Fujita Corporation is a general contractor, founded in 1910 in Hiroshima. We’re excited to be approaching our 100th anniversary in 2010.

The Company is engaged in the planning, design, and execution of all types of construction and civil engineering projects, guided by a corporate philosophy that states “For nature, for society, for communities, and for more fulfilling lives, Fujita is constantly at work.” Fujita boasts specialist expertise in “creating communities.” We have been involved in urban regeneration since the 1970s, delivering numerous urban redevelopment projects and proposal and planning projects for major facilities.

Fujita has built up an impressive record of accomplishments in the construction business over the past 100 years, accumulated expertise in urban redevelopment over nearly 40 years, and developed environmental technologies based around our corporate mission of “Creating Superior Environments.” The Company provides total solutions that extend beyond the conventional scope of the construction business and has started working towards the goal of becoming a “Supra-general Contractor.”

Fujita aims to enter new territory in its general contractor business, for nature, for society, for communities, and for more fulfilling lives.

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### Financial Section

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### Forward-looking Statements

Plans, forecasts, outlooks and other forward-looking statements in these materials are based on Fujita’s forecasts and outlooks in accordance with strategies, targets and assumptions at the time these materials were prepared. Consequently, these statements incorporate various risks and uncertainties. Due to these risks and uncertainties, Fujita’s actual performance may differ from these plans, forecasts and outlooks.

In addition, information in these materials concerning the economy, the industry and companies other than Fujita Group companies are all based on information that is available to the public. Fujita makes no assurance whatsoever regarding the accuracy or suitability of this information, and provides no guarantee regarding this information.
### Financial Highlights

#### Consolidated:

#### Statements of Income:

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008 Millions of Yen</th>
<th>2008 Thousands of U.S. Dollars (Note 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>¥323,831</td>
<td>¥351,289</td>
<td>¥350,111</td>
<td>$3,494,469</td>
</tr>
<tr>
<td>Gross profit</td>
<td>24,116</td>
<td>27,076</td>
<td>28,867</td>
<td>288,120</td>
</tr>
<tr>
<td>Gross profit margin</td>
<td>7.4%</td>
<td>7.7%</td>
<td>8.2%</td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>7,891</td>
<td>9,328</td>
<td>10,238</td>
<td>102,189</td>
</tr>
<tr>
<td>Operating margin</td>
<td>2.4%</td>
<td>2.7%</td>
<td>2.9%</td>
<td></td>
</tr>
<tr>
<td>Net income (Note 1)</td>
<td>102,144</td>
<td>7,514</td>
<td>10,633</td>
<td>106,130</td>
</tr>
</tbody>
</table>

#### Statements of Cash Flows:

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008 Millions of Yen</th>
<th>2008 Thousands of U.S. Dollars (Note 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities</td>
<td>3,617</td>
<td>11,231</td>
<td>4,184</td>
<td>41,757</td>
</tr>
<tr>
<td>Net cash provided by investing activities</td>
<td>519</td>
<td>394</td>
<td>1,139</td>
<td>11,372</td>
</tr>
<tr>
<td>Net cash provided by financing activities</td>
<td>28,729</td>
<td>(9,176)</td>
<td>1,317</td>
<td>13,144</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>49,795</td>
<td>52,364</td>
<td>58,499</td>
<td>583,881</td>
</tr>
</tbody>
</table>

#### Balance Sheets:

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008 Millions of Yen</th>
<th>2008 Thousands of U.S. Dollars (Note 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets</td>
<td>29,720</td>
<td>28,260</td>
<td>36,615</td>
<td>365,452</td>
</tr>
<tr>
<td>Total assets</td>
<td>224,687</td>
<td>241,823</td>
<td>208,734</td>
<td>2,083,378</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>12.0%</td>
<td>10.9%</td>
<td>16.5%</td>
<td></td>
</tr>
</tbody>
</table>

#### Per Share Information:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>¥482.88</td>
<td>¥14.48</td>
<td>¥22.80</td>
<td>$0.228</td>
</tr>
<tr>
<td>Diluted net income</td>
<td>428.65</td>
<td>14.44</td>
<td>22.75</td>
<td>0.227</td>
</tr>
<tr>
<td>Net assets</td>
<td>(33.11)</td>
<td>(36.46)</td>
<td>(15.53)</td>
<td>(0.155)</td>
</tr>
</tbody>
</table>

Notes:
1. We recorded a net income of ¥102,144 million as a result of having recorded a gain on forgiveness of debt of ¥98,885 million for the year ended March 31, 2006.
2. The U.S. dollar amounts included herein are presented solely for convenience and are stated, as a matter of arithmetic computation only, at ¥100.19 = U.S.$1.00, the prevailing exchange rate on March 31, 2008. The translation should not be construed as a representation that the yen amounts actually represent, or have been or could be converted into U.S. dollars at the above or any other rate.
Corporate philosophy: “For nature, for society, for communities, and for more fulfilling lives, Fujita is constantly at work”

Fujita has defined its corporate philosophy as “For nature, for society, for communities, and for more fulfilling lives, Fujita is constantly at work.” We are developing our business, centered on construction, in line with the company slogan “Creating Superior Environments.”

