

Nishimatsu Construction Co., Ltd.



Annual Report 2012

Year Ended March 31, 2012

PROFILE

Founded in 1937, Nishimatsu Construction Co., Ltd. has earned recognition worldwide as one of Japan's leading general contractors. The Company is renowned for its taking on of new challenges and for its trend-setting development and introduction of sophisticated technologies in the fields of civil engineering and building construction.

With its headquarters in Tokyo, Nishimatsu has a network of 6 regional headquarters and 7 branches around Japan, as well as overseas offices in 7 countries and territories. The Company is well-known for its expertise in planning, design and construction in a wide variety of fields such as marine and harbor projects, airport projects, highways, dams, tunnels, railways, high-rise buildings and power plants.

Nishimatsu has an impressive record of contributions to social and economic development in Asia. In addition to a continuing presence in several Asian countries, the Company has completed large-scale projects in Europe and Africa.

Providing high-quality, timely and environmentally-friendly services at all stages of its various projects, Nishimatsu continues working to meet the demands of its clients and advance the frontiers of construction technology.



ON THE COVER

Project Name: Tokai Kanden Building
Construction Site: 2-2704, 2705 Izumi Higashi-ku,
Nagoya City, Aichi Prefecture, Japan
Construction Period: June 10, 2010–January 20, 2012
Project Overview: 16 floors–15 above ground (steel structure) and
1 basement (steel reinforced concrete structure)
General Office Area: 12,126m²
Indoor Mechanical Parking Facility Area: 236m² (69 lots)

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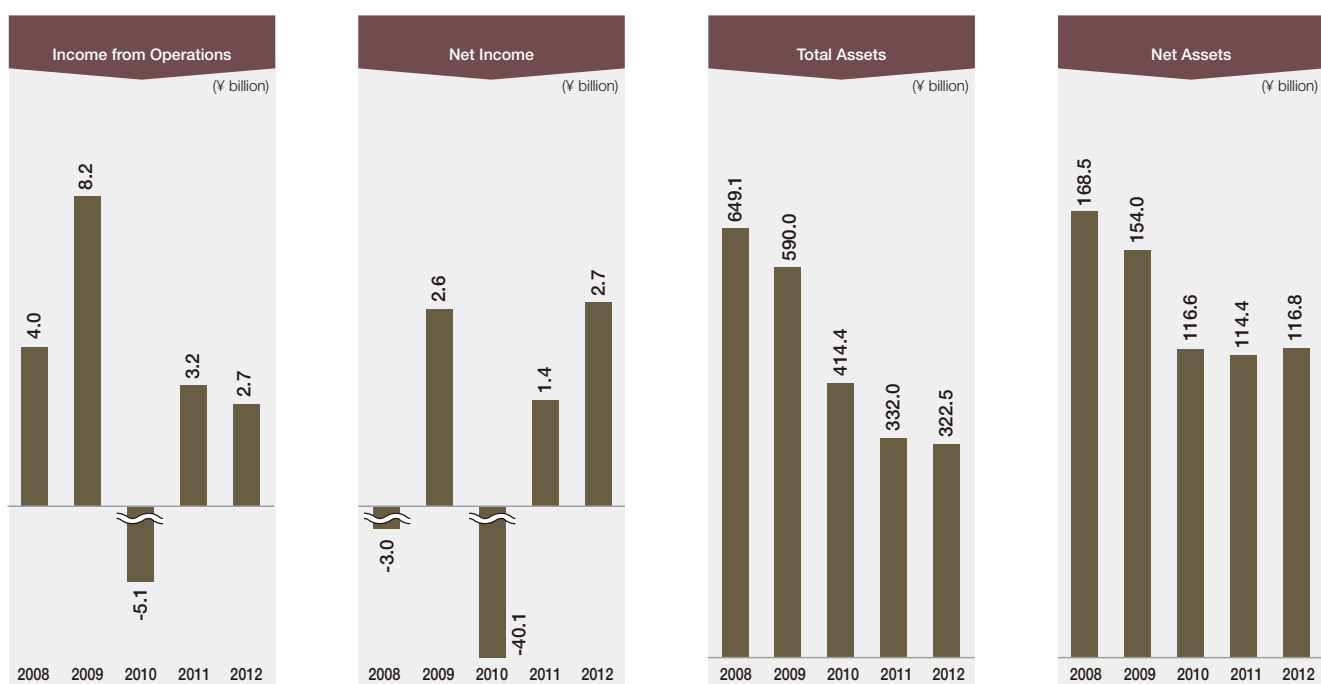
FINANCIAL HIGHLIGHTS

	Consolidated			Non-Consolidated		
	Millions of yen		Thousands of U.S. dollars	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012	2011	2012	2012
For the year:						
Orders received	¥ —	¥ —	\$ —	¥229,778	¥249,925	\$3,040,820
Net sales	257,856	263,929	3,211,205	255,452	253,516	3,084,512
Income before income taxes	1,639	2,397	29,167	2,248	1,559	18,963
Net income	1,405	2,732	33,242	2,882	2,001	24,351
At year-end:						
Total assets	¥331,998	¥322,524	\$3,924,126	¥317,794	¥310,537	\$3,778,278
Net assets	114,444	116,846	1,421,656	112,764	114,480	1,392,865
Common stock	23,514	23,514	286,089	23,514	23,514	286,089
Per share of common stock:						
(in yen and dollars)						
Net income	¥5.07	¥9.85	\$0.120	¥10.39	¥7.22	\$0.088
Cash dividends applicable to the year	4.00	4.00	0.049	4.00	4.00	0.049

Note 1: Figures in US\$ in this annual report are converted from yen at the rate of ¥82.19 = US\$1.00, the rate prevailing on March 31, 2012, for the readers' convenience only.

Note 2: Net income per share of common stock is based upon the weighted average number of shares of common stock outstanding during each year.

Consolidated





Harusada Kondo

Representative Director and President

Business Results

As a result of the Great East Japan Earthquake in 2011, the Japanese economy continued to face difficult conditions during the reporting term. Despite this, signs of a recovery in corporate production activity were seen, thanks to the early re-establishment of the nation's supply chains and various measures taken by the government. However, the outlook remains uncertain due to a number of risk factors including the European sovereign debt crisis, the ongoing appreciation of the yen, and constraints on electric power supply in Japan.

In the construction industry, as part of the implementation of the supplementary budget, there has been an increase in investment in construction related to recovery from the earthquake and tsunami. Construction investment in other fields, however, has been weak, and the Company continued to face an environment of low order levels during the term.

Amid these circumstances, the Nishimatsu Group recorded net sales of ¥263.9 billion on a consolidated basis, up 2.4% over the previous term.

Regarding earnings, we succeeded in reducing selling, general & administrative expenses by 18.2% year on year, but owing to a deterioration in the profitability of certain construction projects in progress, operating income declined by 16.5% year on year, to ¥2.6 billion. Ordinary profit, on the other hand, rose by 49.1% to ¥3.4 billion, mainly thanks to a reversal of allowance for doubtful accounts and a decrease in interest expense.

Regarding current-term net profit or loss, a gain on the sale of investment securities was reported as extraordinary income, but allowance for loss on construction projects completed during the reporting term were reported as extraordinary loss, as a result of which net income for the term came to ¥2.7 billion, for a year-on-year increase of 94.5%.

New Medium-Term Business Plan

Turning to the prospects for the Japanese construction industry in the near term, construction orders placed by the public sector are trending at a low level except for post-disaster recovery demand. Meanwhile, private-sector capital investment is expected to post a gradual recovery in line with improving corporate business results, but in view of the existence of number of risk factors, including overseas economic trends, sharp fluctuations on the foreign exchange market, and constraints on electric power supply in Japan, construction orders are likely to remain at a low level.

The Japanese construction industry is also

suffering from its own unique issues, such as rising labor expenses caused partly by a shortage of qualified construction technical personnel. Companies in the industry are thus likely to face a continued severe business environment.

