

Annual Report 2008
Year Ended March 31, 2008

Nishimatsu
Construction Co., Ltd.

Financial Highlights

	Consolidated			Non-Consolidated		
	Millions of yen		Thousands of U.S. dollars	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008	2007	2008	2008
For the year:						
Orders received	¥ —	¥ —	\$ —	¥409,086	¥402,478	\$4,017,145
Net sales	492,527	432,694	4,318,734	476,222	414,037	4,132,514
Income (loss) before income taxes	(2,872)	(522)	(5,209)	(5,138)	(2,032)	(20,279)
Net loss	(7,467)	(2,956)	(29,501)	(7,362)	(3,238)	(32,323)
At year-end:						
Total assets	¥713,713	¥649,079	\$6,478,482	¥692,764	¥623,580	\$6,223,971
Net assets	195,182	168,543	1,682,238	199,123	163,692	1,633,817
Common stock	23,514	23,514	234,691	23,514	23,514	234,691
Per share of common stock:						
(in yen and dollars)						
Net loss	¥ (26.91)	¥ (10.65)	\$ (0.106)	¥ (26.53)	¥ (11.67)	\$ (0.116)
Cash dividends applicable to the year	9.00	9.00	0.090	9.00	9.00	0.090

Note 1: 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.

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



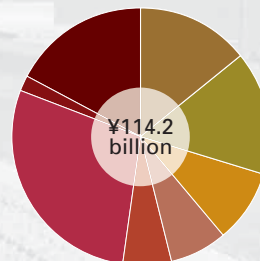
Review of Operations

CIVIL ENGINEERING

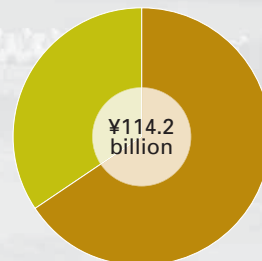
Revenue from civil engineering operations for the year came to ¥114.2 billion (US\$1.14 billion), a drop of 9.6% from the previous year. And the harsh business climate is expected to continue.

We will utilize our full PFI know-how accumulated over many years, regardless of whether inside or outside the country, and promise thorough ongoing support to PFI enterprises from the initial examination stage to the final stage.

Sales Breakdown by Project



Sales Breakdown by Client



Sales Breakdown by Project

Dams & Hydroelectric Facilities	14.2%
Railways	15.6%
Water & Sewage Works	9.1%
Site Formation	7.4%
Harbors, Wharfs & Airports	6.0%
Road Construction	28.8%
Cable Tunnels	1.7%
Others	17.2%

Sales Breakdown by Client

Public Sector	65.8%
Private Sector	34.2%



No. 1 Kurobe Tunnel, Hokuriku Shinkansen



Hida Tunnel Phase 4, Tokai-Hokuriku Expressway

Top 5 Domestic Civil Engineering Projects (Completed)

Name of Project	¥ million
1 Nagai Dam Construction (Stage 2)	4,134
2 Takizawa Dam Aggregate Exploitation Work Stage 2	2,250
3 Kasegawa Dam Concrete Aggregate Production (Stage 1)	1,846
4 Ichiba Reservoir Advanced Water Purification Plant Development (Stage 2)	1,787
5 Yasugawa Dam Improvement, Yasugawa Riverside Agricultural Land Disaster Prevention Plan (Stage II)	1,314



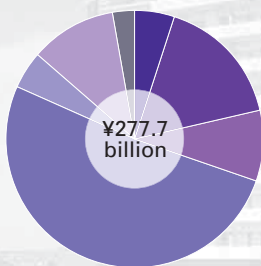
Breakwater Construction, Shimane Nuclear Power Plant

BUILDINGS

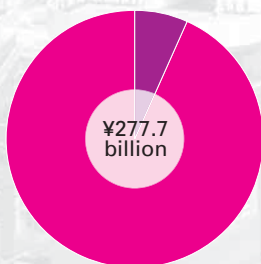
Revenue from building construction for the year came to ¥277.7 billion (US\$2.77 billion), a drop of 18.3% from the previous year. Continued fierce price competition is anticipated in view of the growing trend in capital investment.

Having already gained an impressive track record all over the country, we will utilize our abundant know-how, good financial management, and high technical expertise to tackle redevelopment projects aggressively. We are taking on large-scale redevelopment projects, and intend to continue contributing toward this construction sector that the whole country has waited for.