We combine the Company’s environmental technologies, expertise, and extensive experience in construction and urban redevelopment projects to create unique value and to generate total solutions that fulfill customer needs, in line with our mission to support society by creating communities. We work to develop the staff resources and the technologies necessary to achieve these solutions and to develop further as a Company in order to meet the expectations of all our stakeholders.

Establishing the Fujita Step-Up Plan and strengthening our urban redevelopment business

Fujita embarked on a series of management reforms in the fiscal year ended March 31, 2006 and improved our client base, profit structure, and organizational and risk management procedures. As a result of these reforms, we achieved earnings growth in the fiscal year ended March 31, 2008 despite the difficult operating conditions within the construction sector in Japan.

In July 2007, we formulated the Fujita Step-Up Plan in order to clarify goals to support further growth across Fujita amid predictions that difficult operating conditions would continue in the construction sector.

The Fujita Step-Up Plan defines the construction business as our stable revenue base and the urban redevelopment business as a growth driver. The
Company will leverage its unique strengths deriving from the synergies between these two businesses. We will also develop business beyond the conventional scope of general contracting in order to generate value and achieve high levels of customer satisfaction, with the ultimate goal of growing earnings.

In order to improve and expand our urban redevelopment business as a growth driver in line with the Fujita Step-Up Plan, we plan to utilize our lengthy track record, expertise, and client base to actively improve 1) our proposals for the effective use of corporate real estate (CRE), 2) the equal-value exchange business, and the condominium rebuilding business utilizing property interest adjustment expertise, 3) increase business opportunities by establishing a business using financial schemes such as real estate securitization.

Through these efforts, we aim to increase the gross profit contribution from urban redevelopment business and grow our consolidated operating income to ¥12.5 billion and our operating margin to 3.4% by the final year of the Fujita Step-Up Plan (fiscal year ending March 31, 2010).

**Fiscal 2007 results:** Operating income up 9.8% to ¥10.2 billion, operating margin up 0.2 percentage point to 2.9%

The economic outlook was somewhat uncertain in the fiscal year ended March 31, 2008 as a result of the sub-prime mortgage crisis in the U.S. and rising energy and materials prices. In the construction industry, private construction investment fell for the first time in four years, competition for orders was fierce, and operating conditions remained difficult.

Despite these conditions, in the first year of the Fujita Step-Up Plan we grew our construction orders by 7.6% year on year to ¥300.3 billion on the back of strong orders for domestic construction projects.

Consolidated operating income rose 9.8% year on year to ¥10.2 billion and our operating margin improved to industry-leading levels, up 0.2 percentage point year on year to 2.9%.

Net income rose substantially, to ¥10.6 billion, due in part to extraordinary gains recorded during the year.
Review of Operations

CONSTRUCTION

Construction services
Fujita provides integrated services encompassing all phases of the construction process: from planning and proposals, through design, execution, operation and maintenance, to repairs and renovations. We have earned an extremely positive reputation with customers for our integrated systems, which come from the expertise and experience we have accumulated over the Company’s 100-year history.

Our construction business also generates customer satisfaction, thanks not only to our construction technologies and expertise, but also to the application of our extensive urban redevelopment expertise in generating ideas for the effective use of the customer’s land during the proposal and planning phases. We meet customer needs by acquiring land for new business developments, joint building projects using equal-value exchange methods, introducing development-type securitizations, or introducing urban redevelopment and land readjustment projects. We clarify specific needs at the design phase, and draw on our 100 years of experience and expertise to realize high-quality structures that are both safe and reliable. Even after construction is complete, we offer proposals on maintaining and improving building and facility functions and find ways to cut customer operating costs and create optimal environments.

Fiscal 2007 results
Construction business orders rose 7.5% year on year to ¥330.5 billion. Of this figure, ¥300.3 billion comprised orders at our core construction company Fujita. This represents a 7.6% year on year increase on the back of growth in our domestic construction projects. Fujita orders broke down to ¥249.8 billion (up 8.9% year on year) from construction and ¥50.5 billion (up 1.9% year on year) from civil engineering.

Sales fell slightly, down 0.5% year on year to ¥322.6 billion but operating income rose 14.4% year on year to ¥9.9 billion.

Major orders from the fiscal year are summarized below.

