

# Brief Financial Report for the Fiscal Year Ended March 31, 2008

May 15, 2008

Listed company name: **OKUMURA CORPORATION**

Stock exchange listings: Tokyo and Osaka

Code number: 1833

URL: <http://www.okumuragumi.co.jp/>

Representative: President and representative director: Takanori Okumura

Contact: Administration division, Finance and accounting department, General manager: Atsushi Tanaka TEL: (06) 6621-1101

Scheduled date for the ordinary general meeting of shareholders: June 27, 2008

Scheduled date for start of distribution dividends: June 30, 2008

Scheduled date for filing of Securities report (Yuka shoken hokokusho): June 30, 2008

(Amounts less than one million yen have been omitted)

## 1. Consolidated financial results for the fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)

### (1) Consolidated operating results

(% indicates changes from the previous fiscal year)

|        | Net sales       |        | Operating income (loss) |        | Ordinary income (loss) |        | Net income (loss) |       |
|--------|-----------------|--------|-------------------------|--------|------------------------|--------|-------------------|-------|
|        | Millions of yen | %      | Millions of yen         | %      | Millions of yen        | %      | Millions of yen   | %     |
| FY2008 | 254,089         | 11.6   | (14,617)                | —      | (13,134)               | —      | (32,475)          | —     |
| FY2007 | 227,769         | (15.6) | 1,415                   | (63.6) | 2,710                  | (50.8) | 4,123             | (0.9) |

|        | Net income (loss)<br>per share | Net income per<br>share (diluted) | Return on equity | Ordinary income<br>(loss) to total assets | Operating income<br>(loss) to net sale |
|--------|--------------------------------|-----------------------------------|------------------|---|--|
|        | Yen                            | Yen                               | %                | %   | %                                      |
| FY2008 | (162.32)                       | —                                 | (20.9)           | (3.5)                                     | (5.8)                                  |
| FY2007 | 20.51                          | —                                 | 2.3              | 0.6                                       | 0.6                                    |

### (2) Consolidated financial position

|        | Total assets    | Net assets      | Shareholders' equity ratio | Net assets per share |
|--------|-----------------|-----------------|----------------------------|----------------------|
|        | Millions of yen | Millions of yen | %                          | Yen                  |
| FY2008 | 332,711         | 128,819         | 38.7                       | 644.04               |
| FY2007 | 415,647         | 182,903         | 43.6                       | 905.75               |

### (3) Consolidated cash flows

|        | Cash flows from<br>operating activities | Cash flows from<br>investing activities | Cash flows from<br>financing activities | Cash and cash equivalents<br>at end of year |
|--------|---|---|---|---|
|        | Millions of yen                         | Millions of yen                         | Millions of yen                         | Millions of yen                             |
| FY2008 | (26,090)                                | 13,367                                  | (5,383)                                 | 21,445                                      |
| FY2007 | (6,999)                                 | 4,270                                   | (3,698)                                 | 39,637                                      |

## 2. Dividends

| (Record date)     | Cash dividends per share |                    | Total cash dividends<br>for the year | Dividend<br>payout ratio<br>(Consolidated) | Ratio of dividends<br>to net assets<br>(Consolidated) |
|-------------------|--------------------------|--------------------|--------------------------------------|--|---|
|                   | Year-end                 | Total for the year |                                      |  |   |
|                   | Yen                      | Yen                | Millions of yen                      | %  | %   |
| FY2007            | 20.00                    | 20.00              | 4,003                                | 97.5                                       | 2.2   |
| FY2008            | 9.00                     | 9.00               | 1,800                                | —  | 1.2   |
| FY2009 (Forecast) | 9.00                     | 9.00               | —                                    | 211.8                                      | —   |

Note: The year-end dividends for FY2007 consist of ordinary dividends of 10.00 yen and the 100th anniversary commemorative dividends of 10.00 yen.

## 3. Forecast of consolidated operating results for FY2009 (April 1, 2008 to March 31, 2009)

(% indicates changes from the corresponding period of the previous fiscal year)

|  | Net sales       |       | Operating income<br>(loss) |   | Ordinary income<br>(loss) |   | Net income (loss) |   | Net income (loss)<br>per share |
|--|-----------------|-------|----------------------------|---|---------------------------|---|-------------------|---|--------------------------------|
|  | Millions of yen | %     | Millions of yen            | % | Millions of yen           | % | Millions of yen   | % | Yen                            |
| Year to the date<br>through the 2 <sup>nd</sup><br>quarter | 87,070          | (3.1) | (1,770)                    | — | (710)                     | — | (5,020)           | — | (25.10)                        |
| Full year  | 242,860         | (4.4) | 590                        | — | 2,130                     | — | 850               | — | 4.25                           |

#### 4. Other

- (1) Changes in significant subsidiaries for FY2008 (Changes in scope of consolidation): Not applicable
- (2) Changes in accounting principles, procedures, presentation method, etc. for the consolidated financial statements (Items indicated in “Changes in the basis of presenting consolidated financial statements”)
- 1) Changes due to the revision of the accounting standards: Applicable
- 2) Changes other than 1): Not applicable
- (3) Number of shares of common stock issued and outstanding
- 1) Number of shares issued at end of year (including treasury stock):  
 FY2008: 228,326,133 shares                      FY2007: 228,326,133 shares
- 2) Number of treasury stock at end of year:  
 FY2008: 28,308,113 shares                      FY2007: 28,165,388 shares

#### (Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2008 (April 1, 2007 to March 31, 2008)

(1) Non-consolidated operating results

(% indicates changes from the previous fiscal year)

|        | Net sales       |        | Operating income (loss) |        | Ordinary income (loss) |        | Net income (loss) |     |
|--------|-----------------|--------|-------------------------|--------|------------------------|--------|-------------------|-----|
|        | Millions of yen | %      | Millions of yen         | %      | Millions of yen        | %      | Millions of yen   | %   |
| FY2008 | 249,844         | 10.9   | (14,630)                | —      | (13,017)               | —      | (32,514)          | —   |
| FY2007 | 225,217         | (15.6) | 1,534                   | (61.2) | 2,844                  | (48.9) | 4,114             | 0.1 |

|        | Net income (loss) per share | Net income per share (diluted) |
|--------|-----------------------------|--------------------------------|
|        | Yen                         | Yen                            |
| FY2008 | (162.52)                    | —                              |
| FY2007 | 20.47                       | —                              |

(2) Non-consolidated financial position

|        | Total assets    | Net assets      | Shareholders' equity ratio | Net assets per share |
|--------|-----------------|-----------------|----------------------------|----------------------|
|        | Millions of yen | Millions of yen | %                          | Yen                  |
| FY2008 | 328,082         | 127,006         | 38.7                       | 634.97               |
| FY2007 | 412,258         | 179,493         | 43.5                       | 896.75               |

2. Forecast of non-consolidated operating results for FY2009 (April 1, 2008 to March 31, 2009)

(% indicates changes from the corresponding period of the previous fiscal year)

|  | Net sales       |       | Operating income (loss) |   | Ordinary income (loss) |   | Net income (loss) |   | Net income (loss) per share |
|--|-----------------|-------|-------------------------|---|------------------------|---|-------------------|---|-----------------------------|
|  | Millions of yen | %     | Millions of yen         | % | Millions of yen        | % | Millions of yen   | % | Yen                         |
| Year to the date through the 2 <sup>nd</sup> quarter | 83,900          | (4.4) | (1,800)                 | — | (800)                  | — | (5,085)           | — | (25.42)                     |
| Full year  | 238,500         | (4.5) | 400                     | — | 1,800                  | — | 550               | — | 2.75                        |

#### \*Note to appropriate use of forecasts

##### (Cautionary note concerning forward-looking statements)

Since the operating results forecasts and certain other statements contained in this report have been made based on information currently available, actual results may differ from these forecasts due to various factors.