Sales Breakdown by Project



Sales Breakdown by Client



Sales Breakdown by Project

Project Type	Percentage
Office & Government Buildings	5.2%
Shopping Centers	16.3%
Factories & Power Stations	8.9%
Residential Buildings	51.5%
Educational, Research & Cultural Facilities	4.6%
Hospital & Welfare Facilities	10.8%
Others	2.7%

Sales Breakdown by Client

Public Sector	6.7%
Private Sector	93.3%



Mixed-Use Construction, Iwaki Station-Front First Class Urban Redevelopment Plan



Aeon Kagoshima Tokaicho Shopping Center Construction



Tohoku Fukushi University Sendan Hospital

Top 5 Domestic Building Projects (Completed)

Rank	Name of Project	¥ million
1	Mixed-Use Building Construction, Higurashi-no-sato Central Area First Class Urban Redevelopment Plan	10,927
2	Aeon Kagoshima Tokaicho Shopping Center Construction	9,822
3	Mixed-Use Construction, Iwaki Station-Front First Class Urban Redevelopment Plan	9,554
4	Mixed-Use Construction, Tsurugamine Station South Exit First Class Urban Redevelopment Plan	5,930
5	New Tokyo Metropolitan Police Hospital Construction	5,168

Overseas Activities

Hong Kong

The construction industry is now starting to rise again on the back of the buoyant economy and a renewed public commitment by the HKSAR Government to deliver ten massive key civil and building infrastructure projects. During the last year momentum has rapidly gathered pace and there is a particularly bright outlook for large-scale rail and road projects. The unprecedented thrust forward with new railway projects has been helped by the formal merging of the two rail companies of MTRC and KCRC. Funding has been secured and the first projects are scheduled to come to the market within 2008. The large number of technically complex tunneling and civil engineering projects will seriously stretch the capacity of the construction industry in Hong Kong. Nishimatsu is well placed to make the most of the forthcoming opportunities in these sectors by utilizing its worldwide resources to the best effect.

Our existing Middle Road Subway cut and cover Project for MTRC is now progressing with rock and soft excavation. Major traffic planning and diversions have

now been successfully implemented with the concreting works scheduled to commence later this year.

Through technical excellence, hard work and dedication, we secured the Hong Kong West Drainage Services Tunnel project in November 2007. The project comprises 10km of large diameter hard rock tunneling driven with two double shield TBM's, a further 7km of drill and blast adits and thirty-two drop shafts with intake structures making up the rest of the scheme. Following this, we have also been prequalified to bid for Lai Chi Kok Drainage Services Tunnel, another large-scale design and build storm water drainage system consisting of two 4.9m internal diameter tunnels in mixed ground and rock conditions with associated intake and outfall structures.

This year two Hong Kong Housing Authority (HKHA) projects were completed on time; firstly, at Tin Shui Wai Area 103 Phase 2 comprising 1,918 rental units in two domestic building blocks, one ancillary facilities block and one commercial center; secondly, at Aldrich Bay Phase 5 comprising 716 rental units in a domestic building block and one 3-storey market complex building.

We are continuing to achieve an excellent safety, environmental and quality track record and have implemented an accredited integrated company management system across the three disciplines to assist us in achieving continuous improvements in these core areas. Everything that we do aims to maintain our strong desire to ensure our client's needs are met in harmony with our own. Corporate responsibility and ethics are guiding principles in the way we are doing business in Hong Kong.

Thailand

It looks like that the turbulent political and hence the business climate is now settling down in Thailand after the General Election towards Democratic Government. The democratic process has certainly rejuvenated the entire political as well as business atmosphere here, and will be sure to re-establish the private sector confidence in the near future. The stalled Government Mega-Projects are bound to start with MRTA announcing the first of five MRT lines for the tendering process in April.

However, Thai Nishimatsu Construction (TNC) had an excellent year with an all-time record annual turnover and above-target profit. This year saw major orders received basically from our trusted



Housing and Market Development at Aldrich Bay Phase 5, Hong Kong



Sankin (Thailand) New Factory, Thailand



Fabrinet Manufacturing Building, Thailand

clients, including Honda Automobiles (NLT Project, NDC Project). TNC continued the construction of the Fabrinet and Meyer Industries factory projects. In addition, TNC received ongoing orders from various long-standing clients such as Yachiyo, SMT, Tanabe, etc. In this process, TNC has added Sankin and Inoue Rubber as new clients to the prestigious list. In spite of some turbulence in the market, TNC has had a good run this year due to its leadership in the industrial construction sector and continual improvement in management and construction practices at all levels.