Main Orders

• ProLogis Parc Zama I (Distribution facilities)
  Customer: ProLogis Zama I Co., Ltd.

• JR Tsudanuma Station South Exit Specific land readjustment project (Civil engineering)
  Customer: Land Readjustment Association

• Seishin Minami Residential (Residential)
  Customer: Kintetsu Real Estate Co., Ltd., ORIX Real Estate Corporation, Sohgoh Real Estate, Celsus Corporation

• Hamada National Medical Center (Healthcare facility)
  Customer: National Hospital Organization Hamada

• New Ome City government office (Government offices)
  Customer: Ome City
The main projects completed are summarized below.

Main Completed Projects
- **Kohoku New Town Center Kita Shopping Center** (Commercial facilities)
  Customer: Kohoku SC Co., Ltd.
- **Kourien residential** (Residential)
  Customer: Itoshu Corporation
- **Gion Eastern Japan Distribution Terminal** (Distribution facilities)
  Customer: Gion, Inc.
- **Oyama Yuenchi Harvest Walk** (Commercial facilities)
  Customer: Pegasus Investment Co., Ltd.
- **Moriyoshizan Dam Reservoir Bridge Superstructure Works** (Civil engineering)
  Customer: Tohoku Regional Development Bureau, Ministry of Land, Infrastructure and Transport

**REAL ESTATE**

Real estate business services
Fujita has been operating its real estate business for almost 40 years. We have used our skills in planning proposals and our expertise in negotiating the adjustment and exchange of property interests among the various property owners to “create communities” by developing large-scale complexes and planned town developments. Going forward, we aim to utilize the experience gained in this business and our expertise in community creation to generate added value, and to develop a full-fledged urban development business of renewing and revitalizing communities.

**Fiscal 2007 results**
Real estate sales rose 11.3% year on year to ¥18.0 billion, mainly due to consolidated subsidiaries recording revenues from the disposal of real estate for sale.

Operating income fell 13.0% year on year to ¥2.3 billion. This reflects the temporary increase in operating income during the previous year due to particularly profitable real estate sales at Fujita.

**OTHER BUSINESSES**

Other business services
In addition to our construction and real estate businesses, we are also engaged in building maintenance services, the purchase and sale of construction materials, and other business at our consolidated subsidiaries.

**Fiscal 2007 results**
In the fiscal year ended March 31, 2008, this segment reported sales of ¥9.5 billion, down 13.8% year on year, mainly due to a fall in sales of construction materials at our consolidated subsidiaries.

Operating income fell 4.1% year on year to ¥0.5 billion.
### Major Project Completions

<table>
<thead>
<tr>
<th>Project Name and Description</th>
<th>Location</th>
<th>Customer</th>
<th>Completed</th>
<th>Design</th>
<th>Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Diamond City Tachikawa Musashimurayama Shopping Center</td>
<td>Musashimurayama City, Tokyo</td>
<td>Musashimurayama Property Special Purpose Company</td>
<td>January 2007</td>
<td>Fujita</td>
<td>Commercial complex, five-story steel construction, 154,606 m²</td>
</tr>
<tr>
<td>2 Kohoku New Town Center Kita Shopping Center</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>An urban shopping complex designed and built by Fujita in the Kohoku New Town area of Yokohama.</td>
</tr>
<tr>
<td>3 Oyama Yuenchi Harvest Walk</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Major commercial facility designed and built by Fujita to make effective use of the former Oyama Yuenchi amusement park site.</td>
</tr>
</tbody>
</table>
Project Name and Description
Kohoku New Town Center Kita Shopping Center
Location
Yokohama City, Kanagawa Prefecture
Customer
Kohoku SC Co., Ltd.
Completed
April 2007
Design
Fujita
Overview
Commercial complex, reinforced concrete construction, two basement levels, nine aboveground levels, one penthouse, 141,125 m²

Project Name and Description
Oyama Yuenchi Harvest Walk
Location
Oyama City, Tochigi Prefecture
Customer
Pegasus Investment Co., Ltd.
Completed
July 2007
Design
Fujita
Overview
Commercial facility, three-story steel construction (seven buildings), 70,515 m²
4 Kourien residential
Construction of a 37-story apartment tower comprising 300 apartments using Fujita’s proprietary technology for intermediate seismic-isolated structures.