## Consolidated Financial Statements

### Consolidated Balance Sheets

| Item                                       | FY2007<br>As of March 31, 2007 |                          | FY2008<br>As of March 31, 2008 |                          | Change<br>Increase (Decrease) |
|--|--------------------------------|--------------------------|--------------------------------|--------------------------|-------------------------------|
|  | Millions of yen                | Composition<br>ratio (%) | Millions of yen                | Composition<br>ratio (%) | Millions of yen               |
| <b>Assets</b>                              |                                |                          |                                |                          |                               |
| <b>Current assets:</b>                     |                                |                          |                                |                          |                               |
| Cash and time deposits                     | 45,523                         |                          | 10,668                         |                          | (34,854)                      |
| Trade notes and accounts receivable        | 70,630                         |                          | 85,998                         |                          | 15,367                        |
| Short-term investments                     | 6,211                          |                          | 14,803                         |                          | 8,592                         |
| Accumulated costs of uncompleted contracts | 120,495                        |                          | 102,591                        |                          | (17,904)                      |
| Other inventories                          | 9,046                          |                          | 13,781                         |                          | 4,735                         |
| Deferred income taxes                      | 11,309                         |                          | —                              |                          | (11,309)                      |
| Other accounts receivable                  | 26,246                         |                          | —                              |                          | (26,246)                      |
| Others                                     | 3,141                          |                          | 17,058                         |                          | 13,917                        |
| Less: Allowance for doubtful accounts      | (3,844)                        |                          | (4,633)                        |                          | (789)                         |
| Total current assets                       | 288,760                        | 69.5                     | 240,268                        | 72.2                     | (48,491)                      |
| <b>Fixed assets:</b>                       |                                |                          |                                |                          |                               |
| Property and equipment:                    |                                |                          |                                |                          |                               |
| Buildings                                  | 4,168                          |                          | 5,866                          |                          | 1,697                         |
| Machinery and equipment                    | 882                            |                          | 795                            |                          | (87)                          |
| Land                                       | 16,416                         |                          | 16,228                         |                          | (188)                         |
| Construction in progress                   | 829                            |                          | 328                            |                          | (501)                         |
| Total property and equipment               | 22,297                         |                          | 23,217                         |                          | 920                           |
| Intangible fixed assets                    | 1,038                          |                          | 853                            |                          | (184)                         |
| Investments and other assets:              |                                |                          |                                |                          |                               |
| Investments in securities                  | 96,944                         |                          | 63,325                         |                          | (33,619)                      |
| Long-term receivables                      | 2,755                          |                          | 2,563                          |                          | (191)                         |
| Others                                     | 3,890                          |                          | 2,643                          |                          | (1,246)                       |
| Less: Allowance for doubtful accounts      | (38)                           |                          | (161)                          |                          | (122)                         |
| Total investments and other assets         | 103,551                        |                          | 68,371                         |                          | (35,180)                      |
| Total fixed assets                         | 126,886                        | 30.5                     | 92,442                         | 27.8                     | (34,444)                      |
| <b>Total assets</b>                        | <b>415,647</b>                 | <b>100</b>               | <b>332,711</b>                 | <b>100</b>               | <b>(82,935)</b>               |

| Item  | FY2007<br>As of March 31, 2007 |                          | FY2008<br>As of March 31, 2008 |                          | Change<br>Increase (Decrease) |
|---|--------------------------------|--------------------------|--------------------------------|--------------------------|-------------------------------|
|   | Millions of yen                | Composition<br>ratio (%) | Millions of yen                | Composition<br>ratio (%) | Millions of yen               |
| <b>Liabilities</b>  |                                |                          |                                |                          |                               |
| <b>Current liabilities:</b>                                     |                                |                          |                                |                          |                               |
| Trade notes and accounts payable                                | 93,595                         |                          | 86,914                         |                          | (6,681)                       |
| Short-term loans including current portion<br>of long-term debt | 12,197                         |                          | 10,995                         |                          | (1,202)                       |
| Accrued income taxes  | 490                            |                          | 147                            |                          | (342)                         |
| Advances received on uncompleted contracts                      | 79,136                         |                          | 68,171                         |                          | (10,964)                      |
| Allowance for repairs   | 133                            |                          | 109                            |                          | (23)                          |
| Allowance for warranty work on construction<br>projects         | 454                            |                          | 632                            |                          | 178                           |
| Allowance for bonuses   | —                              |                          | 1,055                          |                          | 1,055                         |
| Allowance for construction loss                                 | 2,150                          |                          | 6,904                          |                          | 4,754                         |
| Others  | 19,672                         |                          | 9,506                          |                          | (10,166)                      |
| Total current liabilities                                       | 207,831                        | 50.0                     | 184,438                        | 55.4                     | (23,392)                      |
| <b>Long-term liabilities:</b>                                   |                                |                          |                                |                          |                               |
| Long-term debt  | 494                            |                          | 404                            |                          | (90)                          |
| Deferred income taxes   | 17,875                         |                          | 11,908                         |                          | (5,966)                       |
| Accrued severance indemnities                                   | 6,528                          |                          | 5,525                          |                          | (1,003)                       |
| Negative goodwill   | —                              |                          | 1,417                          |                          | 1,417                         |
| Others  | 14                             |                          | 196                            |                          | 182                           |
| Total long-term liabilities                                     | 24,912                         | 6.0                      | 19,452                         | 5.9                      | (5,459)                       |
| Total liabilities   | 232,743                        | 56.0                     | 203,891                        | 61.3                     | (28,852)                      |
| <b>Net assets</b>   |                                |                          |                                |                          |                               |
| <b>Shareholders' equity:</b>                                    |                                |                          |                                |                          |                               |
| Common stock  | 19,838                         | 4.8                      | 19,838                         | 6.0                      | 0                             |
| Additional paid-in capital                                      | 25,328                         | 6.1                      | 25,329                         | 7.6                      | 1                             |
| Retained earnings   | 115,032                        | 27.7                     | 78,553                         | 23.6                     | (36,479)                      |
| Less: Treasury stock, at cost                                   | (12,171)                       | (3.0)                    | (12,260)                       | (3.7)                    | (89)                          |
| Total shareholders' equity                                      | 148,027                        | 35.6                     | 111,460                        | 33.5                     | (36,567)                      |
| <b>Valuation and translation adjustments:</b>                   |                                |                          |                                |                          |                               |
| Net unrealized holding gains on securities                      | 33,268                         | 8.0                      | 17,359                         | 5.2                      | (15,909)                      |
| Total valuation and translation adjustments                     | 33,268                         | 8.0                      | 17,359                         | 5.2                      | (15,909)                      |
| <b>Minority interests</b>                                       | 1,607                          | 0.4                      | —                              |                          | (1,607)                       |
| Total net assets  | 182,903                        | 44.0                     | 128,819                        | 38.7                     | (54,083)                      |
| <b>Total liabilities and net assets</b>                         | 415,647                        | 100                      | 332,711                        | 100                      | (82,935)                      |