The delayed implementation of major infrastructure projects has resulted in low turnover for Nishimatsu Bangkok office projects in Thailand, but the future looks bright due to the elected government's commitment to the Mega-Projects and especially with the start of the MRTA Purple Line project. However, the works on Nam Theun 2 Hydropower Project in Laos and BMA Flood Protection Project continue to progress satisfactorily. The start of implementation of various infrastructure projects in Thailand by the return of democratic government and new projects in the energy sector in Thailand and Laos give rise to a very promising outlook in the next as well as coming years.

once the BSCs are attained and overall contract completion is scheduled for November 2009 for both C828 and C823.

The works at the Crowne Plaza Hotel located in the Terminal 3 Building of the Changi International Airport that commenced in the first quarter of 2007 were substantially completed in March 2008. This fast track partial design and build contract was awarded to the Joint Venture of Nishimatsu Construction Co., Ltd. and Lum Chang Building Contractors Pte. Ltd. (LCBC) by LC Airport Pte. Ltd. (a joint venture of LC Development Ltd. and LaSalle). Soft opening of the hotel is scheduled for May 2008 and the official opening is targeted towards the end of year 2008.

With the demand in the construction industry at an all-time high, opportunities are aplenty, but challenges are equally demanding. Nishimatsu has been working in Singapore with local partner LCBC since 1984. Together, they are now being selective and cautious as they review the opportunities prior to making and taking on new commitments in Singapore. This cautious move is to ensure and enable it to take advantage of the market conditions without being exposed to too many risks.

Singapore

The surge in construction demand from the \$11.5 billion in year 2005 to the \$16.8 billion in year 2006 (46% increase) and then with another great leap to \$24.5 billion in year 2007 (46% against the previous year and 113% against year 2005) is resulting in great strains on the resources available in this island republic.

Nishimatsu has also not been spared. Staff are moving on to higher paid positions at other firms and subcontractors are struggling to maintain their workforce. Amidst such trying circumstances, the Basic Structure Completion (BSC) of the New Nicoll Highway Station of the Land Transport Authority's (LTA) Circle Line (CCL) Contract 828 was achieved on 15th March 2008, as contracted.

The works of Contract 823, which is also part of LTA's CCL, are progressing well towards achieving the BSC dates of the two remaining stations, as scheduled. Architectural works for these stations will commence



Contract 828, Circle Line Stage 1, Boulevard Station, Singapore



Taiyo Yuden (Suzhou) Co., Ltd., China

Other Countries

In 2004, Nishimatsu established Nishimatsu (Guangzhou) Construction Co., Ltd. (NIG) in order to capitalize on the expanding construction market in China.

During the past three years, NIG was awarded and completed various factory buildings for Japanese clients in the Guangzhou, Shenzhen, Suzhou and Wuxi areas and earned an excellent reputation for punctual completion, high quality and prompt maintenance. Based on this experience, NIG will actively continue to further expand its business in the future.



Bridgestone (China) Tire Test Course, China



Palau International Airport Runway Resurfacing Project, Palau

In 2006, Nishimatsu established the Nishimatsu India Branch Office in Hyderabad to take advantage of the expanding Indian construction market. We received our first order for the Bestex MM India Factory Project in 2007. We will continue to expand our business activities in India in a proactive manner.

Recently, many investors worldwide have invested in Vietnam. This is especially the case among investors who have a factory in China and need to have a factory in another country in order to hedge their country risks in China. Therefore, demand for factory construction is increasing in Vietnam. We received orders for two factory projects and have already completed one of them. We were able to obtain a high level of satisfaction from the client for the completed project. We will continue to assertively develop our business here in the future.



Shihen Vietnam Factory, Vietnam

Our Response to Environmental Issues

Environment and Safety Division

Since the establishment of Nishimatsu's Comprehensive Environmental Committee in 1992, the Company has implemented a wide range of environmental protection measures, and by November 2000 we had acquired ISO 14001 environmental management systems certification for all of our 11 branch offices in Japan, as well as our Technical Research Institute and the Hiratsuka Machinery Works. Then, in November 2002 we obtained blanket ISO 14001 certification for the entire Company. We chose to mark this by reorganizing our environmental protection management structure, and setting up the Comprehensive Management Committee with the aim of involving the whole company in the operation of the environmental management system.