As part of the Nishimatsu Re-birth Plan 2009, a revised medium-term business plan that the Group has been pursuing since 2009, we have been engaging in full-scale activities in the field of corporate social responsibility (CSR). Concurrently, we adopted a regional headquarters system to help establish an organizational structure in line with the scale of our business operations, and we have seen a steady improvement in our response

Business Strategy

Basic Policies

- ◆ Build a stable earnings base (customers, organization, human resources)
- ◆ Establish new businesses as earnings drivers (overseas projects, real estate development)
- ◆ Establish a comprehensive service from planning through to maintenance

Specific Measures

Civil Engineering Business

Secure increased number of large-scale orders by strengthening ability to secure public-sector orders under “Comprehensive Evaluation Method,” bolstering overseas operating system, and reducing total costs through greater collaboration with cooperating companies, and other factors.

Building Construction Business

Raise competitiveness in securing orders by forging business relationships with customers at the early stage of projects. Reduce total costs through improved purchasing capabilities and higher productivity. Raise customer satisfaction levels through enhanced after-sales services.

Real Estate Development and Other Real Estate Operations

Focus efforts on real estate development and other real estate operations that promise to yield high-level customer satisfaction. Establish “Nishimatsu Brand” by optimally leveraging high-level technology and construction abilities to create strong relationships of trust with customers over the medium-to-long term.

New Businesses

Expand sphere of business operation to areas peripheral to the Group’s traditional businesses. Create new businesses by leveraging technical know-how through collaboration with companies in different industries.

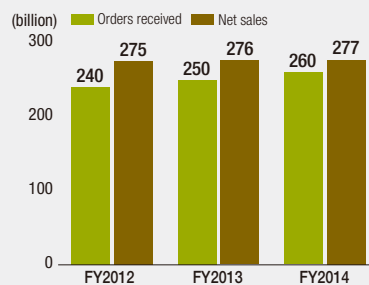
Business Targets (consolidated)

Fiscal 2014

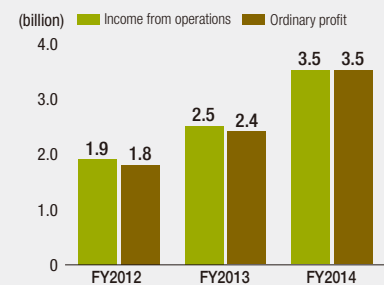
Net sales
¥**277.0** billion

Income from operations
¥**3.5** billion

Orders received / Net sales



Income from operations / Ordinary profit



to risks involved in overseas projects and R&D. In these ways, we believe we have laid the groundwork for the re-birth of Nishimatsu Construction as a robust company, and we will now focus on addressing the remaining major issue: securing a steady flow of orders received and income for our Construction Operations.

The Group has positioned the three-year period from fiscal 2012 to fiscal 2014 as a period for achieving growth by the “Reborn Nishimatsu,” and we have drawn up the Medium-Term Business Plan 2014 to cover that period. To enable the attainment of our goals under this plan, in April of this year we introduced a system of business divisions at the parent company. This system is aimed at integrating marketing divisions with the corresponding construction divisions so as to create an organizational structure that is more actively responsive to customer needs. At the same time, this is aimed at

helping raise operational competitiveness and realizing organizational operation accompanied by greater management accountability. In these ways, we believe, we will achieve improved business performance.

In order that the Group shall fulfill its responsibilities to the local communities in which it operates as well as to society as a whole, we aim to ensure that all members of management and other employees embrace a strong commitment to professionalism, so that we will be regarded as an irreplaceable corporate presence by our stakeholders, local communities, and society at large.

近 藤 晴 貞

Harusada Kondo

Representative Director and President

REVIEW OF OPERATIONS

◆ CIVIL ENGINEERING

Net sales of civil engineering operations for the year came to ¥89.0 billion (US\$1.08 billion), a drop of 13.1% from the previous year.

Based on our technologies accumulated over many years, we will develop and adopt even newer technologies with the goal of creating comfortable environments for people's lives and for the world through infrastructure building.

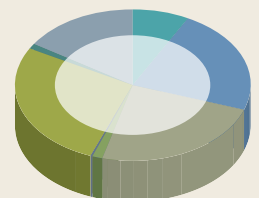


Major 5 Domestic Civil Engineering Projects (Completed)		
	Name of Project	¥ million
1	Chigiri Tunnel Construction, Shin Tomei Expressway	2,736
2	Cooling Water Intake Facility Construction and Other Works, Joetsu Thermal Power Plant Stage 1	2,135
3	Phase 2, Water Treatment Facility Construction (Stage 4), Nanbu Water Treatment Plant	1,904
4	Odaka Minami Construction Section, Joban Expressway	1,898
5	Tatesawa Tunnel Construction, Hokkaido Shinkansen	1,672

Sales Breakdown by Project

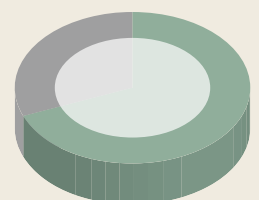
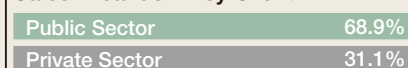


¥89.0 billion



¥89.0 billion

Sales Breakdown by Client



◆ BUILDINGS

Net sales of building operations for the year came to ¥153.3 billion (US\$1.87 billion), a rise of 18.1% from the previous year. Continued fierce price competition is anticipated.

Effectively using our building technologies developed in a wide range of fields along with our most advanced technologies, we seek the harmonious integration of people, nature, and buildings.



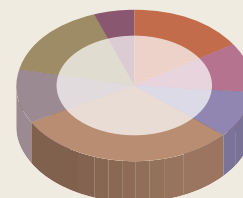
- 1 Yokorei Hokko Logistic Center Construction
- 2 Goi Kinder Garden Construction
- 3 Tokai Central Hospital Renovation, Japan Mutual Aid Association of Public School Teachers
- 4 New Building Construction (I-1, I Town Area), Loop Route No.2 Shinbashi/Toranomon Area 2nd Class Urban Redevelopment Plan

Major 5 Domestic Building Projects (Completed)		
Name of Project	¥ million	
1 Improve Military Family Housing Phase 6, Kadena AB	11,072	
2 Central Japan Railway Company Staff Training Center Construction	6,260	
3 New Building Construction (I-1, I Town Area), Roop Route No.2 Shinbashi/Toranomon Area 2nd Class Urban Redevelopment Plan	4,454	
4 Tokai Central Hospital Renovation, Japan Mutual Aid Association of Public School Teachers	4,324	
5 Tokai Kanden Building Construction	3,909	

Sales Breakdown by Project

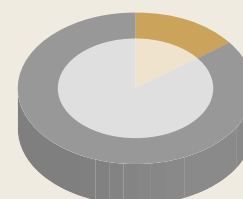


¥153.3 billion



¥153.3 billion

Sales Breakdown by Client



OVERSEAS ACTIVITIES

Hong Kong

In Hong Kong, two new, large-scale civil engineering projects were awarded to Nishimatsu, with works commencing June 1, 2011.

Contract SIL 902 is a critical part of MTRC's South Island Line (East), a medium-capacity railway feeding into the MTR network at Admiralty from the Southern District of Hong Kong. The project includes the design and construction of Nam Fung Tunnel and two ventilation shafts. The tunnel is approximately 3.3km long and extends across Hong Kong Island from Admiralty Station in the north to the Nam Fung Ventilation Building in the south.

Since the commencement of the project on June 1, 2011, progress has continued at the following works: new site magazine at Chung Hom Shan, site formation works, enabling works, bored piling works and shaft construction works at the tunnel portal for Nam Fung. Site preparation, utility diversions, traffic diversions, tree transplanting, staged demolition works, pipe-piling works and construction of new transformer building and LCSD Refuse Collection Point have all made progress in the densely populated urban environment of Hong Kong Park. The construction of a new barging facility at Telegraph Bay is in progress, with completion scheduled in May 2012.