## Consolidated Statements of Income

| Item  | FY2007<br>April 1, 2006 to March 31, 2007 |                          | FY2008<br>April 1, 2007 to March 31, 2008 |                          | Change<br>Increase (Decrease) |
|---|---|--------------------------|---|--------------------------|-------------------------------|
|   | Millions of yen                           | Composition<br>ratio (%) | Millions of yen                           | Composition<br>ratio (%) | Millions of yen               |
| <b>Net sales:</b>   |   |                          |   |                          |                               |
| Completed construction  | 217,663                                   |                          | 245,659                                   |                          | 27,995                        |
| Others  | 10,106                                    |                          | 8,430                                     |                          | (1,675)                       |
| Total net sales   | 227,769                                   | 100                      | 254,089                                   | 100                      | 26,320                        |
| <b>Cost of sales:</b>   |   |                          |   |                          |                               |
| Completed construction  | 198,270                                   |                          | 241,176                                   |                          | 42,906                        |
| Others  | 5,780                                     |                          | 5,926                                     |                          | 145                           |
| Total cost of sales   | 204,050                                   | 89.6                     | 247,102                                   | 97.3                     | 43,052                        |
| Gross profit:   |   |                          |   |                          |                               |
| Completed construction  | 19,393                                    |                          | 4,482                                     |                          | (14,911)                      |
| Others  | 4,325                                     |                          | 2,504                                     |                          | (1,820)                       |
| Total gross profit  | 23,719                                    | 10.4                     | 6,987                                     | 2.7                      | (16,732)                      |
| <b>Selling, general and administrative expenses</b>             | 22,303                                    | 9.8                      | 21,605                                    | 8.5                      | (698)                         |
| Operating income  | 1,415                                     | 0.6                      | —   |                          | (1,415)                       |
| Operating loss  | —   |                          | 14,617                                    | (5.8)                    | 14,617                        |
| <b>Non-operating income:</b>                                    |   |                          |   |                          |                               |
| Interest income   | 421                                       |                          | 565                                       |                          | 144                           |
| Dividends   | 963                                       |                          | 941                                       |                          | (21)                          |
| Amortization of negative goodwill                               | 13  |                          | —   |                          | (13)                          |
| Others  | 208                                       |                          | 354                                       |                          | 146                           |
| Total non-operating income                                      | 1,605                                     | 0.7                      | 1,861                                     | 0.7                      | 255                           |
| <b>Non-operating expenses:</b>                                  |   |                          |   |                          |                               |
| Interest expenses   | 213                                       |                          | 216                                       |                          | 3                             |
| Foreign exchange loss   | —   |                          | 104                                       |                          | 104                           |
| Commitment fee  | —   |                          | 42  |                          | 42                            |
| Others  | 97  |                          | 13  |                          | (83)                          |
| Total non-operating expenses                                    | 310                                       | 0.1                      | 378                                       | 0.1                      | 67                            |
| Ordinary income   | 2,710                                     | 1.2                      | —   |                          | (2,710)                       |
| Ordinary loss   | —   |                          | 13,134                                    | (5.2)                    | 13,134                        |
| <b>Extraordinary gains:</b>                                     |   |                          |   |                          |                               |
| Prior-year adjustment   | 414                                       |                          | 470                                       |                          | 55                            |
| Gain on sales of property and equipment                         | 1,008                                     |                          | 809                                       |                          | (198)                         |
| Reversal of allowance for doubtful accounts                     | 899                                       |                          | —   |                          | (899)                         |
| Gain on sales of investments in securities                      | 2,925                                     |                          | 21  |                          | (2,904)                       |
| Total extraordinary gains                                       | 5,248                                     | 2.3                      | 1,301                                     | 0.5                      | (3,947)                       |
| <b>Extraordinary losses:</b>                                    |   |                          |   |                          |                               |
| Prior-year adjustment   | 60  |                          | 158                                       |                          | 98                            |
| Loss on sales of property and equipment                         | 2   |                          | 9   |                          | 7                             |
| Loss on disposal of property and equipment                      | 44  |                          | 392                                       |                          | 348                           |
| Devaluation of investments in securities                        | 15  |                          | 1,710                                     |                          | 1,694                         |
| Loss on deduction of carrying amounts of property and equipment | —   |                          | 5   |                          | 5                             |
| Loss on valuation of membership                                 | —   |                          | 29  |                          | 29                            |
| Loss on violation of the antitrust laws                         | 714                                       |                          | —   |                          | (714)                         |
| Total extraordinary losses                                      | 838                                       | 0.4                      | 2,306                                     | 0.9                      | 1,468                         |
| Income before income taxes and minority interests               | 7,121                                     | 3.1                      | —   |                          | (7,121)                       |
| Loss before income taxes and minority interests                 | —   |                          | 14,140                                    | (5.6)                    | 14,140                        |
| Current income taxes  | 449                                       | 0.2                      | 212                                       | 0.1                      | (237)                         |
| Refund of income taxes for prior periods                        | —   |                          | (199)                                     | (0.1)                    | (199)                         |
| Deferred income taxes   | 2,623                                     | 1.1                      | 18,427                                    | 7.2                      | 15,803                        |
| Minority interests in loss of consolidated subsidiaries         | 76  | 0.0                      | 104                                       | 0.0                      | 27                            |
| <b>Net income</b>   | 4,123                                     | 1.8                      | —   |                          | (4,123)                       |
| <b>Net loss</b>   | —   |                          | 32,475                                    | (12.8)                   | 32,475                        |

## Consolidated Statements of Changes in Net Assets

For FY2007 (April 1, 2006 to March 31, 2007)

(Millions of yen)

|   | Shareholders' equity |                            |                   |                         |                            |
|---|----------------------|----------------------------|-------------------|-------------------------|----------------------------|
|   | Common stock         | Additional paid-in capital | Retained earnings | Treasury stock, at cost | Total shareholders' equity |
| <b>Balance—March 31, 2006</b>                       | 19,838               | 25,326                     | 112,973           | (10,823)                | 147,315                    |
| Changes during the year:                            |                      |                            |                   |                         |                            |
| Dividends from surplus (Note)                       |                      |                            | (2,022)           |                         | (2,022)                    |
| Bonuses for directors and statutory auditors (Note) |                      |                            | (42)              |                         | (42)                       |
| Net income  |                      |                            | 4,123             |                         | 4,123                      |
| Acquisition of treasury stock                       |                      |                            |                   | (1,351)                 | (1,351)                    |
| Disposal of treasury stock                          |                      | 1                          |                   | 3                       | 5                          |
| Total changes during the year                       | —                    | 1                          | 2,058             | (1,347)                 | 712                        |
| <b>Balance—March 31, 2007</b>                       | 19,838               | 25,328                     | 115,032           | (12,171)                | 148,027                    |

|   | Valuation and translation adjustments      |   | Minority interests | Total net assets |
|---|--|---|--------------------|------------------|
|   | Net unrealized holding gains on securities | Total valuation and translation adjustments |                    |                  |
| <b>Balance—March 31, 2006</b>                       | 36,374                                     | 36,374                                      | 1,724              | 185,414          |
| Changes during the year:                            |  |   |                    |                  |
| Dividends from surplus (Note)                       |  |   |                    | (2,022)          |
| Bonuses for directors and statutory auditors (Note) |  |   |                    | (42)             |
| Net income  |  |   |                    | 4,123            |
| Acquisition of treasury stock                       |  |   |                    | (1,351)          |
| Disposal of treasury stock                          |  |   |                    | 5                |
| Items other than changes in shareholders' equity    | (3,105)                                    | (3,105)                                     | (117)              | (3,223)          |
| Total changes during the year                       | (3,105)                                    | (3,105)                                     | (117)              | (2,510)          |
| <b>Balance—March 31, 2007</b>                       | 33,268                                     | 33,268                                      | 1,607              | 182,903          |

Note: Appropriations of retained earnings which was approved by the ordinary general meeting of shareholders held in June 2006.

|                               | Shareholders' equity |                            |                   |                         |                            |
|-------------------------------|----------------------|----------------------------|-------------------|-------------------------|----------------------------|
|                               | Common stock         | Additional paid-in capital | Retained earnings | Treasury stock, at cost | Total shareholders' equity |
| <b>Balance—March 31, 2007</b> | 19,838               | 25,328                     | 115,032           | (12,171)                | 148,027                    |
| Changes during the year:      |                      |                            |                   |                         |                            |
| Dividends from surplus        |                      |                            | (4,003)           |                         | (4,003)                    |
| Net loss                      |                      |                            | (32,475)          |                         | (32,475)                   |
| Acquisition of treasury stock |                      |                            |                   | (92)                    | (92)                       |
| Disposal of treasury stock    |                      | 1                          |                   | 3                       | 4                          |
| Total changes during the year | —                    | 1                          | (36,479)          | (89)                    | (36,567)                   |
| <b>Balance—March 31, 2008</b> | 19,838               | 25,329                     | 78,553            | (12,260)                | 111,460                    |

|  | Valuation and translation adjustments      |   | Minority interests | Total net assets |
|--|--|---|--------------------|------------------|
|  | Net unrealized holding gains on securities | Total valuation and translation adjustments |                    |                  |
| <b>Balance—March 31, 2007</b>                    | 33,268                                     | 33,268                                      | 1,607              | 182,903          |
| Changes during the year:                         |  |   |                    |                  |
| Dividends from surplus                           |  | —   |                    | (4,003)          |
| Net loss   |  | —   |                    | (32,475)         |
| Acquisition of treasury stock                    |  | —   |                    | (92)             |
| Disposal of treasury stock                       |  | —   |                    | 4                |
| Items other than changes in shareholders' equity | (15,909)                                   | (15,909)                                    | (1,607)            | (17,516)         |
| Total changes during the year                    | (15,909)                                   | (15,909)                                    | (1,607)            | (54,083)         |
| <b>Balance—March 31, 2008</b>                    | 17,359                                     | 17,359                                      | —                  | 128,819          |