We place a high priority on sharing information relating to environmental preservation on an equal basis across the whole Company. Management makes certain that full support is provided to all branch offices and staff at construction sites to help them make maximum use of our environmental management system. With regard to communication between the Company and the outside world, we are doing our best to respond as soon as possible to issues raised by our stakeholders.

With the enforcement of the provisions of the Kyoto Protocol in February 2005, Japanese companies have been required to lower carbon dioxide emissions, plant more greenery, and find ways to save resources and energy. In response, we have taken various measures for reducing CO₂ emissions.

In line with Nishimatsu's policy of placing top priority on legal compliance, we conduct risk management to prepare for the possibility that a waste disposal subcontractor handling waste from one of our facilities may have disposed of the waste in an illegal manner. Additionally, insofar as we can, we put into practice the so-called "3 Rs" concept – Reduce (the volume of waste), Reuse (waste material wherever possible), and Recycle (used products or equipment as much as is feasible). Our ultimate goal is to reduce our emissions of industrial waste to zero. We also take a strongly proactive stance on green procurement.

In addition, we are involved in a wide range of other environmental preservation-related businesses, including soil purification, removal of pollutants from gases before their release into the atmosphere, the design and installation of environmentally-friendly facilities, and the greening of rooftops. We have already achieved

considerable success in these areas.

One of Nishimatsu's basic management policies is to take a proactive approach to the preservation of the environment. As part of this, we intend to fulfill our corporate social responsibilities in addition to making valuable contributions toward building the infrastructure needed to support a recycling-based society in the future.

Wood Recycling Method

Roots, driftwood or lumber generated from the grubbing and clearing operations at construction sites cannot be disposed of by incineration or landfill, as they have been recently designated as industrial waste under the revised recycling laws of Japan. Thus, the disposal costs including transportation are quite high, so enhancing use of these materials has become inevitable. Under this Wood Recycling Method, otherwise unusable wood materials are crushed into wood chips at the site. Then by adding an agent to accelerate the fermentation process, the materials are turned into compost over approximately three months. The compost is used as mulching material for slope vegetation protection. For application of the compost, Nishimatsu has developed a new safe and automatic revolving nozzle mounted on the backhoe bucket, which eliminates the risk of injury to the nozzle operator. This method assures zero emissions on-site, as well as safety and efficiency in operation.



Embankment Spraying



Completed Embankment Greening

Research and Development

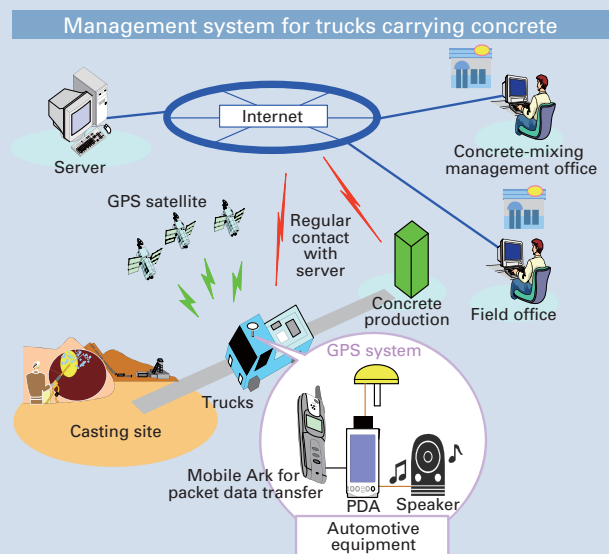
At Nishimatsu Construction, we are undertaking development of technologies to raise the quality and efficiency of the construction process, as well as various environment-related technologies. We are also putting top priority on the development of renovation technologies for the refurbishment of social infrastructure. To respond to diverse needs, we are actively undertaking joint research with other technical laboratories, including the research institutions of universities, companies in both ours and other industries, as well as public institutions and research laboratories.

GPS-based Vehicle Management System for Dam-concrete Trucks

To ensure efficient concrete casting at multiple points in dam construction, it is important to have real-time knowledge of whether vehicles are available and what casting needs to be done where. This enables efficient production of the different types of concrete needed. This system combines GPS, PDAs (for data gathering and display) and Japan's Mobile Ark packet data system (mobile phone to server) technologies.

The position of trucks is relayed by on-board GPS, and drivers are given voice guidance to their destinations and automatically warned when they deviate from the direct route. The location of vehicles is periodically relayed using Mobile Ark packet data transfer technology to a server via the Internet. The system enables pinpointing and category management not only of trucks at the concrete plant, but can also manage shipments by casting site and type. Data can also be accessed at a remote field office.