Contract KTE 1001 forms the largest single contract of MTRC's Kwun Tong Line Extension, which runs from west to east across the Kowloon peninsula. The project consists of approximately 2.3km of drill-and-blast running tunnels connecting the existing Yau Ma Tei Station in the west with a new Whampoa Station in the east (to be built under a separate contract). The works include substantial re-provisioning works for the connection to the existing Yau Ma Tei overrun tunnels together with a new Wylie Road Ancillary Building and the construction of a substantial new interchange station at Ho Man Tin, constructed within large scale site formation works by drill-and-blast method. At the end of March 2012, the diversion of a critical 900mm water main had been completed on schedule, substantial bulk excavation for the site formation was progressing along with the excavation of production shafts for the tunneling works at Fat Kwong Street and Wylie Road Ancillary Building and the reprovisioning works at Gascoigne Road.

Our Hong Kong West Drainage Services Tunnel project is still in its peak period of construction activity and is scheduled to be substantially completed in mid-2012.

During the year, the project teams' hard work and high quality was recognized by receipt of the International Tunneling Award for Tunneling Project of the Year (\$100m to \$1bn category).

The project comprises 10km of large-diameter hard rock tunneling (by tunneling boring machine), a further 8km of drill-and-blast adits, and 32 drop shafts with associated intake structures. The excavation works for the 8km of adit construction using the drill-and-blast method were completed from the East tunnel in April 2011 and from the West Tunnel in November 2011. In-situ lining works to the adits continue rapidly, closely followed by cleaning and inspection works.

Above ground, 15 out of 32 intake structure sites have

been certified as substantially completed, with a further ten nearing substantial completion. The remaining seven intakes structures are now at peak production. Beneath the intake structures, 23 deep shafts have been excavated since June 2010 by the raise-boring method, with the final shaft due to be completed in May 2012. The remaining nine deep shafts are being constructed using a combination of reverse circulation drilling and mechanical excavation methods.

For MTRC West Island Line Target Cost Contract 704, we have overcome many challenges on site constraints and Government approvals and have made significant progress during the year. We are on course to complete the major excavation works for the two large underground caverns for Hong Kong University Station and Sai Ying Pun Station by mid-2012. The running tunnels connecting the two stations were broken through in December 2011, and we have commenced the lining concrete works to these tunnels. The running tunnels on the west end of Hong Kong University Station has also reached the bifurcation point with the adjacent Kennedy Town Station. The underground crusher and conveyor system including the vertical conveyor at Praya Shaft have performed very well for the disposal of excavated materials.

Works on the construction of the seven entrances continue in full swing. The deep shafts for Hong Kong University Station Entrance C1 and Vent Shaft VZ4 has reached near the crown of the mini-cavern while the deep shaft excavation for Hong Kong University Station Entrance A is ongoing. Excavation at Hong Kong University Station Entrance C2 is completed and structure work has commenced. Excavation for Hong Kong University Station Entrance B1 has commenced in preparation for a short section of inclined adit drive. Excavation for Sai Ying Pun Station Entrance B3 is due for completion in mid-2012 while bored piling works for Entrance B1/B2 are still in progress. Excavation for Entrance C has commenced after demolition of an existing building and pipe piling works around the shaft.

Our focus on implementation of an integrated management system for Health and Safety, Environmental and Quality management across the business remains a key objective for our Hong Kong operation. Many top class safety awards were gained during the period for our current projects, as follows.

Kwun Tong Line Extension 1001

- MTRC's DNV Independent Audit Highest Audit Score Award, Contractors' Supervisor Safety Award and Best Near Miss Report, Grand Safety Award.



Construction of Large Cavern for Sai Ying Pun Station, C704 (Hong Kong)

South Island Line (East) 902

- MTRC's Grand Safety Award (the Best Safety Contractor Award across all MTRC Projects under construction); MTRC's Gold Safety Award; DNV Independent Audit Highest Audit Score Award; Best Site Condition Award; Lowest Reportable Accident Frequency Rate Award; Best Near-miss Report Award. From Labour Department: the Meritorious Prize in the Safety Teams Category

West Island Line 704

- MTRC's Highest DNV Audit Award, Best Near Miss Report (2 Nos.), Contractors' Supervisor Award (Runner Up)

Our proactive environmental management system has extended our record of '0' convictions again this year.

In addition, on October 29, 2011, our Corporate Social Responsibility (CSR) program joined the worldwide coastal cleanup initiative for the second year. More than 140 staff participated in this event and collected more than 500kg of rubbish. To further expand our CSR contribution in 2011, our 704 and 902 projects have organized blood donation events at their respective site offices, with many staff voluntarily joining, to support people in the communities in which we work.

One member of staff participated in the "Mount Kinabalu Charity Climb" to raise funds on behalf of the Lighthouse Club for injured construction workers and their families. The Hong Kong Branch of Nishimatsu together with their business partners also initiated emergency fundraising for the relief of those affected by the Japan earthquake in March 2011.

Thailand

In 2011, Thailand was struck by massive flooding mainly in central regions such as Ayutthaya Province, as rivers rose after heavy rain starting towards the end of July around northern and northeastern parts of the country. As a result, a number of factories of companies in the industrial estates in the region were brought to a standstill.

In such a situation, we have launched post-flood restoration works to support clients suffering damage. At the same time, we successfully completed many projects including the Eternal Sakata Inx New Factory, IWCT New Building of Inoac Industries (Thailand) Co., Ltd., SASC New Factory of Steel Alliance Service Center Co., Ltd., Land Fill Work for New MSG Factory - Ajinomoto Co., (Thailand) Ltd., Phase 2 Extension of Mold Stock Area including Crane for Asian Parts Manufacturing Co., Ltd. and New Warehouse for



Eternal Sakata Inx New Factory (Thailand)

Bridgestone Tire Manufacturing (Thailand) Co., Ltd.

We were also awarded various contracts such as the Phase 1 – New Factory for Daihen Electric Co., Ltd., BTMT Phase 4 Project for Bridgestone Tire Manufacturing (Thailand) Co., Ltd., AKST 1 New Factory for Asahi Kasei Spunbond (Thailand) Co., Ltd., Technical Center for Thai Koito Co., Ltd., AYT-Project MSG-Factory for Ajinomoto Co., (Thailand) Ltd. and HATC Taikai Project Line 1 (AF and VQ Section, MS-AF Building) for Honda Automobile (Thailand) Co., Ltd. Currently we are in the final stages of conclusion of a contract for a new FSTH factory.

Thailand has boasted smooth economic growth in recent years since overcoming both the Asian currency crisis and the global financial crisis. However, the GDP growth rate, which was 7.8% in 2010, is likely to fall to about 0.1% due to the flooding in 2011. On the other hand, it is now back on course for recovery, and 2012 GDP growth is expected to exceed 5%.

In addition, it is further expected that construction investment in 2012 will remain strong and steady thanks to large-scale infrastructure investment by the government in flood-related precaution and other areas.

Moreover, according to The Board of Investment of Thailand (BOI), investment by Japanese companies has increased continuously even after the flooding. Although the impact on Japanese companies from the flooding was reportedly about 100 billion Baht, it was stated that almost all are looking to stay in business in Thailand. Thus, in the future, an increase is expected in high-level construction investment for post-flood restoration and precautionary measures, in new factories for newly arrived companies and in more corporate facilities.

Thai Nishimatsu Construction Company will bring to bear all its capabilities in responding comprehensively to the expectations of clients, ensuring safety in construction, and always aiming for the next stage.

Singapore

Singapore's Building and Construction Authority (BCA) released statistics in January 2012 showing that construction demand in the city state increased by 16% from S\$27.6 billion (¥1.72 trillion) in 2010 to S\$32 billion in 2011. The increase was due to public sector construction demand (housing projects and MRT Downtown Line Stage 3 (DTL3)), as well as private sector projects to build residences and industrial and major utilities plants. BCA forecasts that 2012 construction demand is likely to be between S\$21 to S\$27 billion.