5 Haizuka Dam

6 Moriyoshizan Dam Reservoir Bridge Superstructure Works

Project Name and Description
Kourien residential
Location
Neyagawa City, Osaka
Customer
Itoshou Corporation
Completed
July 2007
Overview
Apartment block, 37-story reinforced concrete construction, seismic-isolation system, 37,558 m²
Haizuka Dam
Location
Miyoshi City, Hiroshima Prefecture
Customer
Ministry of Land, Infrastructure and Transport, Chugoku Regional Development Bureau
Completed
March 2007
Overview
Concrete gravity dam, dam height 50 m, dam volume 164,000 m³

Moriyoshizan Dam Reservoir Bridge Superstructure Works
Location
Kita Akita City, Akita Prefecture
Customer
Ministry of Land, Infrastructure and Transport, Tohoku Regional Development Bureau
Completed
November 2007
Overview
Bridge (superstructure), bridge length 350 m
Major Orders Received

1. **ProLogis Parc Zama I**
   - Largest distribution center in inland Kanagawa Prefecture designed and built by Fujita on part of the former Nissan Motor Zama factory site.

2. **New Ome City Government Office**

3. **JR Tsudanuma Station South Exit Specific Land Readjustment Project**
   - Large-scale community development—an area of expertise for Fujita—on a 35-ha development site.

---

**ProLogis Parc Zama I**

- **Location**: Zama City, Kanagawa Prefecture
- **Customer**: ProLogis Zama I Co., Ltd.
- **Scheduled Completion**: May 2009
- **Design**: Fujita
- **Overview**: Five-story distribution warehouse, reinforced concrete construction and steel construction, 139,211 m²
Project Name and Description

New Ome City Government Office

Location
Ome City, Tokyo

Customer
Ome City

Scheduled Completion
May 2010

Overview
Government offices, steel/reinforced concrete construction (partial steel construction), one basement level, seven aboveground levels, 22,097 m²

---

Project Name and Description

JR Tsudanuma Station South Exit Specific Land Readjustment Project

Location
Narashino City, Chiba Prefecture

Customer
Land Readjustment Association

Scheduled Completion
March 2015

Design
Fujita

Overview
Infrastructure development, site for development is approximately 350,000 m²
Research & Development

Research and development at Fujita is aimed at rapidly responding to social and customer needs and making a concerted effort to develop construction and civil engineering technology platforms and environmental technologies. We are engaged in broad-ranging research and development in our technology projects and at our technical center, covering everything from basic and applied research to new technology and product development. We also collaborate proactively with government agencies, Japanese and overseas universities, and companies in other business sectors to generate results more effectively.

We emphasize environmental expertise in line with our company slogan, “Creating Superior Environments.” As well as compatibility with nature and the environment, we also create technologies to ensure personal safety and safe working environments.

In fiscal 2007, our research and development expenses totaled ¥1,092 million.

CONSTRUCTION TECHNOLOGIES

Low-activation concrete: Reducing radioactive waste

The long-term operation of cyclotrons needed for the manufacture of positron emission tomography (PET) diagnostics results in the radioactivation of the radiation-shielding concrete. We have developed and commercialized a low-activation concrete, resulting in a substantial reduction in the volume of radioactive waste matter generated when cyclotron facilities are demolished.

CIVIL ENGINEERING TECHNOLOGIES

Automation technologies (remote-controlled construction robot Robo-Q): Safer working environments using IT

The remote-controlled construction robot Robo-Q was developed through a collaboration between Fujita and the Kyushu Regional Development Bureau of the Ministry of Land, Infrastructure and Transport. The robot can be easily transported, and can be installed in general-purpose construction machinery in order to enable remote operation of the equipment. Robo-Q is highly maneuverable during emergencies and can be used for rapid-response disaster relief when time is of the essence.

In the major landslide at Nakagusuku, Okinawa in June 2006, Robo-Q received great acclaim for its role at the site in preventing a secondary disaster and preventing any further damage.
**ENVIRONMENTAL TECHNOLOGIES**

**Photoroad Method: Using light to clean air**

The Photoroad Process is a method for treating atmospheric pollutants, such as nitric oxides (NOx) found in motor vehicle exhaust, by creating a photocatalytic coating on the surface of roads. The Photoroad Process has also been combined with a system to reduce road surface temperatures in order to alleviate the heat island effect. We developed this surface temperature-reducing Photoroad Process and have applied the technology to the external roads around the ProLogis Parc Amagasaki distribution facility, which Fujita designed and constructed.

**FT-MUDKIRA: Using waste materials to improve mud quality**

FT-MUDKIRA is made from paper sludge ash, a waste material produced during the paper manufacturing process. This waste material is subjected to repeated high-temperature firing to produce a substance that can be used to improve mud quality in an environmentally friendly manner. The main applications for FT-MUDKIRA are in shield desludging processes and improving dredged sediment. It can play a role in cross-industry, zero-emission processes.