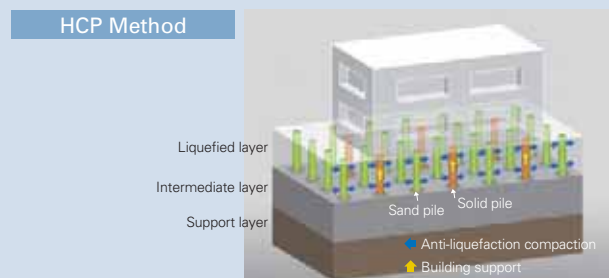
The system is used not only at Ministry of Land, Infrastructure, Transport and Tourism dam construction sites, but also for safe driving on regular roads by trucks at tunnel and other construction sites, using location detection and guidance systems.



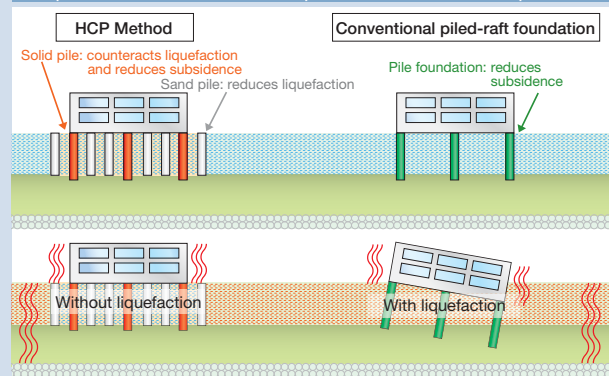
HCP Method

Hardening Compaction Pile (HCP), developed jointly by Nishimatsu and other companies, is a revolutionary method enabling effective installation of piled-raft foundations in liquefied ground. Technical inspection certification has been obtained from The Building Center of Japan.

Piled-raft foundations are rafts (direct foundations) mounted on piles to support a building. Used to prevent subsidence, they are cheaper and more environment-friendly than other pile foundations, and as such are becoming more popular. With HCP, it is possible to use the static compaction method with sand piles and solid piles, preventing subsidence by being mounted on one machinery platform. This in turn shortens the construction period, and reduces noise and vibrations in the works, enabling use in urban areas. In addition, recycled materials such as crushed stone, sand and steel slag from steel-making can be used in concrete aggregate, helping reduce environmental impact. In the future, this method could be used for very deep-layer support (30 meters) for low-rise buildings (up to five floors).



Comparison of HCP and standard piled-raft foundation in liquefaction



Consolidated Balance Sheets

March 31, 2007 and 2008

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Assets			
Current assets:			
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
Investments and other assets:			
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
Property and equipment:			
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
Total assets	¥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
Liabilities and Net Assets			
Current liabilities:			
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
Long-term liabilities:			
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
Total liabilities	518,531	480,536	4,796,245
Net assets:			
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
Total net assets	195,182	168,543	1,682,238
Total liabilities and net assets	¥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
Cash flows from operating activities:			
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
Cash flows from investing activities:			
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
Cash flows from financing activities:			
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)
Effect of exchange rate changes on cash and cash equivalents	19	(1,878)	(18,743)
Decrease of cash and cash equivalents	(3,679)	(12,354)	(123,299)
Cash and cash equivalents at beginning of year	87,766	84,974	848,125
Increase in cash and cash equivalents due to the newly consolidated subsidiaries	887	—	—
Cash and cash equivalents at end of year	¥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	¥402,478
Orders received from overseas*	63,942	48,137	35,958	62,141	46,752
Percentage of orders received from overseas*	16.3%	10.6%	8.4%	15.2%	11.6%
Net sales	441,636	444,056	446,047	476,222	414,037
Cost of sales	409,771	410,765	418,213	450,360	390,837
Selling, general and administrative expenses	25,014	23,020	21,022	21,269	21,077
Income (loss) before income taxes	(5,590)	7,373	9,636	(5,138)	(2,032)
Net income (loss).....	(6,594)	2,603	3,521	(7,362)	(3,238)
Percentage of net income (loss) against net sales	(1.5%)	0.6%	0.8%	(1.5%)	(0.8%)
Total assets	720,724	703,430	709,393	692,764	623,580
Shareholders' equity	180,427	180,704	199,123	—	—
Net assets	—	—	—	191,123	163,692
Percentage of shareholders' equity against total assets	25.0%	25.7%	28.1%	—	—
Percentage of net assets against total assets	—	—	—	27.6%	26.3%
Common stock	23,514	23,514	23,514	23,514	23,514
Per share of common stock (in yen):					
Net income (loss)**	¥(23.75)	¥9.28	¥12.69	¥(26.53)	¥(11.67)
Cash dividends applicable to the year	9.00	9.00	9.00	9.00	9.00
Shareholders' equity	650	651	717	—	—
Net assets	—	—	—	689	590
Number of shareholders	26,072	28,640	26,417	27,528	26,246
Number of employees	4,113	4,002	3,853	3,698	3,641