The construction and completion of the Land Transport Authority (LTA)'s Contract 929A, (construction and completion of tunnels between Ubi and Kaki Bukit stations, and Reception Tunnels), is one of the contract packages in the DTL3 project. Nishimatsu Construction Co., Ltd. was awarded the Contract 929A package in February 2011. Works progress is satisfactory and fabrication of the 1st tunnel boring machine has been completed. It is due to commence boring works later in the first half of 2012.

SP PowerAssets, provider of electricity transmission

and distribution services in Singapore, invited tenders for the design and building in late 2011 of tunnels to house electricity cables. A total of six contract packages were placed for bids. Nishimatsu has submitted a bid in the first half of 2012.

For 2013 and 2014, average construction demand is expected to range between S\$19 billion and S\$27 billion per year. Public sector construction demand is likely to reach between S\$12 billion and S\$15 billion a year in 2013 and 2014, with about 60% of the total demand coming from building projects, while the remaining 40% will come from civil engineering projects.

Nishimatsu will examine these and other opportunities, while building up its core professional and supervisory teams to meet the challenges ahead.

Vietnam

In 2011, Vietnam's real estate investment boom petered out, with prominent construction projects involving condominium buildings and other rental apartment blocks and office buildings coming to a halt.

More positive factors were an expected increase in investment diversification (benefiting Vietnam) by Japanese manufacturers in light of the Great East Japan Earthquake and the flooding disaster in Thailand, and expected urban developments by joint-venture partnerships between local property developers and Japanese railway companies.

Under such circumstances, a new industrial park targeting Japanese corporations is being developed in Dong Nai Province in the south, with development work on the 270 ha site led by local food maker Dong Nai Import Export Processing Agricultural Products and Foods Company and three Japanese companies, Sojitz Corporation, Daiwa House Industry Co., Ltd., and KOBELCO ECO-SOLUTIONS CO., LTD.

In March 2012, Nishimatsu Construction won orders in land reclamation and infrastructure project tenders for the first phase at the end of 2011. As the reclamation and infrastructure works near their end, it is expected that many Japanese companies will establish new plant at the site. Nishimatsu is determined not to miss out on ensuing opportunities, and will seek to boost orders for new factory construction from Japanese companies.

In the north of the country, meanwhile, at Thang Long Industrial Park II, a contract we won last year, infrastructure works are more or less complete. We won an order in March



Construction and Completion of Infrastructure Works under Second Stage of Thang Long Industrial Park II (Vietnam)

2012 for construction of a main plant for Panasonic Vietnam Co., Ltd.

With a total floor area of some 24,000m², this facility including a washing-machine factory and research and development facilities will be Panasonic's main manufacturing hub in Vietnam.

Nishimatsu plans to further develop the factory-construction business in northern Vietnam, based on its track record in this field to date. Meanwhile, the construction market remains promising, with projects financed by Japanese ODA (yen loans), including subway tunnels and other urban railway, and water treatment facilities in the offing. For us, the ODA-related construction market is attractive.

However, delays in securing construction sites and obtaining payment, one-sided contracts and other problems constitute considerable country risk in Vietnam.

Looking ahead, we plan to narrow down the list to projects suited to our technologies after full scrutiny of unclear points in licensing requirements, bureaucratic procedures and legal interpretations.

Malaysia

The Malaysia Office of Nishimatsu Construction Co., Ltd. was incorporated in September 1993. Since then, we have taken part in many civil engineering and building projects. Currently, we have two main on-going civil engineering projects.

The Design and Build Negotiated Contract for Kuching City Central Wastewater Management System: Centralised Sewerage for Kuching City Centre (Package 1) is progressing on schedule and will be completed in April 2014.

The Pahang-Selangor Raw Water Transfer Project, Lot 1-1, Water Transfer Tunnel and Related Works project, launched in 2009, entered its third year this year. The works are half complete, with excavation works now getting into full swing.

Malaysia's GDP growth rate slowed from 7.2% in fiscal 2010 to 5.1% in fiscal 2011, reflecting the impact of the economic crisis in Europe. Looking ahead, steady growth of 4% to 5% is predicted for the country.

In the construction sector, many infrastructure projects are planned, including works on the Kuala Lumpur metro system, which will ease the capital's chronic congestion problems, and an undersea tunnel project linking the Malay peninsula with the island of Penang. Another undersea tunnel project is also planned to link Johor state and Singapore.

The Sarawak Corridor of Renewable Energy (SCORE), which the Sarawak State Government is undertaking for effective use of the state's abundant water resources, includes an energy development project (hydroelectric power generation). SCORE has garnered attention as next-generation renewable energy developments, not only inside Malaysia but also from abroad.

We will continue to work for our clients and the nation of Malaysia.

Built-in Damper (BiD) Frame Method

Seismic-dampening and reinforcing method without use of space-consuming braces

Seismic-resistance diagnostics on apartment complexes have shown that an increasing number of properties built some time ago need reinforcement works. However, little progress has been made, for various reasons, including the need to temporarily empty the properties of tenants during interior works, to ensure sufficient daylight after the works, and to avoid negative impact on building appearance from installation of braces on verandas. In addition, with medium- to high-rise apartment complexes, it is sometimes difficult to apply ordinary reinforcement methods and techniques to enhance structural strength and resilience. To help resolve these problems, Nishimatsu Construction and Kozo Keikaku Engineering Inc. have jointly developed a highly “open” method (without brace-strengthening) by incorporating a seismic-dampening (Built-in Damper) system into external structural pillars.

With this method, it is possible to quake-proof structures built some time ago by incorporating in the middle sections of external steel columns a seismic-dampening system including viscoelastic dampers which absorb seismic energy, and an axial force transmitting mechanism which disperses the axial force of the pillars.

The design features an external steel beam frame in the verandas and/or corridors of apartment complexes, and is integrated with the building through expansion of floor space. The major advantages of this system are that (1) it is applicable to not only low-rise but also mid-to-high-rise buildings, (2) works can be carried out without the tenants having to move out, and (3) there is no adverse impact on building appearance as this reinforcement method does not use braces in the open spaces, so there are no sunlight obstructions or aesthetic impediments. The direct evaluation of the seismic performance by time-history response analysis of the effect of seismic waves on buildings in simulations is employed as a design method.

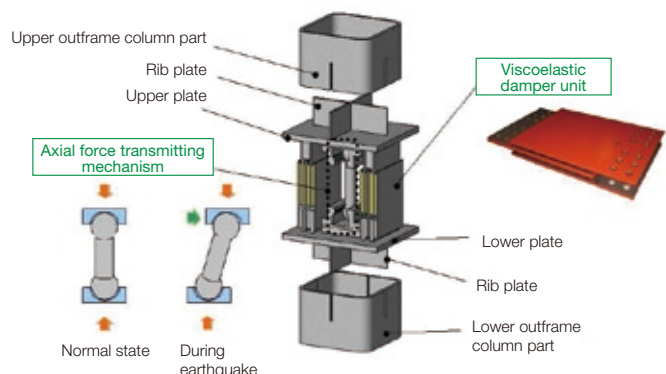
At our Aikawa Technical Research Institute, we have carried out load testing to confirm performance levels using full-scale frames. In January 2012, we obtained building technological performance certification (GBRC No. 11-20) at the General Building Research Corporation of Japan, for the seismic-resistance performance and design guidelines of the method.

Looking ahead, we plan to continue to meet the seismic-resistance needs of medium- to high-rise apartment complexes, hospitals, schools and other buildings that need further seismic reinforcement.

■ Artist's impression of reinforced building



■ Seismic-dampening system



Middle-fluidity concrete

Middle-fluidity concrete using Glenium® 6500 series superplasticizer, for production in all types of concrete plant, at low cost

Middle-fluidity concrete with a slump-flow of 35-50cm is less costly to make than high-fluidity concrete, though extra compacting work is required. It is used in places needing dense steel reinforcement and tunnel linings.