**FESTA Method: Using aquatic vegetation to improve the water environment**

The Floating Island of Emerged and Submerged Vegetation (FESTA) method is a technology to regenerate water vegetation and improve water quality through the combined effects of water islands grown from emerged plants such as yellow flag iris and submerged plants such as hydrilla. Fujita has already developed various cleaning technologies to improve closed water environments such as lakes and marshes. We are confident that we will be able to effectively regenerate endangered lake and marsh habitats through a combination of these cleaning technologies.

**EAP System: Using soil to clean the air**

Fujita's Earth Air Purifier (EAP) System uses the natural cleansing properties of soil to remove atmospheric pollutants from motor vehicle exhaust emissions. The countless microorganisms that inhabit the soil clean air polluted with NOx or suspended particulate matter (SPM). Fujita began operating its first EAP system in 1992 and has since built up a track record in locations across the country.
Corporate Social Responsibility

Fujita’s corporate philosophy, defined in 1986, states that the Company works for the environment, society, and people. In 1990, we broadened our focus beyond the global environment to encompass all stakeholders under the slogan “Creating Superior Environments.”

We at Fujita believe it is our social responsibility to realize our corporate philosophy and create superior environments. We do more than simply comply with laws and ordinances, but manage our business activities to support the development of a sustainable society.

Supporting local communities through construction

Corporate social responsibility is increasingly under the spotlight, and greater emphasis is being placed on the careful management of stakeholder relationships and concrete and effective corporate activities. Social contribution is a particularly important element in corporate activity. Supporting communities through construction not only increases Fujita’s corporate value, but also raises the social value of our technologies and business and improves employee satisfaction and motivation. Fujita prioritizes communication with local communities above all else. We actively collaborate with local communities in our business in order to create communities that are inspiring and pleasant places to live, study, and work for as many people as possible.

Developing our socially minded “Chiku-iku” program

Our “Chiku-iku” social contribution program is aimed at using construction to communicate with the members of the local community, especially the children and young people who are the key to the future, about the joy of creating, the importance of building communities, and the significance of the natural environment.

We have developed the Chiku-iku program to allow more people to experience and understand the appeal of the construction industry, in terms of its scope, its contributions to society, and its high-level technological capabilities. The program also works to encourage children and young people who want to become construction engineers to build the future for Japan and the world.

Supporting the development of children and young people who will sustain the construction industry in the next generation is a major challenge for our industry. We hope that Fujita’s Chiku-iku program will spread across the entire industry and to all construction firms.
Actively encouraging diversity

In order to encourage diversity among our employees, we have established a women’s career track network called “F-net” in order to improve female employees’ career prospects, for example by supporting career advancement and better work-life balance.

We are building a work environment that allows career-minded female employees to develop their individual talents. We are reviewing and revising the skills development and other systems necessary to make best use of our female employees’ work capabilities and draw out their full potential.

F-net contributes to the development of a working environment where all Fujita employees have the support they need to make the most of their individual capabilities.

Environmental technology initiatives

Fujita is working to protect the environment by applying special technologies for environmental conservation and nature regeneration. Our water environment conservation efforts have led to the development of FT-MUDKIRA, a technology to improve mud quality by rapidly converting mud accumulated on lakebeds back into free-flowing soil. We have also developed methods to improve water quality and repair ecosystems by using floating islands that combine emerged and submerged aquatic vegetation or by regenerating common reed communities that can clean water.

Meanwhile, our efforts to improve soil environments have led to a phytoremediation technology that uses plants to clean polluted soil. Plants are cultivated in polluted soil and contain, degrade, or eliminate heavy metal elements. We are also developing other technologies that are useful in environmental conservation, including methods for recycling or cleaning atmospheric pollution.

Since 2005, Fujita has used these environmental technologies in our participation in a project produced by TV Asahi for its environmental TV series *Spaceship Earth* (“Sutekina Uchusenchikyugo”). In the project, local residents and authorities work to reclaim the former Shibakawa River that runs through Kawaguchi City in Saitama Prefecture. In 2008, we collaborated in another project for the same TV series that involved reclaiming a lake in the Republic of Benin in West Africa where the water had become highly polluted because of garbage and domestic sewage.
Fujita’s basic focus is to generate profits, increase corporate value, and then return profits to shareholders. In order to achieve this, we place the highest emphasis on managing the company in a transparent, fair, and flexible manner and pursuing organizational and systematic reforms.

Our Board of Directors comprises at least three but no more than nine Class-A directors and at least one but no more than 13 Class-B directors. Class-B directors are appointed from outside the Company. As stipulated in the Articles of Incorporation, a Meeting of Shareholders at which a director is to be appointed must be attended by a quorum of shareholders representing at least one third of exercisable voting rights, and each director is appointed on the basis of a majority of voting rights, without use of cumulative voting. We have 12 directors (of whom five are external appointments) as of August 1, 2008.