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
Assets			
Current assets:			
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
Investments and other assets:			
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
Property and equipment:			
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
Total assets	¥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
Liabilities and Net Assets			
Current liabilities:			
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
Long-term liabilities:			
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
Total liabilities	501,641	459,888	4,590,154
Net assets:			
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)
Total net assets	191,123	163,692	1,633,817
Total liabilities and net assets	¥692,764	¥623,580	\$6,223,971

Corporate Directory

HEAD OFFICE

20-10, Toranomon 1-chome, Minato-ku, Tokyo 105-8401, Japan
Phone: 81-3-3502-0232
Telex: NISHICONJ J22966
Fax: 81-3-3580-2745
Cable: NISHICONST TOKYO

BRANCH OFFICES

Sapporo, Sendai, Niigata, Tokyo, Chiba, Yokohama, Nagoya, Osaka, Hiroshima, Takamatsu, Fukuoka

OVERSEAS OFFICE

Hong Kong

Hong Kong Office

Room 508, Star House, Salisbury Road, Kowloon
Phone: 852-2736-6461~5 Fax: 852-2730-1512

Fan Ling Machine & Mechanical Centre

P.O. Box 98612, Tsim Sha Tsui Post Office
Phone: 852-2674-7535 Fax: 852-2674-6053

Housing Authority Ex Chai Wan Project

P.O. Box 98612, Tsim Sha Tsui Post Office
Phone: 852-2889-2830 Fax: 852-2889-9592

The People's Republic of China

Nishimatsu (Guangzhou) Construction Co., Ltd.

Room 814, East Tower Times Squire,
No. 28 Tien He Bei Road,
Guangzhou, P.R. China 510620
Phone: 86-20-3873-2812 Fax: 86-20-3873-2682

Suzhou Project Office

Room 801, North Square Building of Runjie Plaza,
No. 9 Denguei Road,
Suzhou New District, P.R. China 215101
Phone: 86-512-6808-0014 Fax: 86-512-6808-5715

Thailand

Bangkok Office

c/o Thai Nishimatsu Construction Co., Ltd.
19th Floor, Sino-Thai Tower
32/48 Sukhumvit 21 (Soi Asoke)
Klongtoey-nua, Wattana, Bangkok 10110
Phone: 662-258-9590~7 Fax: 662-258-9599
E-mail: nccinnet@loxinfo.co.th
nccinnet@thainishimatsu.co.th

Thai Nishimatsu Construction Co., Ltd.

19th Floor, Sino-Thai Tower
32/48 Sukhumvit 21 (Soi Asoke)
Klongtoey-nua, Wattana, Bangkok 10110
Phone: 662-258-9590~7 Fax: 662-258-9599
E-mail: tncinnet@loxinfo.co.th
tncinnet@thainishimatsu.co.th

BMA Project Office (Flood Protection Tunnel Project, Water Drainage Tunnel from Klong San Saeb and Klong Ladprao to Chao Phraya River)

c/o BMA Pumping Station (Phrakanong)
Sukhumvit 48/1, Bangkok
Phone: 662-332-5981~5 Fax: 662-332-5981~5 Ext.114

HATC NLT Project Office

Honda Automobile (Thailand) Co., Ltd.
Rojana Industrial Park, Ayutthaya 49 Moo 9,
Tambol Thanu, Amphur Uthai, Ayutthaya 13210
Phone: 66-35-719-545~6 Fax: 66-35-719-547

TMC Project Office

Thai Marujon Co., Ltd.
Saha Rattana Nakorn Industrial Estate
117 Moo.4, Tambol Bangphrakru,
Amphur Nakornluang, Ayutthaya 13260
Phone: 66-35-364-372 Fax: 66-35-364-372