With enhanced-liquidity concrete such as middle-fluidity concrete, the methods adopted to prevent ingredient separation are addition of mixed materials such as fly ash or a thickening agent. Various problems arise because of this, including high costs depending on the facilities used at ready-mix concrete plants, and difficulties in production itself.

Middle-fluidity concrete offered by Nishimatsu Construction, which uses Glenium® 6500 series superplasticizer (a component of a high-performance air entraining and water reducing agent together with

thickening agent), enables low-cost manufacture at all types of concrete plant.



Slump-flow checking

[Features]

- Concrete with high filling capacity can be produced at low cost
- Middle-fluidity concrete can be made at all types of ready-mix plant

OUR RESPONSE TO ENVIRONMENTAL ISSUES

As the movement for creation of a “sustainable society” gathers strength, the importance of the responsibilities and roles of the enterprise in this endeavor have increased.

Nishimatsu Construction has set up a Comprehensive Environmental Committee, a company-wide, cross-functional organization that sets environmental performance targets and reviews environmental issues. The policies and proposals considered by this Committee are reported to top management, and decisions are implemented proactively throughout the whole company.

Our main environmental preservation initiatives comprise our “3 Rs” approach to by-products of construction (reduction, reuse and recycling of materials), global-warming measures and biodiversity protection.

In our “3 R” activities, we aim to increase the recycling rate for industrial waste. We have reduced mixed waste through segregation and outsourced its processing to top-flight waste treatment contractors with high recycling rates.

As part of our activities to combat global warming, we have held seminars on fuel-saving operation of vehicles and heavy construction machinery at our construction sites, and have also implemented training

activities aimed at controlling fuel consumption. At our local offices and head office, branch offices and sales offices, we have spared no effort to reduce CO₂ emissions by reducing energy consumption through measures such as rigorous lights-off rules and adoption of low-energy lighting equipment.

In activities aimed at protecting biodiversity, we plan, design and carry out our building projects while giving due consideration to biodiversity, under our Nishimatsu Construction biodiversity action principles.

We have also researched and developed technologies to combat atmospheric, soil and other forms of pollution, and continue to incorporate them into our environmental protection businesses. In addition, we ensure our social infrastructure projects are environment-friendly from the design stage. Amid rising pressure in recent years for greater use of renewable energy sources, we offer proposals to customers wishing to introduce solar power generation systems.

All these environmental activities at Nishimatsu are carried out under the ISO14001 environmental management system, for which we have certification.

We will further step up our commitment to handing over our irreplaceable global environment intact to coming generations.

FINANCIAL SECTION

Nishimatsu Construction Co., Ltd.

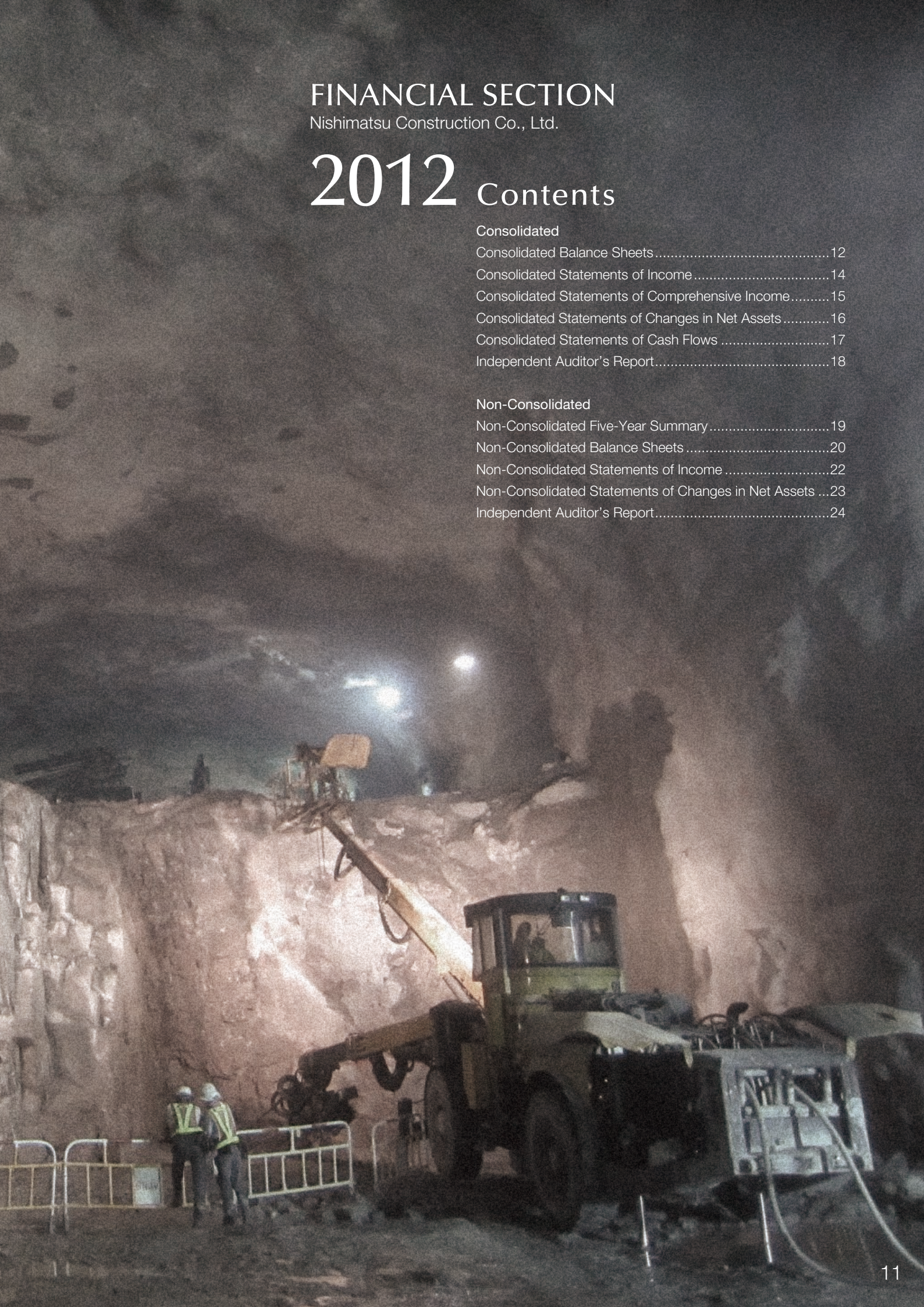
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Consolidated Balance Sheets

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2011	2012	2012
Assets			
Current assets:			
Cash and time deposits (Notes 2 and 16)	¥ 64,244	¥ 40,885	\$ 497,441
Marketable securities (Note 2)	—	69	846
Notes and accounts receivable, trade:			
Notes (Notes 14 and 16)	2,319	4,204	51,154
Accounts (Note 16)	86,990	108,878	1,324,709
Allowance for doubtful accounts (Note 2)	(1,584)	(724)	(8,806)
Inventories (Note 2)	46,685	35,860	436,300
Deferred income taxes (Notes 2, 5 and 10)	32	31	378
Advance paid	17,575	18,103	220,257
Other current assets	6,427	6,634	80,719
Total current assets	222,688	213,940	2,602,998
Investments and other assets:			
Investment securities (Notes 2, 7, 12 and 16)	45,176	45,610	554,929
Investments in subsidiaries and affiliates	343	371	4,508
Others	8,300	6,639	80,782
Allowance for doubtful accounts (Note 2)	(2,087)	(1,775)	(21,601)
Total investments and other assets	51,732	50,845	618,618
Property and equipment (Notes 2 and 12):			
Land	33,710	34,324	417,621
Buildings	51,853	52,508	638,856
Machinery and equipment	10,131	9,623	117,088
Accumulated depreciation	(38,116)	(38,716)	(471,055)
Total property and equipment	57,578	57,739	702,510
Total assets	¥331,998	¥322,524	\$3,924,126