## Consolidated Statements of Cash Flows

|   | <b>FY2007</b><br>April 1, 2006 to<br>March 31, 2007 | <b>FY2008</b><br>April 1, 2007 to<br>March 31, 2008 | Change<br>Increase (Decrease) |
|---|---|---|-------------------------------|
| Item  | Millions of yen                                     | Millions of yen                                     | Millions of yen               |
| <b>Cash flows from operating activities:</b>                      |   |   |                               |
| Income (loss) before income taxes and minority interests          | 7,121   | (14,140)  | (21,261)                      |
| Depreciation  | 709   | 935   | 226                           |
| Amortization of negative goodwill                                 | (13)  | —   | 13                            |
| (Decrease) increase in allowance for doubtful accounts            | (899)   | 912   | 1,811                         |
| Decrease in accrued severance indemnities                         | (1,348)   | (1,003)   | 344                           |
| Increase in allowance for bonuses                                 | —   | 1,055   | 1,055                         |
| Increase in allowance for construction loss                       | 205   | 4,754   | 4,548                         |
| Dividends and interest income                                     | (1,384)   | (1,507)   | (122)                         |
| Interest expenses   | 213   | 216   | 3                             |
| Gain on sales of property and equipment, net                      | (1,005)   | (799)   | 205                           |
| Gain on sales of investments in securities                        | (2,925)   | (21)  | 2,904                         |
| Devaluation of investments in securities                          | 15  | 1,710   | 1,694                         |
| Loss on violation of the antitrust laws                           | 706   | —   | (706)                         |
| Decrease (increase) in trade notes and accounts receivable        | 13,712  | (15,367)  | (29,079)                      |
| (Increase) decrease in accumulated costs of uncompleted contracts | (6,513)   | 17,904  | 24,417                        |
| Increase in other inventories                                     | (198)   | (4,735)   | (4,536)                       |
| (Decrease) increase in trade notes and accounts payable           | (5,362)   | 3,685   | 9,047                         |
| Decrease in advances received on uncompleted contracts            | (9,353)   | (10,964)  | (1,610)                       |
| Decrease in accrued consumption taxes                             | (721)   | (910)   | (189)                         |
| Bonuses paid to directors and statutory auditors                  | (42)  | —   | 42                            |
| Other, net  | (686)   | (8,702)   | (8,016)                       |
| Subtotal  | (7,770)   | (26,978)  | (19,207)                      |
| Dividends and interest received                                   | 1,430   | 1,527   | 96                            |
| Interest paid   | (212)   | (216)   | (4)                           |
| Income taxes paid   | (447)   | (422)   | 24                            |
| Net cash used in operating activities                             | (6,999)   | (26,090)  | (19,090)                      |



|   | <b>FY2007</b><br>April 1, 2006 to<br>March 31, 2007 | <b>FY2008</b><br>April 1, 2007 to<br>March 31, 2008 | Change<br>Increase (Decrease) |
|---|---|---|-------------------------------|
| Item  | Millions of yen                                     | Millions of yen                                     | Millions of yen               |
| <b>Cash flows from investing activities:</b>                        |   |   |                               |
| Net decrease in time deposits                                       | 791   | 9,860   | 9,068                         |
| Payments for purchases of securities                                | (5,772)   | (1,070)   | 4,701                         |
| Proceeds from sales of securities                                   | 9,947   | 4,927   | (5,020)                       |
| Payments for purchases of tangible and intangible fixed assets      | (2,879)   | (2,444)   | 435                           |
| Proceeds from sales of tangible and intangible fixed assets         | 1,031   | 1,015   | (16)                          |
| Issuance of loans receivable  | (390)   | (158)   | 231                           |
| Collection of loans receivable                                      | 193   | 150   | (43)                          |
| Other, net  | 1,347   | 1,088   | (258)                         |
| Net cash provided by investing activities                           | 4,270   | 13,367  | 9,097                         |
| <b>Cash flows from financing activities:</b>                        |   |   |                               |
| Net decrease in short-term loans                                    | (226)   | (1,193)   | (967)                         |
| Repayment of long-term debt   | (95)  | (98)  | (2)                           |
| Payments for acquisition of treasury stock                          | (1,351)   | (92)  | 1,258                         |
| Proceeds from disposal of treasury stock                            | 5   | 4   | (0)                           |
| Dividends paid  | (2,021)   | (3,994)   | (1,972)                       |
| Dividends paid to minority shareholders                             | (8)   | (8)   | 0                             |
| Net cash used in financing activities                               | (3,698)   | (5,383)   | (1,684)                       |
| <b>Effect of exchange rate changes on cash and cash equivalents</b> | (18)  | (86)  | (67)                          |
| <b>Net decrease in cash and cash equivalents</b>                    | (6,447)   | (18,192)  | (11,744)                      |
| <b>Cash and cash equivalents at beginning of year</b>               | 46,084  | 39,637  | (6,447)                       |
| <b>Cash and cash equivalents at end of year</b>                     | 39,637  | 21,445  | (18,192)                      |

## Non-consolidated Financial Statements

### Non-consolidated Balance Sheets

| Item  | FY2007<br>As of March 31, 2007 |                          | FY2008<br>As of March 31, 2008 |                          | Change<br>Increase (Decrease) |
|---|--------------------------------|--------------------------|--------------------------------|--------------------------|-------------------------------|
|   | Millions of yen                | Composition<br>ratio (%) | Millions of yen                | Composition<br>ratio (%) | Millions of yen               |
| <b>Assets</b>                                       |                                |                          |                                |                          |                               |
| <b>Current assets:</b>                              |                                |                          |                                |                          |                               |
| Cash and time deposits                              | 45,485                         |                          | 10,493                         |                          | (34,991)                      |
| Trade notes receivable                              | 14,453                         |                          | 7,325                          |                          | (7,128)                       |
| Trade accounts receivable                           | 54,615                         |                          | 76,546                         |                          | 21,930                        |
| Short-term investments                              | 6,211                          |                          | 14,803                         |                          | 8,592                         |
| Real estate for sale                                | 953                            |                          | 1,572                          |                          | 618                           |
| Accumulated costs of uncompleted contracts          | 120,393                        |                          | 102,529                        |                          | (17,863)                      |
| Payment for investments in real estate              | 4,166                          |                          | 6,782                          |                          | 2,615                         |
| Short-term receivables                              | 7,117                          |                          | 8,434                          |                          | 1,317                         |
| Deferred income taxes                               | 11,388                         |                          | —                              |                          | (11,388)                      |
| Other accounts receivable                           | 26,590                         |                          | 14,693                         |                          | (11,897)                      |
| Trust beneficiary rights                            | 1,222                          |                          | 78                             |                          | (1,144)                       |
| Others  | 1,849                          |                          | 2,161                          |                          | 311                           |
| Less: Allowance for doubtful accounts               | (4,055)                        |                          | (4,847)                        |                          | (792)                         |
| Total current assets                                | 290,392                        | 70.4                     | 240,572                        | 73.3                     | (49,819)                      |
| <b>Fixed assets:</b>                                |                                |                          |                                |                          |                               |
| Property and equipment:                             |                                |                          |                                |                          |                               |
| Buildings   | 4,065                          |                          | 5,764                          |                          | 1,699                         |
| Machinery and vehicles                              | 413                            |                          | 339                            |                          | (74)                          |
| Tools, furniture and fixtures                       | 395                            |                          | 374                            |                          | (21)                          |
| Land  | 11,951                         |                          | 11,768                         |                          | (182)                         |
| Construction in progress                            | 822                            |                          | 277                            |                          | (545)                         |
| Total property and equipment                        | 17,648                         |                          | 18,524                         |                          | 875                           |
| Intangible fixed assets                             | 1,032                          |                          | 846                            |                          | (186)                         |
| Investments and other assets:                       |                                |                          |                                |                          |                               |
| Investments in securities                           | 96,331                         |                          | 62,800                         |                          | (33,530)                      |
| Investments in subsidiaries and affiliates, at cost | 266                            |                          | 318                            |                          | 51                            |
| Long-term receivables                               | 2,145                          |                          | 2,095                          |                          | (49)                          |
| Long-term loans to employees                        | 592                            |                          | 448                            |                          | (143)                         |
| Others  | 3,887                          |                          | 2,637                          |                          | (1,250)                       |
| Less: Allowance for doubtful accounts               | (38)                           |                          | (161)                          |                          | (122)                         |
| Total investments and other assets                  | 103,184                        |                          | 68,139                         |                          | (35,045)                      |
| Total fixed assets                                  | 121,866                        | 29.6                     | 87,509                         | 26.7                     | (34,356)                      |
| <b>Total assets</b>                                 | <b>412,258</b>                 | <b>100</b>               | <b>328,082</b>                 | <b>100</b>               | <b>(84,176)</b>               |