THM Project Office

Thai Honda Manufacturing Co., Ltd.
Ladkrabang Industrial Estate 410 Chalongkrung Road,
Lamplatu, Ladkrabang Bangkok 10520
Phone: 662-326-1428 Fax: 662-326-0689

BTMT & TMOT Project Office

Bridgestone Tire Manufacturing (Thailand) Co., Ltd.
Amata Nakorn Industrial Estate,
Chonburi 700/622 Moo.4, Tambol Bankao,
Amphur Panthong, Chonburi 20160
Phone: 66-38-452-574~5 Fax: 66-38-452-573

MIL 11 Storey Project Office

Meyer Industries Ltd.
Laem Chabang Industrial Estate
38/9 Moo.5, Tambol Tungsukla, Amphur Sriracha
Chonburi 20230
Phone: 66-38-494-640~1 Fax: 66-38-494-641

Yamada Somboon Project Office

Yamada Somboon Co., Ltd.
Siam Eastern Industrial Park
60/4 Moo.3, Tambol Mabyangporn,
Amphur Pluakdaeng, Reyong 21140
Phone: 66-38-660-036 Fax: 66-38-660-037

Rangsit Machine & Material Center

84 Moo.1, Tambol Bangkok,
Amphur Muang Pathumthane
Phone: 662-581-6783 Fax: 662-598-0115

Singapore

Singapore Office

60 Albert Street, #14-01 to 06 OG Albert Complex,
Singapore 189969
Phone: 65-6298-0566 Fax: 65-6291-1449

LTA Circle Line Stage 1 C828 Project Office

Crawford P.O. Box 542, Singapore 911902
Phone: 65-6333-0812 Fax: 65-6333-0815

LTA Circle Line Stage 2 C823 Project Office

11A Eunos Avenue 5 Singapore 409353
Phone: 65-6735-3928 Fax: 65-6735-1633

The Philippines

Manila Office

4th Floor, First Life Center, 174 Salcedo Street,
Lagassi Village, Makati City
Phone: 632-892-7711, 632-892-7753, 632-892-7754
Fax: 632-892-6638

Kamanava Project Office

c/o Manila Office
1060 North Bay Boulevard, Navotas, Metro Manila
Phone: 632-283-5334 Fax: 632-283-5332

The United Kingdom

London Office

Suite CP1.08 Winchester House
259-269 Old Marylebone Road, London NW1 5RA
Phone: 44-20-3004-0057~9 Fax: 44-20-7170-4108

Malaysia

Malaysia Office

Letter Box No. 60, 5th Floor,
UBN Tower, 10, Jalan P. Ramlee
50250 Kuala Lumpur
Phone: 60-3-2070-9911 Fax: 60-3-2078-9911

Vietnam

Hanoi Office

#402, D10 Giang Vo, Ba Dinh District, Hanoi, Vietnam
Phone: 84-4-772-3034~6 Fax: 84-4-772-3032

Ho Chi Minh Office

1st Floor, Block A, FIDECO Building,
28 Phung Khac Khoan, District 1,
Ho Chi Minh City, Vietnam
Phone: 84-8-823-7513 Fax: 84-8-823-7514

HCMC Water Environment Improvement Project Package-E Project Office

c/o N.E.S. JOINT VENTURE
Chanh Hung Street, Binh Hung Village,
Binh Chanh District, Ho Chi Minh City, Vietnam
Phone: 84-8-758-2870 Fax: 84-8-758-2866

HCMC Water Environment Improvement Project Package-C Project Office

c/o N.E.S. JOINT VENTURE
154-156 Cao Lo Street, Ward 4, District 8,
Ho Chi Minh City, Vietnam
Phone: 84-8-431-2636 Fax: 84-8-850-7673

Ireland

Dublin Port Tunnel Project Office

c/o NMI Consortium, Eastwall Road, Dublin 3, Ireland
Phone: 353-1-806-5000 Fax: 353-1-806-5037

Taiwan

Taiwan Office

23 F-1 A2, No. 260, Zhongshan 2 Road,
Chianjien Chiu, Kaohsiung 806, Taiwan, R.O.C.
Phone: 886-7-536-8338 Fax: 886-7-536-3788

Tsengwen Reservoir Transbasin Water Diversion Project - Tunnel Works Office

No. 212-20, Zhong-xiao Rd., Jiasian Township,
Kaohsiung County 847, Taiwan, R.O.C.
Phone: 886-7-675-2523 Fax: 886-7-675-3877