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2011	2012	2012
Liabilities and net assets			
Current liabilities:			
Short-term debt from banks (Notes 8 and 16)	¥ 22,060	¥ 9,567	\$ 116,396
Current portion of long-term debt (Note 8)	10,579	14,132	171,944
Notes and accounts payable, trade:			
Notes (Notes 14 and 16)	8,793	13,660	166,205
Accounts (Note 16)	74,167	84,389	1,026,759
Advances received on uncompleted contracts	24,278	17,194	209,199
Provision for warranties for completed construction (Note 2)	1,253	2,037	24,787
Provision for bonuses (Note 2)	26	665	8,089
Provision for loss on construction contracts (Note 2)	7,924	4,320	52,561
Accrued income taxes	177	144	1,751
Employees' deposits	4,763	4,299	52,312
Provision for loss on real estate business and other (Note 2)	1,296	2	24
Provision for loss on compensation for damage (Note 2)	390	390	4,741
Asset retirement obligations (Note 18)	13	21	250
Deposits received	19,333	16,905	205,679
Other current liabilities	2,002	2,016	24,532
Total current liabilities	177,054	169,741	2,065,229
Long-term liabilities:			
Long-term debt (Notes 8 and 16)	25,708	21,048	256,090
Accrued retirement benefits (Notes 2 and 9)	1,667	2,939	35,761
Deferred income taxes (Notes 2, 5 and 10)	8,982	8,044	97,867
Provision for environmental measures (Note 2)	225	226	2,749
Asset retirement obligations (Note 18)	190	179	2,173
Other long-term liabilities	3,728	3,501	42,601
Total long-term liabilities	40,500	35,937	437,241
Total liabilities	217,554	205,678	2,502,470
Net assets:			
Common stock:			
Authorized – 800,000,000 shares			
Issued and outstanding – 277,957,513 shares	23,514	23,514	286,089
Capital surplus	20,780	20,780	252,833
Retained earnings	63,877	65,500	796,934
Treasury stock, at cost	(226)	(227)	(2,761)
Unrealized gain on available-for-sale securities	6,563	7,354	89,477
Equity adjustment from foreign currency translation	(444)	(503)	(6,122)
Minority interests	380	428	5,206
Total net assets	114,444	116,846	1,421,656
Total liabilities and net assets	¥331,998	¥322,524	\$3,924,126

Consolidated Statements of Income

For the years ended March 31, 2011 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2011	2012	2012
Net sales (Note 2):			
Completed construction contract.....	¥232,400	¥246,608	\$3,000,467
Real estate business and other.....	25,456	17,321	210,738
	257,856	263,929	3,211,205
Cost of sales (Note 2):			
Cost of completed construction contract.....	227,575	235,172	2,861,325
Cost of real estate business and other.....	12,105	13,828	168,235
	239,680	249,000	3,029,560
Gross profit.....	18,176	14,929	181,645
Selling, general and administrative expenses	15,002	12,277	149,382
Income from operations.....	3,174	2,652	32,263
Other income (expenses):			
Interest and dividend income.....	986	1,535	18,675
Interest expenses.....	(1,693)	(1,064)	(12,940)
Financing expenses (Note 3).....	154	(371)	(4,514)
Gains on sales of investment securities.....	18	1,047	12,741
Gains on sales of fixed assets.....	2,404	240	2,914
Loss for completed work indemnification.....	—	(1,565)	(19,040)
Reversal of allowance for doubtful accounts.....	616	1,171	14,242
Loss on impairment of long-lived assets.....	(2,421)	—	—
Loss on valuation of investment securities.....	(1,230)	(308)	(3,750)
Foreign currency exchange loss.....	—	(343)	(4,174)
Loss on adjustment for changes of accounting standard for asset retirement obligations.....	(78)	—	—
Provision for loss on compensation for damage.....	(390)	—	—
Provision for environmental measures.....	(218)	(1)	(18)
Other – net.....	317	(596)	(7,232)
	(1,535)	(255)	(3,096)
Income before income taxes and minority interests	1,639	2,397	29,167
Income taxes (Notes 2, 5 and 10):			
Current.....	243	296	3,605
Deferred.....	(300)	(711)	(8,652)
	(57)	(415)	(5,047)
Income before minority interests.....	1,696	2,812	34,214
Minority interests	(291)	(80)	(972)
Net income	¥ 1,405	¥ 2,732	\$ 33,242
Per share of common stock (Note 20):			
Net income.....	¥5.07	¥9.85	\$0.120
Cash dividends applicable to the year.....	4.00	4.00	0.049

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2011 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2011	2012	2012
Income before minority interests	¥1,696	¥2,812	\$34,214
Other comprehensive income:			
Valuation difference on available-for-sale securities	(3,113)	791	9,624
Foreign currency translation adjustment	(135)	(90)	(1,096)
	(3,248)	701	8,528
Comprehensive income	(1,552)	3,513	42,742
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent	(1,818)	3,464	42,148
Comprehensive income attributable to minority interest	266	49	594

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2011 and 2012

	Millions of yen							
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gain on available-for-sale securities	Equity adjustment from foreign currency transaction	Minority interests	Total net assets
Balance at March 31, 2010	¥23,514	¥20,780	¥62,474	¥(226)	¥9,676	¥(334)	¥715	¥116,599
Dividends declared			(1,109)					(1,109)
Net income			1,405					1,405
Purchase of treasury stock				(4)				(4)
Disposal of treasury stock			(3)	4				1
Change of scope of consolidation			1,110					1,110
Changes in unrealized gain on available-for-sale securities					(3,113)			(3,113)
Changes in foreign currency translation						(110)		(110)
Changes in minority interests							(335)	(335)
Balance at April 1, 2011	¥23,514	¥20,780	¥63,877	¥(226)	¥6,563	¥(444)	¥380	¥114,444
Dividends declared			(1,109)					(1,109)
Net income			2,732					2,732
Purchase of treasury stock				(2)				(2)
Disposal of treasury stock			0	1				1
Changes in unrealized gain on available-for-sale securities					791			791
Changes in foreign currency translation						(59)		(59)
Changes in minority interests							48	48
Balance at March 31, 2012	¥23,514	¥20,780	¥65,500	¥(227)	¥7,354	¥(503)	¥428	¥116,846

	Thousands of U.S. dollars (Note 6)							
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gain on available-for-sale securities	Equity adjustment from foreign currency transaction	Minority interests	Total net assets
Balance at April 1, 2011	\$286,089	\$252,833	\$777,196	\$(2,752)	\$79,853	\$(5,405)	\$4,623	\$1,392,437
Dividends declared			(13,493)					(13,493)
Net income			33,242					33,242
Purchase of treasury stock				(27)				(27)
Disposal of treasury stock			(11)	18				7
Changes in unrealized gain on available-for-sale securities					9,624			9,624
Changes in foreign currency translation						(717)		(717)
Changes in minority interests							583	583
Balance at March 31, 2012	\$286,089	\$252,833	\$796,934	\$(2,761)	\$89,477	\$(6,122)	\$5,206	\$1,421,656

