,131
Shareholders' equity	180,704	199,123	—	—	—
Net assets	—	—	191,123	163,692	148,523
Percentage of shareholders' equity against total assets	25.7%	28.1%	—	—	—
Percentage of net assets against total assets	—	—	27.6%	26.3%	26.1%
Common stock	23,514	23,514	23,514	23,514	23,514
Per share of common stock (in yen):					
Net income (loss)**	¥9.28	¥12.69	¥(26.53)	¥(11.67)	¥6.00
Cash dividends applicable to the year	9.00	9.00	9.00	9.00	4.00
Shareholders' equity	650.86	717.47	—	—	—
Net assets	—	—	688.80	590.08	535.56
Number of shareholders	28,640	26,417	27,528	26,246	29,874
Number of employees	4,002	3,853	3,698	3,641	3,426

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, 2008 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2008	2009	2009
Assets			
Current assets:			
Cash and time deposits	¥ 71,082	¥ 62,179	\$ 632,990
Marketable securities	195	—	—
Notes and accounts receivable, trade:			
Notes	10,457	21,484	218,716
Accounts	132,843	128,638	1,309,560
Allowance for doubtful accounts (Note 2)	(577)	(1,231)	(12,530)
Inventories (Notes 2 and 4)	198,778	174,902	1,780,539
Short-term loans to subsidiaries and affiliates (Note 5)	1,513	1,442	14,687
Deferred income taxes (Notes 2 and 6)	13,741	10,886	110,818
Other current assets	39,322	37,758	384,366
Total current assets	467,354	436,058	4,439,146
Investments and other assets:			
Investment securities (Notes 2 and 10)	68,311	43,898	446,898
Investments in subsidiaries and affiliates (Notes 2 and 5)	1,993	1,994	20,297
Others	38,873	38,824	395,234
Allowance for doubtful accounts (Note 2)	(15,607)	(15,914)	(162,010)
Total investments and other assets	93,570	68,802	700,419
Property and equipment (Notes 2 and 10):			
Land	35,624	37,374	380,471
Buildings	52,651	53,065	540,208
Machinery and equipment	11,969	11,762	119,743
Accumulated depreciation	(37,588)	(38,930)	(396,307)
Total property and equipment	62,656	63,271	644,115
Total assets	¥623,580	¥568,131	\$5,783,680

The accompanying notes are an integral part of this statement.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2008	2009	2009
Liabilities and Net Assets			
Current liabilities:			
Short-term loans from banks (Note 9).....	¥ 15,576	¥ 37,714	\$ 383,932
Current portion of long-term debt (Note 9).....	12,580	11,100	113,000
Notes and accounts payable, trade:			
Notes.....	27,469	21,350	217,352
Accounts.....	121,828	100,081	1,018,843
Advance received on uncompleted contracts.....	139,845	131,279	1,336,440
Accrued expenses (Note 10).....	27,052	27,568	280,646
Accrued income taxes.....	335	216	2,198
Employees' saving deposits.....	9,294	6,817	69,397
Other current liabilities.....	31,708	28,584	291,002
Total current liabilities	385,687	364,709	3,712,810
Long-term liabilities:			
Long-term debt (Note 9).....	56,900	47,000	478,469
Accrued retirement benefit.....	—	352	3,582
Long-term deferred income taxes (Notes 2 and 6).....	11,650	2,441	24,853
Other long-term liabilities.....	5,650	5,106	51,979
Total long-term liabilities	74,200	54,899	558,883
Total liabilities	459,888	419,608	4,271,692
Net assets:			
Common stock:			
Authorized – 800,000,000 shares			
Issued and outstanding – 277,957,513 shares.....	23,514	23,514	239,373
Capital surplus.....	20,780	20,780	211,548
Legal reserve.....	5,878	5,878	59,842
Retained earnings.....	93,436	92,604	942,719
Treasury stock, at cost.....	(206)	(223)	(2,274)
Unrealized gain on marketable and investment securities held for sale.....	20,297	5,971	60,787
Deferred loss on derivatives under hedge accounting.....	(7)	(1)	(7)
Total net assets	163,692	148,523	1,511,988
Total liabilities and net assets	¥623,580	¥568,131	\$5,783,680

Non-Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2008 and 2009

	Millions of yen							
	Common stock	Capital surplus	Legal reserve	Retained earnings	Treasury stock, at cost	Unrealized gain on marketable and investment securities held for sale	Deferred loss on derivatives under hedge accounting	Total net assets
Balance at March 31, 2007	¥23,514	¥20,780	¥5,878	¥99,172	¥(182)	¥41,961		¥191,123
Dividends declared				(2,498)				(2,498)
Net loss				(3,238)				(3,238)
Purchase of treasury stock					(24)			(24)
Changes in unrealized gain on marketable and investment securities held for sale						(21,664)		(21,664)
Changes in foreign currency translation							¥(7)	(7)
Balance at March 31, 2008	23,514	20,780	5,878	93,436	(206)	20,297	(7)	163,692
Dividends declared				(2,496)				(2,496)
Net income				1,664				1,664
Purchase of treasury stock					(17)			(17)
Changes in unrealized gain on marketable and investment securities held for sale						(14,326)		(14,326)
Changes in deferred loss on derivatives under hedge accounting							6	6
Balance at March 31, 2009	¥23,514	¥20,780	¥5,878	¥92,604	¥(223)	¥ 5,971	¥(1)	¥148,523

	Thousands of U.S. dollars (Note 3)							
	Common stock	Capital surplus	Legal reserve	Retained earnings	Treasury stock, at cost	Unrealized gain on marketable and investment securities held for sale	Deferred loss on derivatives under hedge accounting	Total net assets
Balance at March 31, 2008	\$239,373	\$211,548	\$59,842	\$951,194	\$(2,099)	\$206,631	\$(74)	\$1,666,415
Dividends declared				(25,416)				(25,416)
Net income				16,941				16,941
Purchase of treasury stock					(175)			(175)
Changes in unrealized gain on marketable and investment securities held for sale						(145,844)		(145,844)
Changes in deferred loss on derivatives under hedge accounting							67	67
Balance at March 31, 2009	\$239,373	\$211,548	\$59,842	\$942,719	\$(2,274)	\$ 60,787	\$ (7)	\$1,511,988

The accompanying notes are an integral part of this statement.