Fujita’s Board of Directors, whose structure is described above, is responsible for establishing basic management strategy, deciding issues related to annual business targets and other important administrative matters, and overseeing the ongoing execution of operations. The Board also holds regular management meetings to ensure rapid decision-making on important operational matters not covered at meetings of the Board of Directors.

In order to be able to implement a flexible capital policy, the Board of Directors can decide on dividends from retained earnings and other issues covered in Article 459 clause 1 of the Corporation Law without a vote at the Meeting of Shareholders, except in certain cases defined under separate laws and ordinances.

For items requiring a special resolution at the Meeting of Shareholders, as defined under Article 309 clause 2 of the Corporation Law, the meeting must be attended by a quorum of shareholders representing at least one third of the exercisable voting rights. As stipulated in the Articles of Incorporation, a resolution is passed if it wins at least two thirds of the voting rights represented at the meeting. The objective is to ensure the smooth running of Meetings of Shareholders by mitigating the requirements for a special resolution quorum at the Meetings.

We have introduced an operating officer system. Operating officers are appointed by the Board of Directors and are given authority from the Representative Director to manage operational matters. As the party responsible for the operation of a particular business area, each operating officer will follow the business strategy decided by the Board of Directors and develop and implement operational strategies to achieve the business strategy, thus assisting the Representative Director.

Fujita has Corporate Auditors as well as a Board of Corporate Auditors. We have four Corporate Auditors (three of whom are Outside Auditors) who participate in various meetings and committees, including Board of Director meetings and management meetings, and who oversee execution of business by the Directors.

For internal audits, five members of the Audit Department conduct operational audits and report the results to management committees. Financial
audits are performed by the accounting auditor Ernst & Young ShinNihon. The auditors, Audit Department, and financial auditors work together to make the audit more effective.

Fujita has consultancy contracts with a number of lawyers as part of a system to ensure legal control of our business activities from a number of different perspectives.

We have also defined a Charter of Business Conduct with the aim of further improving the public spirit and ethical nature of our business activities and improving individual accountability. In order to make further improvements, we have established a Compliance Committee of legal experts and other individuals with specialist expertise to ensure our business activities comply in terms of laws and ordinances, public spirit, and ethics and to prevent corporate misconduct.

Finally, we have established an Information Security Committee in order to improve our systems to manage information risks.
Directors, Corporate Auditors and Operating Officers

As of August 1, 2008

1. Chairman
   Toru Tashiro

2. President
   Takuji Ueda

3. Senior Executive Director
   Ko Nakahigashi

4. Senior Executive Director
   Tetsuo Naraha

5. Senior Director
   Mikio Kobayashi

6. Senior Director
   Koichi Iida

7. Director
   Tatsuro Tsuchiya

---

Corporate Auditors

- Yoshikazu Kakigawa
- Kunihisa Hama
- Seiji Fuse
- Toshiro Matsumura

(2) Outside corporate auditors as defined by the Company Law.

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Operating Officers

- Akiyoshi Onishi
- Kazuo Hayashi
- Yoji Okumura
- Yunji Hoshino
- Hideki Torii
- Yutaka Asada
- Hiromasa Nakai
- Yasunori Yoshii
- Kazumi Mukai
- Tatsuya Iwasa
- Masatoshi Yamane
- Eiichi Chiku
- Katsumi Kobayashi
- Masahiro Fujii

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Directors

- Masaharu Hino
- Tomohiro Takanashi
- Sennosuke Yoshida
- Taneki Ono
- Ankur Sahu

(1) Outside directors as defined under the Company Law.

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Senior Operating Officers

- Tatsuro Tsuchiya
- Katsuyuki Odaira
- Motoyuki Shirai
- Tatsuo Asano
- Kenji Hayasaka
- Michio Kuno
# FINANCIAL SECTION

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## Consolidated Balance Sheets