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

For the years ended March 31, 2011 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2011	2012	2012
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 1,639	¥ 2,397	\$ 29,167
Adjustment for:			
Depreciation and amortization	1,828	1,822	22,163
Loss on impairment of long-lived assets	2,421	—	—
Increase (decrease) in allowance for doubtful accounts	(517)	(1,170)	(14,233)
Increase (decrease) in provision for loss on construction contracts	4,595	(3,604)	(43,850)
Increase (decrease) in provision for loss on compensation for damage	390	—	—
Increase (decrease) in provision for retirement benefits	447	1,272	15,482
Provision for special extra retirement payments etc for early retirement programs	(5,471)	—	—
Increase (decrease) in provision for environmental measures	225	1	18
Loss (gain) on sales of investment securities	39	(1,047)	(12,741)
Loss (gain) on sales of property and equipment	(2,377)	(250)	(3,039)
Interest and dividend income	(986)	(1,344)	(16,351)
Interest expenses	1,693	1,064	12,940
Decrease (increase) in notes and accounts receivable	51,228	(23,786)	(289,399)
Decrease (increase) in inventory	20,632	9,430	114,731
Increase (decrease) in notes and accounts payable	(23,759)	15,121	183,979
Increase (decrease) in advance received on uncompleted contracts	(19,074)	(7,076)	(86,095)
Others	(3,103)	(3,699)	(45,022)
Sub-total	29,850	(10,869)	(132,250)
Interest and dividend received	1,009	1,358	16,517
Interest paid	(1,768)	(1,185)	(14,413)
Income taxes paid	(1,026)	(251)	(3,050)
Net cash provided by (used in) operating activities	28,065	(10,947)	(133,196)
Cash flows from investing activities:			
Payment for purchases of marketable and investment securities	(209)	(1,073)	(13,050)
Proceeds from sale of marketable and investment securities	333	1,460	17,759
Acquisition of property and equipment	(4,842)	(1,106)	(13,453)
Proceeds from sale of property and equipment	5,208	621	7,560
Disbursements for loans	(989)	(733)	(8,921)
Proceeds from collection of loans	2,998	3,361	40,887
Payments of long-term time deposits	150	—	—
Others	704	716	8,710
Net cash provided by investing activities	3,353	3,246	39,492
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	(18,163)	(12,413)	(151,025)
Borrowing of long-term debt	14,783	20,000	243,339
Repayment of long-term debt	(9,817)	(20,846)	(253,627)
Redemption of bonds with subscription rights to shares	(12,500)	—	—
Cash dividends paid	(1,110)	(1,109)	(13,491)
Others	(881)	(759)	(9,248)
Net cash used in financing activities	(27,688)	(15,127)	(184,052)
Effect of exchange rate changes on cash and cash equivalents	(610)	(167)	(2,030)
Net increase (decrease) of cash and cash equivalents	3,120	(22,995)	(279,786)
Cash and cash equivalents at beginning of year (Note 2)	60,835	63,880	777,227
Decrease in cash and cash equivalents due to the unconsolidated subsidiaries	(75)	—	—
Cash and cash equivalents at end of year (Note 2)	¥63,880	¥40,885	\$497,441

The accompanying notes are an integral part of these statements.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Nishimatsu Construction Co., Ltd.

We have audited the accompanying consolidated financial statements of Nishimatsu Construction Co., Ltd. and its subsidiaries, which comprise the consolidated balance sheets as of March 31, 2012, and the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Nishimatsu Construction Co., Ltd. and its subsidiaries as of March 31, 2012, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The United States dollar amounts shown in the consolidated financial statements referred to above have been translated solely for convenience. We have recomputed the translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into United States dollars on the basis described in Note 6.

Tokyo, Japan
June 28, 2012



GYOSEI & Co.
Certified Public Accountants

Non-Consolidated Five-Year Summary

Millions of yen

	2008	2009	2010	2011	2012
Orders received	¥402,478	¥276,678	¥258,889	¥229,778	¥249,925
Orders received from overseas	46,752	21,245	41,091	15,387	46,176
Percentage of orders received from overseas	11.6%	7.7%	15.9%	6.7%	18.5%
Net sales	414,037	408,859	390,296	255,452	253,516
Cost of sales	390,837	381,109	375,858	237,564	239,525
Selling, general and administrative expenses	21,077	21,452	19,250	14,488	11,859
Income (loss) before income taxes	(2,032)	5,148	(18,657)	2,248	1,559
Net income (loss)	(3,238)	1,664	(36,971)	2,882	2,001
Percentage of income (loss) against net sales	(0.8%)	0.4%	(9.5%)	1.1%	0.8%
Total assets	623,580	568,131	397,883	317,794	310,537
Net assets	163,692	148,523	114,083	112,764	114,480
Percentage of net assets against total assets	26.3%	26.1%	28.7%	35.5%	36.9%
Common stock	23,514	23,514	23,514	23,514	23,514
Per share of common stock (in yen):					
Net income (loss)*	¥ (11.67)	¥ 6.00	¥ (133.32)	¥ 10.39	¥ 7.22
Cash dividends applicable to the year	9.00	4.00	4.00	4.00	4.00
Net assets	590.08	535.56	411.42	406.71	412.91
Number of shareholders	26,246	29,874	28,185	29,275	26,808
Number of employees	3,641	3,426	3,327	2,392	2,340

Note:

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

Non-Consolidated Balance Sheets

March 31, 2011 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2011	2012	2012
Assets			
Current assets:			
Cash and time deposits	¥ 62,397	¥ 39,248	\$ 477,531
Marketable securities (Note 2)	—	60	725
Notes and accounts receivable, trade:			
Notes (Note 13)	2,316	4,202	51,123
Accounts	92,180	108,788	1,323,622
Allowance for doubtful accounts (Note 2)	(1,580)	(717)	(8,726)
Inventories (Notes 2 and 7)	39,049	34,308	417,424
Short-term loans to subsidiaries and affiliates (Note 8)	41	41	503
Advance paid	17,575	18,100	220,220
Other current assets	5,915	5,995	72,935
Total current assets	217,893	210,025	2,555,357
Investments and other assets:			
Investment securities (Note 2)	40,659	41,583	505,932
Investments in subsidiaries and affiliates (Notes 2 and 8)	1,867	1,796	21,857
Long-term loans to subsidiaries and affiliates (Note 8)	236	195	2,368
Others	12,860	11,510	140,050
Allowance for doubtful accounts (Note 2)	(5,400)	(5,089)	(61,920)
Total investments and other assets	50,222	49,995	608,287
Property and equipment (Notes 2 and 15):			
Land	28,888	29,957	364,485
Buildings	45,046	45,912	558,612
Machinery and equipment	9,893	9,344	113,682
Accumulated depreciation	(34,148)	(34,696)	(422,145)
Total property and equipment	49,679	50,517	614,634
Total assets	¥317,794	¥310,537	\$3,778,278

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2011	2012	2012
Liabilities and net assets			
Current liabilities:			
Short-term debt from banks (Note 14)	¥ 20,309	¥ 8,746	\$ 106,412
Short-term debt from subsidiaries and affiliates	1,453	744	9,054
Current portion of long-term debt (Note 14)	8,481	12,854	156,398
Notes and accounts payable, trade:			
Notes	8,676	13,593	165,388
Accounts	73,875	83,229	1,012,639
Advance received on uncompleted contracts	21,678	16,178	196,840
Provision for warranties for completed construction	1,253	2,037	24,787
Provision for bonuses (Note 2)	16	651	7,919
Provision for loss on construction contracts (Note 2)	7,924	4,320	52,561
Accrued income taxes	176	136	1,660
Employees' deposits	4,720	4,253	51,747
Provision for loss on real estate business and other (Note 2)	1,296	2	24
Provision for loss on compensation for damage (Note 2)	390	390	4,741
Asset retirement obligations (Note 9)	13	1	18
Deposits received	19,310	16,888	205,475
Other current liabilities	1,461	1,714	20,832
Total current liabilities	171,031	165,736	2,016,495
Long-term liabilities:			
Long-term debt (Note 9)	20,284	17,100	208,055
Long-term debt from subsidiaries and affiliates	751	—	—
Accrued retirement benefits	1,635	2,912	35,427
Deferred income taxes (Notes 2, 5 and 10)	7,855	6,965	84,746
Provision for environmental measures (Note 2)	225	226	2,749
Asset retirement obligations (Note 9)	92	98	1,198
Other long-term liabilities	3,157	3,020	36,743
Total long-term liabilities	33,999	30,321	368,918
Total liabilities	205,030	196,057	2,385,413
Net assets:			
Common stock:			
Authorized – 800,000,000 shares			
Issued and outstanding – 277,957,513 shares	23,514	23,514	286,089
Capital surplus	20,780	20,780	252,833
Legal reserve	5,878	5,878	71,521
Retained earnings	56,292	57,183	695,737
Treasury stock, at cost	(226)	(227)	(2,761)
Unrealized gain on available-for-sale securities	6,526	7,352	89,446
Total net assets	112,764	114,480	1,392,865
Total liabilities and net assets	¥317,794	¥310,537	\$3,778,278