|   | <b>FY2007</b><br>As of March 31, 2007 |                          | <b>FY2008</b><br>As of March 31, 2008 |                          | Change<br>Increase (Decrease) |
|---|---------------------------------------|--------------------------|---------------------------------------|--------------------------|-------------------------------|
| Item  | Millions of yen                       | Composition<br>ratio (%) | Millions of yen                       | Composition<br>ratio (%) | Millions of yen               |
| <b>Liabilities</b>  |                                       |                          |                                       |                          |                               |
| <b>Current liabilities:</b>                                       |                                       |                          |                                       |                          |                               |
| Trade notes payable   | 11,021                                |                          | 11,221                                |                          | 199                           |
| Trade accounts payable  | 81,507                                |                          | 74,388                                |                          | (7,118)                       |
| Short-term loans including current portion of long-term debt      | 13,884                                |                          | 11,561                                |                          | (2,323)                       |
| Accrued expenses  | 3,186                                 |                          | 822                                   |                          | (2,363)                       |
| Accrued income taxes  | 465                                   |                          | 115                                   |                          | (349)                         |
| Advances received on uncompleted contracts                        | 79,086                                |                          | 68,137                                |                          | (10,949)                      |
| Deposit payable   | 13,693                                |                          | 6,349                                 |                          | (7,344)                       |
| Allowance for repairs   | 133                                   |                          | 109                                   |                          | (23)                          |
| Allowance for warranty work on construction projects              | 413                                   |                          | 591                                   |                          | 178                           |
| Allowance for bonuses   | —                                     |                          | 1,050                                 |                          | 1,050                         |
| Allowance for construction loss                                   | 2,148                                 |                          | 6,800                                 |                          | 4,652                         |
| Others  | 2,414                                 |                          | 1,955                                 |                          | (458)                         |
| Total current liabilities   | 207,955                               | 50.5                     | 183,103                               | 55.8                     | (24,851)                      |
| <b>Long-term liabilities:</b>                                     |                                       |                          |                                       |                          |                               |
| Long-term debt  | 479                                   |                          | 396                                   |                          | (82)                          |
| Deferred income taxes   | 17,786                                |                          | 11,856                                |                          | (5,929)                       |
| Accrued severance indemnities                                     | 6,528                                 |                          | 5,525                                 |                          | (1,003)                       |
| Others  | 14                                    |                          | 193                                   |                          | 179                           |
| Total long-term liabilities                                       | 24,809                                | 6.0                      | 17,972                                | 5.5                      | (6,836)                       |
| Total liabilities   | 232,764                               | 56.5                     | 201,076                               | 61.3                     | (31,688)                      |
| <b>Net assets</b>   |                                       |                          |                                       |                          |                               |
| <b>Shareholders' equity:</b>                                      |                                       |                          |                                       |                          |                               |
| Common stock  | 19,838                                | 4.8                      | 19,838                                | 6.0                      | 0                             |
| Additional paid-in capital:                                       |                                       |                          |                                       |                          |                               |
| Capital reserve   | 25,322                                |                          | 25,322                                |                          | 0                             |
| Other additional paid-in capital                                  | 6                                     |                          | 7                                     |                          | 1                             |
| Total additional paid-in capital                                  | 25,328                                | 6.1                      | 25,329                                | 7.7                      | 1                             |
| Retained earnings:  |                                       |                          |                                       |                          |                               |
| Earned reserve  | 4,959                                 |                          | 4,959                                 |                          | 0                             |
| Other retained earnings:  |                                       |                          |                                       |                          |                               |
| Extraordinary depreciation reserve                                | 59                                    |                          | 35                                    |                          | (24)                          |
| Reserve for accelerated depreciation                              | 2,494                                 |                          | 3,004                                 |                          | 510                           |
| Special appropriation to the reserve for accelerated depreciation | 340                                   |                          | 185                                   |                          | (154)                         |
| Reserve for various purposes                                      | 100,500                               |                          | 101,400                               |                          | 900                           |
| Retained earnings brought forward                                 | 4,916                                 |                          | (32,833)                              |                          | (37,749)                      |
| Total other retained earnings                                     | 108,310                               |                          | 71,792                                |                          | (36,517)                      |
| Total retained earnings   | 113,270                               | 27.5                     | 76,752                                | 23.4                     | (36,517)                      |
| Less: Treasury stock, at cost                                     | (12,171)                              | (2.9)                    | (12,260)                              | (3.7)                    | (89)                          |
| Total shareholders' equity  | 146,266                               | 35.5                     | 109,660                               | 33.4                     | (36,605)                      |
| <b>Valuation and translation adjustments:</b>                     |                                       |                          |                                       |                          |                               |
| Net unrealized holding gains on securities                        | 33,227                                | 8.0                      | 17,345                                | 5.3                      | (15,881)                      |
| Total valuation and translation adjustments                       | 33,227                                | 8.0                      | 17,345                                | 5.3                      | (15,881)                      |
| Total net assets  | 179,493                               | 43.5                     | 127,006                               | 38.7                     | (52,487)                      |
| <b>Total liabilities and net assets</b>                           | <b>412,258</b>                        | <b>100</b>               | <b>328,082</b>                        | <b>100</b>               | <b>(84,176)</b>               |