Palau

Palau Project Office

2nd Floor, PMD Corp. Building,
Dngeronger, Koror,
Republic of Palau, 96940 P.O. Box 6037
Phone: 680-488-4413 Fax: 680-488-4413

Lao PDR

Laos Project Office

ITD-NCC Joint Venture (Nam Theun2)
Road 8b - Ban Sangkeo, Gnommalath District,
Khammouane Province, Lao PDR.
Phone: 856-51-620-205 Fax: 856-51-620-411

India

Hyderabad Office

2nd Floor, No. 8-2-684/II/8, Kanakadurga Temple St.,
Road No. 12 Banjara Hills, Hyderabad 500034, India
Phone: 91-40-23370243 Fax: 91-40-23370243

India Project Office

SPL2 (B), Tapukara Industrial Area,
Bhiwadi, Dist. Alwar, 301707 Rajasthan
Phone: 91-1493-243634

Tajikistan

Tajikistan Civil Project Office

Building No. 4, Neftyanikov Street, Dusty Town,
Khatlon District, Republic of Tajikistan
Phone: 992-32-494-3490 Fax: 992-32-494-3645

Sri Lanka

Upper Kotmale Hydropower Project, Lot-2 Project Office

22 1/1, Hemachandra Mawatha, Talawakelle, Sri Lanka
Phone: 94-52-2258791 Fax: 94-52-2258790

Algeria

Algeria East-West Motorway Project, Single Lot, Eastern Section

c/o COJAAL, Direction des Travaux Constantine
Cit  Hacen Boukercha, ZI Ain Smara 25140 Constantine,
Algeria
Phone: 213-31-972-272 Fax: 213-31-972-260

Investor Information

Board of Directors and Statutory Auditors

President and Representative Director	Mikio Kunisawa
Representative Directors	Tadashi Ishibashi Keiji Fujimaki Kunihiko Yoshikawa Yoshinobu Saito Tadashi Takeya
Directors	Akira Maeda Harusada Kondo
Statutory Auditors	Isao Yotsumoto Toshiyuki Fujii Akihiro Kawabata Hiroshi Hirano

Executive Officers

President and Chief Executive Officer	Mikio Kunisawa
Executive Vice Presidents	Tadashi Ishibashi Keiji Fujimaki Kunihiko Yoshikawa Yoshinobu Saito Tadashi Takeya
Senior Managing Officers	Akira Maeda Shigeki Nagaoka Seishi Sato
Managing Officers	Koichiro Katsuragi Nobuyoshi Sakino Masatsune Katsuki Yutaka Nakamura Hidenori Tsuji Minoru Hirano Toshio Furuya Koji Yamamoto Eiji Hirata Uichi Mizuguchi Toshioki Takeda Takashi Suzuki Shuichi Abe Harusada Kondo
Executive Officers	Toshio Abe Shuzo Kato Tadashi Sasaki Hideo Iijima Hiroshi Dohihara Yasuhiro Kawamura Kazumasa Hirota Akimitsu Takashima Shigeru Tokura Haruto Ban Takao Komori Noboru Mizuwake

(As of June 27, 2008)

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

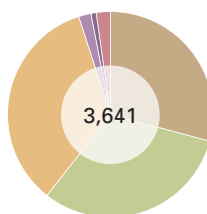
26,246

Major Shareholders

Thousands of Shares

The Master Trust Bank of Japan, Ltd. (trust account)	21,490
Japan Trustee Services Bank, Ltd. (trust account)	20,347
Japan Trustee Services Bank, Ltd. (trust account No. 4)	13,561
Mizuho Corporate Bank, Ltd.	5,400
Meiji Yasuda Life Insurance Company	5,063
Mizuho Trust and Banking Co., Ltd.	5,050
CBNY DFA International Cap Value Portfolio	3,563
State Street Bank and Trust Company 505019	3,382
Nishimatsu Construction Employee Shareholders' Association	3,260
The Bank of New York, Treaty JASDEC Account	3,026

Employees



Administrative Staff	1,062	29.2%
Civil Engineers	1,142	31.4%
Building Engineers	1,256	34.5%
Mechanical Engineers	70	1.9%
Electrical Engineers	38	1.0%
Others	73	2.0%
Total	3,641	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, 2008)



Nishimatsu Construction Co., Ltd.

20-10, Toranomom 1-chome, Minato-ku, Tokyo 105-8401, Japan

<http://www.nishimatsu.co.jp/eng>



Printed in Japan

HDJ20081500