Non-Consolidated Statements of Income

For the years ended March 31, 2011 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2011	2012	2012
Net sales (Note 2):			
Completed construction contract.....	¥232,171	¥242,288	\$2,947,897
Real estate business and other.....	23,281	11,228	136,615
	255,452	253,516	3,084,512
Cost of sales (Note 2):			
Cost of completed construction contract.....	227,401	231,107	2,811,863
Cost of real estate business and other.....	10,163	8,418	102,427
	237,564	239,525	2,914,290
Gross profit.....	17,888	13,991	170,222
Selling, general and administrative expenses	14,488	11,859	144,283
Income from operations.....	3,400	2,132	25,939
Other income (expenses):			
Interest and dividend income.....	1,560	1,331	16,188
Interest expenses.....	(1,633)	(997)	(12,128)
Financing expenses (Note 3).....	154	(371)	(4,514)
Gains on sales of investment securities.....	—	963	11,721
Gains on sales of fixed assets.....	2,253	71	866
Loss for completed work indemnification.....	—	(1,565)	(19,040)
Reversal of allowance for doubtful accounts.....	198	1,172	14,262
Loss on impairment of long-lived assets.....	(1,642)	—	—
Loss on valuation of investment securities.....	(1,230)	(392)	(4,773)
Foreign currency exchange loss.....	(54)	(366)	(4,459)
Provision for environmental measures.....	(218)	(1)	(18)
Loss on adjustment for changes of accounting standard for asset retirement obligations.....	(41)	—	—
Provision for loss on compensation for damage.....	(389)	—	—
Other – net.....	(110)	(418)	(5,081)
	(1,152)	(573)	(6,976)
Income before income taxes	2,248	1,559	18,963
Income taxes (Notes 2, 5 and 10):			
Current.....	242	243	2,948
Deferred.....	(876)	(685)	(8,336)
	(634)	(442)	(5,388)
Net income	¥ 2,882	¥ 2,001	\$ 24,351
Per share of common stock (Note 16):			
Net income.....	¥10.39	¥7.22	\$0.088
Cash dividends applicable to the year.....	4.00	4.00	0.049

The accompanying notes are an integral part of these statements.

Non-Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2011 and 2012

Millions of yen							
	Common stock	Capital surplus	Legal reserve	Retained earnings	Treasury stock, at cost	Unrealized gain on available-for-sale securities	Total net assets
Balance at March 31, 2010.....	¥23,514	¥20,780	¥5,878	¥54,522	¥(226)	¥9,615	¥114,083
Dividends declared				(1,109)			(1,109)
Net income				2,882			2,882
Purchase of treasury stock					(4)		(4)
Disposal of treasury stock				(3)	4		1
Change in unrealized loss on derivatives under hedge accounting						(3,089)	(3,089)
Balance at April 1, 2011	¥23,514	¥20,780	¥5,878	¥56,292	¥(226)	¥6,526	¥112,764
Dividends declared				(1,109)			(1,109)
Net income				2,001			2,001
Purchase of treasury stock					(2)		(2)
Disposal of treasury stock				(1)	1		0
Change in unrealized gain on available-for-sale securities						826	826
Balance at March 31, 2012.....	¥23,514	¥20,780	¥5,878	¥57,183	¥(227)	¥7,352	¥114,480

Thousands of U.S. dollars (Note 6)							
	Common stock	Capital surplus	Legal reserve	Retained earnings	Treasury stock, at cost	Unrealized gain on available-for-sale securities	Total net assets
Balance at April 1, 2011.....	\$286,089	\$252,833	\$71,521	\$684,891	\$(2,752)	\$79,409	\$1,371,991
Dividends declared				(13,492)			(13,492)
Net income				24,351			24,351
Purchase of treasury stock					(27)		(27)
Disposal of treasury stock				(11)	18		7
Change in unrealized gain on available-for-sale securities						10,037	10,037
Balance at March 31, 2012.....	\$286,089	\$252,833	\$71,521	\$695,739	\$(2,761)	\$89,446	\$1,392,867

The accompanying notes are an integral part of these statements.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Nishimatsu Construction Co., Ltd.

We have audited the accompanying financial statements of Nishimatsu Construction Co., Ltd. which comprise the balance sheets as of March 31, 2012, and the statements of income and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nishimatsu Construction Co., Ltd. as of March 31, 2012, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The United States dollar amounts shown in the financial statements referred to above have been translated solely for convenience. We have recomputed the translation and, in our opinion, the financial statements expressed in Japanese yen have been translated into United States dollars on the basis described in Note 6.

Tokyo, Japan
June 28, 2012



GYOSEI & Co.
Certified Public Accountants

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Hiroshima, Takamatsu, Fukuoka

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INVESTOR INFORMATION

Board of Directors and Statutory Auditors

<i>Representative Director and President</i>	Harusada Kondo
<i>Representative Directors</i>	Uichi Mizuguchi Akira Maeda Takashi Suzuki
<i>Directors</i>	Yoshiyuki Sawai Takao Komori Nobutoshi Takase Katsuaki Saito Sadao Ousaka
<i>Statutory Auditors</i>	Toshiyuki Fujii Wataru Hamura Yasubumi Inouchi Toshiyuki Matsuda

Executive Officers

<i>Chief Executive Officer and President</i>	Harusada Kondo
<i>Executive Vice Presidents</i>	Uichi Mizuguchi Akira Maeda
<i>Senior Managing Officer</i>	Takashi Suzuki
<i>Managing Officers</i>	Yoshiyuki Sawai Takao Komori Nobutoshi Takase Toshio Furuya Shuichi Abe Akimitsu Takashima Haruto Ban Yoshiaki Kudo
<i>Executive Officers</i>	Yasuhiro Kawamura Shigeru Tokura Noboru Mizuwake Ryozo Fujihara Hideo Kaneko Hiroo Morimoto Junichiro Saito Akira Matsumoto Yuichi Kono Shozo Sakai

(As of June 28, 2012)

Established

September 1937

Authorized Number of Shares

800,000,000 shares

Issued and Outstanding Number of Shares

277,957,513 shares

Paid-in Capital

¥23,513 million

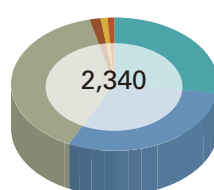
Number of Shareholders

26,808

Major Shareholders

	Thousands of Shares
Japan Trustee Services Bank, Ltd. (trust account)	17,244
The Master Trust Bank of Japan, Ltd. (trust account)	15,824
Japan Trustee Services Bank, Ltd. (trust account No. 4)	11,854
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	6,782
Mizuho Corporate Bank, Ltd.	5,070
Mizuho Trust & Banking Co., Ltd.	5,050
Meiji Yasuda Life Insurance Company	4,577
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension	3,781
Nishimatsu Construction Employee Shareholders' Association	3,502
Mitsuboshi Belting Ltd.	3,000

Employees



Administrative Staff	643	27.5%
Civil Engineers	701	30.0%
Building Engineers	908	38.8%
Mechanical Engineers	42	1.8%
Electrical Engineers	23	1.0%
Others	23	1.0%
Total	2,340	100%

Stock Listing

Tokyo Stock Exchange (First Section) (August 1963)

Independent Certified Accountants

GYOSEI & Co.

Administrator of Shareholders' Register

Mizuho Trust & Banking Co., Ltd.

Other Publications in English

Corporate Guide

(As of March 31, 2012)



Nishimatsu Construction Co., Ltd.

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