## Non-consolidated Statements of Income

| Item   | FY2007<br>April 1, 2006 to March 31, 2007 |                          | FY2008<br>April 1, 2007 to March 31, 2008 |                          | Change<br>Increase (Decrease) |
|--|---|--------------------------|---|--------------------------|-------------------------------|
|  | Millions of yen                           | Composition<br>ratio (%) | Millions of yen                           | Composition<br>ratio (%) | Millions of yen               |
| <b>Net sales:</b>  |   |                          |   |                          |                               |
| Completed construction                                   | 217,665                                   |                          | 246,495                                   |                          | 28,829                        |
| Real estate and other                                    | 7,552                                     |                          | 3,348                                     |                          | (4,203)                       |
| Total net sales  | 225,217                                   | 100                      | 249,844                                   | 100                      | 24,626                        |
| <b>Cost of sales:</b>                                    |   |                          |   |                          |                               |
| Completed construction                                   | 198,234                                   |                          | 241,932                                   |                          | 43,697                        |
| Real estate and other                                    | 3,595                                     |                          | 1,370                                     |                          | (2,225)                       |
| Total cost of sales                                      | 201,829                                   | 89.6                     | 243,302                                   | 97.4                     | 41,472                        |
| Gross profit:  |   |                          |   |                          |                               |
| Completed construction                                   | 19,430                                    |                          | 4,562                                     |                          | (14,868)                      |
| Real estate and other                                    | 3,957                                     |                          | 1,978                                     |                          | (1,978)                       |
| Total gross profit                                       | 23,387                                    | 10.4                     | 6,541                                     | 2.6                      | (16,846)                      |
| <b>Selling, general and administrative<br/>expenses:</b> |   |                          |   |                          |                               |
| Directors' remuneration                                  | 284                                       |                          | 258                                       |                          | (25)                          |
| Employee salary  | 12,289                                    |                          | 10,647                                    |                          | (1,642)                       |
| Provision for allowance for bonuses                      | —   |                          | 585                                       |                          | 585                           |
| Retirement benefits                                      | 850                                       |                          | 768                                       |                          | (81)                          |
| Statutory welfare  | 1,466                                     |                          | 1,451                                     |                          | (14)                          |
| Fringe benefit   | 367                                       |                          | 328                                       |                          | (38)                          |
| Repair and maintenance                                   | 307                                       |                          | 349                                       |                          | 41                            |
| Office supplies  | 344                                       |                          | 293                                       |                          | (51)                          |
| Communication and transportation                         | 1,107                                     |                          | 1,080                                     |                          | (26)                          |
| Utilities  | 144                                       |                          | 149                                       |                          | 5                             |
| Research   | 998                                       |                          | 932                                       |                          | (65)                          |
| Adverting  | 225                                       |                          | 182                                       |                          | (43)                          |
| Reversal of allowance for doubtful accounts              | —   |                          | 1,068                                     |                          | 1,068                         |
| Entertainment  | 324                                       |                          | 184                                       |                          | (140)                         |
| Donation   | 146                                       |                          | 43  |                          | (102)                         |
| Rent   | 342                                       |                          | 349                                       |                          | 7                             |
| Depreciation   | 403                                       |                          | 538                                       |                          | 135                           |
| Tax and dues   | 493                                       |                          | 372                                       |                          | (120)                         |
| Insurance  | 26  |                          | 24  |                          | (2)                           |
| Miscellaneous expenses                                   | 1,732                                     |                          | 1,564                                     |                          | (168)                         |
| Total selling, general and administrative<br>expenses    | 21,853                                    | 9.7                      | 21,172                                    | 8.5                      | (680)                         |
| Operating income   | 1,534                                     | 0.7                      | —   |                          | (1,534)                       |
| Operating loss   | —   |                          | 14,630                                    | (5.9)                    | 14,630                        |

| Item   | FY2007<br>April 1, 2006 to March 31, 2007 |                          | FY2008<br>April 1, 2007 to March 31, 2008 |                          | Change<br>Increase (Decrease) |
|--|---|--------------------------|---|--------------------------|-------------------------------|
|  | Millions of yen                           | Composition<br>ratio (%) | Millions of yen                           | Composition<br>ratio (%) | Millions of yen               |
| <b>Non-operating income:</b>                                       |   |                          |   |                          |                               |
| Interest income  | 262                                       |                          | 453                                       |                          | 191                           |
| Interest on marketable securities                                  | 213                                       |                          | 269                                       |                          | 56                            |
| Dividends  | 965                                       |                          | 944                                       |                          | (21)                          |
| Others   | 197                                       |                          | 360                                       |                          | 162                           |
| Total non-operating income   | 1,638                                     | 0.7                      | 2,028                                     | 0.9                      | 389                           |
| <b>Non-operating expenses:</b>                                     |   |                          |   |                          |                               |
| Interest expenses  | 237                                       |                          | 246                                       |                          | 9                             |
| Foreign exchange loss  | —   |                          | 114                                       |                          | 114                           |
| Commitment fee   | —   |                          | 42  |                          | 42                            |
| Others   | 91  |                          | 10  |                          | (80)                          |
| Total non-operating expenses                                       | 328                                       | 0.1                      | 414                                       | 0.2                      | 86                            |
| Ordinary income  | 2,844                                     | 1.3                      | —   |                          | (2,844)                       |
| Ordinary loss  | —   |                          | 13,017                                    | (5.2)                    | 13,017                        |
| <b>Extraordinary gains:</b>  |   |                          |   |                          |                               |
| Prior-year adjustment  | 412                                       |                          | 476                                       |                          | 63                            |
| Gain on sales of property and equipment                            | 978                                       |                          | 792                                       |                          | (186)                         |
| Reversal of allowance for doubtful accounts                        | 787                                       |                          | —   |                          | (787)                         |
| Gain on sales of investments in securities                         | 2,925                                     |                          | 21  |                          | (2,904)                       |
| Total extraordinary gains  | 5,104                                     | 2.3                      | 1,289                                     | 0.5                      | (3,814)                       |
| <b>Extraordinary losses:</b>                                       |   |                          |   |                          |                               |
| Prior-year adjustment  | 59  |                          | 158                                       |                          | 99                            |
| Loss on sales of property and equipment                            | 1   |                          | 8   |                          | 7                             |
| Loss on disposal of property and equipment                         | 43  |                          | 385                                       |                          | 342                           |
| Devaluation of investments in securities                           | 15  |                          | 1,710                                     |                          | 1,694                         |
| Loss on deduction of carrying amounts of<br>property and equipment | —   |                          | 5   |                          | 5                             |
| Loss on violation of membership                                    | —   |                          | 29  |                          | 29                            |
| Loss on violation of the antitrust laws                            | 714                                       |                          | —   |                          | (714)                         |
| Total extraordinary losses   | 835                                       | 0.4                      | 2,298                                     | 0.9                      | 1,463                         |
| Income before income taxes   | 7,113                                     | 3.2                      | —   |                          | (7,113)                       |
| Loss before income taxes   | —   |                          | 14,026                                    | (5.6)                    | 14,026                        |
| Current income taxes   | 426                                       | 0.2                      | 170                                       | 0.1                      | (256)                         |
| Refund of income taxes for prior periods                           | —   |                          | (199)                                     | (0.1)                    | (199)                         |
| Deferred income taxes  | 2,572                                     | 1.2                      | 18,518                                    | 7.4                      | 15,945                        |
| <b>Net income</b>  | 4,114                                     | 1.8                      | —   |                          | (4,114)                       |
| <b>Net loss</b>  | —   |                          | 32,514                                    | (13.0)                   | 32,514                        |
|  |   |                          |   |                          |                               |

## Non-consolidated Statements of Changes in Net Assets

For FY2007 (April 1, 2006 to March 31, 2007)

(Millions of yen)

|                               | Shareholders' equity |                            |                                  |                                  |
|-------------------------------|----------------------|----------------------------|----------------------------------|----------------------------------|
|                               | Common stock         | Additional paid-in capital |                                  |                                  |
|                               |                      | Capital reserve            | Other additional paid-in capital | Total additional paid-in capital |
| <b>Balance—March 31, 2006</b> | 19,838               | 25,322                     | 4                                | 25,326                           |
| Changes during the year:      |                      |                            |                                  |                                  |
| Disposal of treasury stock    |                      |                            | 1                                | 1                                |
| Total changes during the year | —                    | —                          | 1                                | 1                                |
| <b>Balance—March 31, 2007</b> | 19,838               | 25,322                     | 6                                | 25,328                           |