Fujita Corporation and Consolidated Subsidiaries

As of March 31, 2007 and 2008

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2007</th>
<th>2008</th>
<th>U.S. dollars (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits (Notes 10 and 19)</td>
<td>¥56,443</td>
<td>¥62,190</td>
<td>$620,721</td>
</tr>
<tr>
<td>Marketable securities (Note 6)</td>
<td>12</td>
<td>2</td>
<td>18</td>
</tr>
<tr>
<td>Trade notes receivable</td>
<td>3,467</td>
<td>4,133</td>
<td>41,249</td>
</tr>
<tr>
<td>Accounts receivable, trade</td>
<td>106,924</td>
<td>78,139</td>
<td>779,909</td>
</tr>
<tr>
<td>Inventories (Notes 8 and 10)</td>
<td>20,144</td>
<td>17,122</td>
<td>170,897</td>
</tr>
<tr>
<td>Deferred tax assets (Note 13)</td>
<td>3,308</td>
<td>3,580</td>
<td>35,735</td>
</tr>
<tr>
<td>Other current assets (Note 10)</td>
<td>17,167</td>
<td>11,701</td>
<td>116,786</td>
</tr>
<tr>
<td>Allowance for doubtful receivables</td>
<td>(387)</td>
<td>(162)</td>
<td>(1,619)</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>207,078</td>
<td>176,705</td>
<td>1,763,696</td>
</tr>
<tr>
<td><strong>Property and equipment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>12,418</td>
<td>11,817</td>
<td>117,943</td>
</tr>
<tr>
<td>Buildings (Note 10)</td>
<td>15,791</td>
<td>15,079</td>
<td>150,505</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>13,082</td>
<td>12,570</td>
<td>125,463</td>
</tr>
<tr>
<td>Accumulated depreciation (Note 9)</td>
<td>(18,226)</td>
<td>(18,083)</td>
<td>(180,490)</td>
</tr>
<tr>
<td><strong>Net property and equipment</strong></td>
<td>23,065</td>
<td>21,383</td>
<td>213,421</td>
</tr>
<tr>
<td><strong>Investments and other assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in securities (Note 6)</td>
<td>4,863</td>
<td>3,987</td>
<td>39,795</td>
</tr>
<tr>
<td>Investments in unconsolidated subsidiaries and affiliates</td>
<td>784</td>
<td>842</td>
<td>8,400</td>
</tr>
<tr>
<td>Long-term loans receivable</td>
<td>5,023</td>
<td>4,945</td>
<td>49,353</td>
</tr>
<tr>
<td>Deferred tax assets (Note 13)</td>
<td>85</td>
<td>129</td>
<td>1,286</td>
</tr>
<tr>
<td>Other investments (Note 10)</td>
<td>7,360</td>
<td>6,686</td>
<td>66,750</td>
</tr>
<tr>
<td>Other assets</td>
<td>625</td>
<td>527</td>
<td>5,257</td>
</tr>
<tr>
<td>Allowance for doubtful receivables</td>
<td>(7,060)</td>
<td>(6,470)</td>
<td>(64,580)</td>
</tr>
<tr>
<td><strong>Total investments and other assets</strong></td>
<td>11,680</td>
<td>10,646</td>
<td>106,261</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>¥241,823</td>
<td>¥208,734</td>
<td>$2,083,378</td>
</tr>
</tbody>
</table>
## LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>Thousands of U.S. dollars (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current portion of long-term debt (Note 10)</td>
<td>¥ 245</td>
<td>¥ 245</td>
<td>$ 2,445</td>
</tr>
<tr>
<td>Trade notes payable</td>
<td>48,413</td>
<td>52,784</td>
<td>526,835</td>
</tr>
<tr>
<td>Accounts payable, trade</td>
<td>94,292</td>
<td>66,079</td>
<td>659,537</td>
</tr>
<tr>
<td>Advances received on construction projects in progress</td>
<td>24,513</td>
<td>17,345</td>
<td>173,122</td>
</tr>
<tr>
<td>Accrued income taxes</td>
<td>338</td>
<td>479</td>
<td>4,782</td>
</tr>
<tr>
<td>Deposits received</td>
<td>17,759</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other current liabilities (Note 12)</td>
<td>7,654</td>
<td>11,064</td>
<td>110,430</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>193,214</td>
<td>147,996</td>
<td>1,477,151</td>
</tr>
<tr>
<td><strong>Long-term liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds payable (Note 10)</td>
<td>—</td>
<td>3,800</td>
<td>37,928</td>
</tr>
<tr>
<td>Long-term debt (Note 10)</td>
<td>3,084</td>
<td>2,659</td>
<td>26,542</td>
</tr>
<tr>
<td>Accrued retirement benefits (Note 11)</td>
<td>11,906</td>
<td>12,585</td>
<td>125,608</td>
</tr>
<tr>
<td>Deferred tax liabilities (Note 13)</td>
<td>188</td>
<td>2</td>
<td>19</td>
</tr>
<tr>
<td>Reserve for loss on business restructuring expenses</td>
<td>4,334</td>
<td>4,327</td>
<td>43,188</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>837</td>
<td>750</td>
<td>7,490</td>
</tr>
<tr>
<td><strong>Total long-term liabilities</strong></td>
<td>20,349</td>
<td>24,123</td>
<td>240,775</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>213,563</td>
<td>172,119</td>
<td>1,717,926</td>
</tr>
</tbody>
</table>