|  | Shareholders' equity |                                     |                                      |   |                              |                                   |                         |                         |                            |
|--|----------------------|-------------------------------------|--------------------------------------|---|------------------------------|-----------------------------------|-------------------------|-------------------------|----------------------------|
|  | Retained earnings    |                                     |                                      |   |                              |                                   |                         | Treasury stock, at cost | Total Shareholders' equity |
|  | Earned reserve       | Other retained earnings             |                                      |   |                              |                                   | Total retained earnings |                         |                            |
|  |                      | Extra-ordinary depreciation reserve | Reserve for accelerated depreciation | Special appropriation to the reserve for accelerated depreciation | Reserve for various purposes | Retained earnings brought forward |                         |                         |                            |
| <b>Balance—March 31, 2006</b>  | 4,959                | 112                                 | 3,076                                | 178   | 98,700                       | 4,193                             | 111,220                 | (10,823)                | 145,562                    |
| Changes during the year:   |                      |                                     |                                      |   |                              |                                   |                         |                         |                            |
| Transfer to extraordinary depreciation reserve (Note)                                |                      | 3                                   |                                      |   |                              | (3)                               | —                       |                         | —                          |
| Reversal of extraordinary depreciation reserve (Note)                                |                      | (33)                                |                                      |   |                              | 33                                | —                       |                         | —                          |
| Transfer to reserve for accelerated depreciation (Note)                              |                      |                                     | 507                                  |   |                              | (507)                             | —                       |                         | —                          |
| Reversal of reserve for accelerated depreciation (Note)                              |                      |                                     | (56)                                 |   |                              | 56                                | —                       |                         | —                          |
| Reversal of special appropriation to the reserve for accelerated depreciation (Note) |                      |                                     |                                      | (178)   |                              | 178                               | —                       |                         | —                          |
| Transfer to reserve for various purposes (Note)                                      |                      |                                     |                                      |   | 1,800                        | (1,800)                           | —                       |                         | —                          |
| Dividends from surplus (Note)  |                      |                                     |                                      |   |                              | (2,022)                           | (2,022)                 |                         | (2,022)                    |
| Bonuses for directors and statutory auditors (Note)                                  |                      |                                     |                                      |   |                              | (42)                              | (42)                    |                         | (42)                       |
| Net income   |                      |                                     |                                      |   |                              | 4,114                             | 4,114                   |                         | 4,114                      |
| Acquisition of treasury stock  |                      |                                     |                                      |   |                              |                                   |                         | (1,351)                 | (1,351)                    |
| Disposal of treasury stock   |                      |                                     |                                      |   |                              |                                   |                         | 3                       | 5                          |
| Transfer to extraordinary depreciation reserve                                       |                      | 5                                   |                                      |   |                              | (5)                               | —                       |                         | —                          |
| Reversal of extraordinary depreciation reserve                                       |                      | (28)                                |                                      |   |                              | 28                                | —                       |                         | —                          |
| Transfer to reserve for accelerated depreciation                                     |                      |                                     | 123                                  |   |                              | (123)                             | —                       |                         | —                          |
| Reversal of reserve for accelerated depreciation                                     |                      |                                     | (1,156)                              |   |                              | 1,156                             | —                       |                         | —                          |
| Transfer to special appropriation to the reserve for accelerated depreciation        |                      |                                     |                                      | 340   |                              | (340)                             | —                       |                         | —                          |
| Total changes during the year  | —                    | (52)                                | (582)                                | 162   | 1,800                        | 722                               | 2,049                   | (1,347)                 | 703                        |
| <b>Balance—March 31, 2007</b>  | 4,959                | 59                                  | 2,494                                | 340   | 100,500                      | 4,916                             | 113,270                 | (12,171)                | 146,266                    |

(Millions of yen)

|  | Valuation and translation adjustments      |   | Total net assets |
|--|--|---|------------------|
|  | Net unrealized holding gains on securities | Total valuation and translation adjustments |                  |
| <b>Balance—March 31, 2006</b>  | 36,314                                     | 36,314                                      | 181,877          |
| Changes during the year:   |  |   |                  |
| Transfer to extraordinary depreciation reserve (Note)                                |  |   | —                |
| Reversal of extraordinary depreciation reserve (Note)                                |  |   | —                |
| Transfer to reserve for accelerated depreciation (Note)                              |  |   | —                |
| Reversal of reserve for accelerated depreciation (Note)                              |  |   | —                |
| Reversal of special appropriation to the reserve for accelerated depreciation (Note) |  |   | —                |
| Transfer to reserve for various purposes (Note)                                      |  |   | —                |
| Dividends from surplus (Note)  |  |   | (2,022)          |
| Bonuses for directors and statutory auditors (Note)                                  |  |   | (42)             |
| Net income   |  |   | 4,114            |
| Acquisition of treasury stock  |  |   | (1,351)          |
| Disposal of treasury stock   |  |   | 5                |
| Transfer to extraordinary depreciation reserve                                       |  |   | —                |
| Reversal of extraordinary depreciation reserve                                       |  |   | —                |
| Transfer to reserve for accelerated depreciation                                     |  |   | —                |
| Reversal of reserve for accelerated depreciation                                     |  |   | —                |
| Transfer to special appropriation to the reserve for accelerated depreciation        |  |   | —                |
| Items other than changes in shareholders' equity                                     | (3,087)                                    | (3,087)                                     | (3,087)          |
| Total changes during the year  | (3,087)                                    | (3,087)                                     | (2,383)          |
| <b>Balance—March 31, 2007</b>  | 33,227                                     | 33,227                                      | 179,493          |

Note: Appropriations of retained earnings which was approved by the ordinary general meeting of shareholders held in June 2006.

For FY2008 (April 1, 2007 to March 31, 2008)

(Millions of yen)

|                               | Shareholders' equity |                            |                                  |                                  |
|-------------------------------|----------------------|----------------------------|----------------------------------|----------------------------------|
|                               | Common stock         | Additional paid-in capital |                                  |                                  |
|                               |                      | Capital reserve            | Other additional paid-in capital | Total additional paid-in capital |
| <b>Balance—March 31, 2007</b> | 19,838               | 25,322                     | 6                                | 25,328                           |
| Changes during the year:      |                      |                            |                                  |                                  |
| Disposal of treasury stock    |                      |                            | 1                                | 1                                |
| Total changes during the year | —                    | —                          | 1                                | 1                                |
| <b>Balance—March 31, 2008</b> | 19,838               | 25,322                     | 7                                | 25,329                           |

|   | Shareholders' equity |                                     |                                      |   |                              |                                   |                         |                         |                            |
|---|----------------------|-------------------------------------|--------------------------------------|---|------------------------------|-----------------------------------|-------------------------|-------------------------|----------------------------|
|   | Retained earnings    |                                     |                                      |   |                              |                                   |                         | Treasury stock, at cost | Total Shareholders' equity |
|   | Earned reserve       | Other retained earnings             |                                      |   |                              |                                   | Total retained earnings |                         |                            |
|   |                      | Extra-ordinary depreciation reserve | Reserve for accelerated depreciation | Special appropriation to the reserve for accelerated depreciation | Reserve for various purposes | Retained earnings brought forward |                         |                         |                            |
| <b>Balance—March 31, 2007</b>   | 4,959                | 59                                  | 2,494                                | 340   | 100,500                      | 4,916                             | 113,270                 | (12,171)                | 146,266                    |
| Changes during the year:  |                      |                                     |                                      |   |                              |                                   |                         |                         |                            |
| Transfer to reserve for various purposes                                      |                      |                                     |                                      |   | 900                          | (900)                             | —                       |                         | —                          |
| Dividends from surplus  |                      |                                     |                                      |   |                              | (4,003)                           | (4,003)                 |                         | (4,003)                    |
| Net loss  |                      |                                     |                                      |   |                              | (32,514)                          | (32,514)                |                         | (32,514)                   |
| Acquisition of treasury stock   |                      |                                     |                                      |   |                              |                                   | —                       | (92)                    | (92)                       |
| Disposal of treasury stock  |                      |                                     |                                      |   |                              |                                   | —                       | 3                       | 4                          |
| Transfer to extraordinary depreciation reserve                                |                      | 0                                   |                                      |   |                              | (0)                               | —                       |                         | —                          |
| Reversal of extraordinary depreciation reserve                                |                      | (24)                                |                                      |   |                              | 24                                | —                       |                         | —                          |
| Transfer to reserve for accelerated depreciation                              |                      |                                     | 558                                  |   |                              | (558)                             | —                       |                         | —                          |
| Reversal of reserve for accelerated depreciation                              |                      |                                     | (48)                                 |   |                              | 48                                | —                       |                         | —                          |
| Transfer to special appropriation to the reserve for accelerated depreciation |                      |                                     |                                      | 185   |                              | (185)                             | —                       |                         | —                          |
| Reversal of special appropriation to the reserve for accelerated depreciation |                      |                                     |                                      | (340)   |                              | 340                               | —                       |                         | —                          |
| Total changes during the year   | —                    | (24)                                | 510                                  | (154)   | 900                          | (37,749)                          | (36,517)                | (89)                    | (36,605)                   |
| <b>Balance—March 31, 2008</b>   | 4,959                | 35                                  | 3,004                                | 185   | 101,400                      | (32,833)                          | 76,752                  | (12,260)                | 109,660                    |



(Millions of yen)

|   | Valuation and translation adjustments      |   | Total net assets |
|---|--|---|------------------|
|   | Net unrealized holding gains on securities | Total valuation and translation adjustments |                  |
| <b>Balance—March 31, 2007</b>   | 33,227                                     | 33,227                                      | 179,493          |
| Changes during the year:  |  |   |                  |
| Transfer to reserve for various purposes                                      |  | —   | —                |
| Dividends from surplus  |  | —   | (4,003)          |
| Net loss  |  | —   | (32,514)         |
| Acquisition of treasury stock   |  | —   | (92)             |
| Disposal of treasury stock  |  | —   | 4                |
| Transfer to extraordinary depreciation reserve                                |  | —   | —                |
| Reversal of extraordinary depreciation reserve                                |  | —   | —                |
| Transfer to reserve for accelerated depreciation                              |  | —   | —                |
| Reversal of reserve for accelerated depreciation                              |  | —   | —                |
| Transfer to special appropriation to the reserve for accelerated depreciation |  | —   | —                |
| Reversal of special appropriation to the reserve for accelerated depreciation |  | —   | —                |
| Items other than changes in shareholders' equity                              | (15,881)                                   | (15,881)                                    | (15,881)         |
| Total changes during the year   | (15,881)                                   | (15,881)                                    | (52,487)         |
| <b>Balance—March 31, 2008</b>   | 17,345                                     | 17,345                                      | 127,006          |

## Breakdown of Orders (Non-consolidated)

(Millions of yen)

|                             |                            |                         | FY2007<br>April 1, 2006 to March 31, 2007 |        |         | FY2008<br>April 1, 2007 to March 31, 2008 |         |          | Change<br>Increase<br>(Decrease) | % Change<br>Increase<br>(Decrease) |
|-----------------------------|----------------------------|-------------------------|---|--------|---------|---|---------|----------|----------------------------------|------------------------------------|
|                             |                            |                         |   | %      | %       |   | %       | %        |                                  | %                                  |
|                             |                            |                         |   |        |         |   |         |          |                                  |                                    |
| Construction orders awarded | Civil engineering          | Domestic public sector  | 36,327                                    | 41.1   | 36.1    | 34,521                                    | 63.7    | 31.0     | (1,806)                          | (5.0)                              |
|                             |                            | Domestic private sector | 30,246                                    | 34.2   |         | 19,676                                    | 36.3    |          | (10,569)                         | (34.9)                             |
|                             |                            | Overseas                | 21,821                                    | 24.7   |         | (4)                                       | (0.0)   |          | (21,825)                         | —                                  |
|                             |                            | Subtotal                | 88,395                                    | 100    |         | 54,193                                    | 100     |          | (34,201)                         | (38.7)                             |
|                             | Architectural construction | Domestic public sector  | 13,448                                    | 8.6    | 63.9    | 9,973                                     | 8.2     | 69.0     | (3,475)                          | (25.8)                             |
|                             |                            | Domestic private sector | 143,031                                   | 91.4   |         | 110,921                                   | 91.8    |          | (32,110)                         | (22.4)                             |
|                             |                            | Subtotal                | 156,480                                   | 100    |         | 120,894                                   | 100     |          | (35,585)                         | (22.7)                             |
|                             | Total                      | Domestic public sector  | 49,776                                    | 20.3   | 100     | 44,494                                    | 25.4    | 100      | (5,282)                          | (10.6)                             |
|                             |                            | Domestic private sector | 173,277                                   | 70.8   |         | 130,598                                   | 74.6    |          | (42,679)                         | (24.6)                             |
|                             |                            | Overseas                | 21,821                                    | 8.9    |         | (4)                                       | (0.0)   |          | (21,825)                         | —                                  |
|                             |                            | Total                   | 244,876                                   | 100    |         | 175,088                                   | 100     |          | (69,787)                         | (28.5)                             |
|                             | Net sales                  | Civil engineering       | Domestic public sector                    | 58,379 | 62.5    | [42.9]                                    | 45,810  | 58.6     | [31.7]                           | (12,568)                           |
| Domestic private sector     |                            |                         | 35,084                                    | 37.5   | 41.5    | 23,225                                    | 29.7    | 31.3     | (11,859)                         | (33.8)                             |
| Overseas                    |                            |                         | —   | —      |         | 9,193                                     | 11.7    |          | 9,193                            | —                                  |
| Subtotal                    |                            |                         | 93,464                                    | 100    |         | 78,230                                    | 100     |          | (15,233)                         | (16.3)                             |
| Architectural construction  |                            | Domestic public sector  | 15,404                                    | 12.4   |         | [57.1]                                    | 9,417   |          | 5.6                              | [68.3]                             |
|                             |                            | Domestic private sector | 108,796                                   | 87.6   | 55.1    | 158,847                                   | 94.4    | 67.4     | 50,051                           | 46.0                               |
|                             |                            | Subtotal                | 124,200                                   | 100    |         | 168,264                                   | 100     |          | 44,063                           | 35.5                               |
| Subtotal                    |                            | Domestic public sector  | 73,784                                    | 33.9   |         | [100]                                     | 55,228  |          | 22.4                             | [100]                              |
|                             |                            | Domestic private sector | 143,881                                   | 66.1   | 96.6    | 182,072                                   | 73.9    | 98.7     | 38,191                           | 26.5                               |
|                             |                            | Overseas                | —   | —      |         | 9,193                                     | 3.7     |          | 9,193                            | —                                  |
|                             |                            | Subtotal                | 217,665                                   | 100    |         | 246,495                                   | 100     |          | 28,829                           | 13.2                               |
| Real estate and other       |                            | 7,552                   | 3.4                                       | 3,348  |         | 1.3                                       | (4,203) |          | (55.7)                           |                                    |
| Total                       |                            | 225,217                 | 100                                       |        | 249,844 | 100                                       |         | 24,626   | 10.9                             |                                    |
| Year-end backlog            |                            | Civil engineering       | Domestic public sector                    | 98,148 | 53.1    | 44.5                                      | 86,858  | 54.1     | 46.8                             | (11,289)                           |
|                             | Domestic private sector    |                         | 52,022                                    | 28.2   | 48,473  |   | 30.2    | (3,548)  |                                  | (6.8)                              |
|                             | Overseas                   |                         | 34,465                                    | 18.7   | 25,267  |   | 15.7    | (9,198)  |                                  | (26.7)                             |
|                             | Subtotal                   |                         | 184,636                                   | 100    | 160,600 |   | 100     | (24,036) |                                  | (13.0)                             |
|                             | Architectural construction | Domestic public sector  | 23,957                                    | 10.4   | 55.5    | 24,513                                    | 13.4    | 53.2     | 555                              | 2.3                                |
|                             |                            | Domestic private sector | 206,185                                   | 89.6   |         | 158,259                                   | 86.6    |          | (47,926)                         | (23.2)                             |
|                             |                            | Subtotal                | 230,143                                   | 100    |         | 182,772                                   | 100     |          | (47,370)                         | (20.6)                             |
|                             | Total                      | Domestic public sector  | 122,105                                   | 29.4   | 100     | 111,371                                   | 32.4    | 100      | (10,733)                         | (8.8)                              |
|                             |                            | Domestic private sector | 258,208                                   | 62.3   |         | 206,733                                   | 60.2    |          | (51,474)                         | (19.9)                             |
|                             |                            | Overseas                | 34,465                                    | 8.3    |         | 25,267                                    | 7.4     |          | (9,198)                          | (26.7)                             |
|                             |                            | Total                   | 414,779                                   | 100    |         | 343,372                                   | 100     |          | (71,406)                         | (17.2)                             |