## Commitments and contingent liabilities (Note 15)

## Net assets

**Shareholders' equity (Note 14):**

- **Common stock:**
  - Authorized: 500,555,555 shares
- **Preferred stock:**
  - Authorized: 44,444,445 shares
  - Issued: 44,444,445 shares in 2007;
    - 2007: ¥ 12,147, 2008: ¥ 12,147, 2009: ¥ 121,244
  - Additional paid-in capital: ¥ 3,217, 2008: ¥ 3,216
  - Retained earnings: ¥ 8,700, 2008: ¥ 17,101
  - Treasury stock, at cost:
      - 2007: (19), 2008: (21), 2009: (219)

- **Total shareholders' equity:** ¥ 25,898, 2008: ¥ 34,297, 2009: ¥ 342,320

**Valuation, translation adjustments and other:**

- Unrealized gain on available-for-sale securities: ¥ 444, 2008: ¥ 111, 2009: ¥ 1,107
- Deferred gain or loss on hedges: (3), 2008: (32), 2009: (319)
- Foreign currency translation adjustments: 76, 2008: 112, 2009: 1,121

- **Total valuation, translation adjustments and other:** ¥ 517, 2008: ¥ 191, 2009: ¥ 1,909

**Minority interests:** ¥ 1,845, 2008: ¥ 2,127, 2009: ¥ 21,223

- **Total net assets:** ¥ 28,260, 2008: ¥ 36,615, 2009: ¥ 365,452

**Total liabilities and net assets:** ¥ 241,823, 2008: ¥ 298,734, 2009: ¥ 2,083,378

*The accompanying notes are an integral part of these statements.*
## Consolidated Statements of Income

*Fujita Corporation and Consolidated Subsidiaries*

*Year Ended March 31, 2007 and Year Ended March 31, 2008*

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars (Note S)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction projects</td>
<td>¥ 324,078</td>
<td>$ 3,219,751</td>
</tr>
<tr>
<td>Real estate and other</td>
<td>27,211</td>
<td>274,718</td>
</tr>
<tr>
<td><strong>Total Revenues:</strong></td>
<td>351,289</td>
<td>3,494,469</td>
</tr>
<tr>
<td><strong>Cost of revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction projects</td>
<td>300,811</td>
<td>2,968,887</td>
</tr>
<tr>
<td>Real estate and other</td>
<td>23,402</td>
<td>237,462</td>
</tr>
<tr>
<td><strong>Total Cost of revenues</strong></td>
<td>324,213</td>
<td>3,206,349</td>
</tr>
<tr>
<td><strong>Gross profit:</strong></td>
<td>27,076</td>
<td>288,120</td>
</tr>
<tr>
<td>Selling, general and administrative expenses (Note 16)</td>
<td>17,748</td>
<td>185,931</td>
</tr>
<tr>
<td>Operating income</td>
<td>9,328</td>
<td>102,189</td>
</tr>
<tr>
<td><strong>Other income (expenses):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>425</td>
<td>2,514</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(154)</td>
<td>(2,045)</td>
</tr>
<tr>
<td>Equity in earnings of affiliates</td>
<td>80</td>
<td>574</td>
</tr>
<tr>
<td>Foreign exchange loss, net</td>
<td>(208)</td>
<td>(5,071)</td>
</tr>
<tr>
<td>Reversal of allowance for doubtful receivables</td>
<td>249</td>
<td>2,433</td>
</tr>
<tr>
<td>Gain on sale of property and equipment</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>Gain on sale of investments in securities</td>
<td>3</td>
<td>1,633</td>
</tr>
<tr>
<td>Gain on liquidation of subsidiaries and affiliates</td>
<td>151</td>
<td></td>
</tr>
<tr>
<td>Gain on compensation for damages</td>
<td>(2,013)</td>
<td>34,482</td>
</tr>
<tr>
<td>Loss on sale of property and equipment</td>
<td>(13)</td>
<td>(1,099)</td>
</tr>
<tr>
<td>Loss on disposal of property and equipment</td>
<td>(24)</td>
<td>(248)</td>
</tr>
<tr>
<td>Loss on impairment of property and equipment (Note 17)</td>
<td>(29)</td>
<td>(4,061)</td>
</tr>
<tr>
<td>Loss on devaluation of investments in securities</td>
<td>(198)</td>
<td></td>
</tr>
<tr>
<td>Loss on sale of investments in subsidiaries and affiliates</td>
<td>(225)</td>
<td></td>
</tr>
<tr>
<td>Extraordinary expense resulting from compensation</td>
<td>(593)</td>
<td>(11,292)</td>
</tr>
<tr>
<td>Other, net</td>
<td>(1,686)</td>
<td>(13,452)</td>
</tr>
<tr>
<td><strong>Total Other income (expenses):</strong></td>
<td>(2,013)</td>
<td>4,380</td>
</tr>
<tr>
<td><strong>Income before income taxes and minority interests:</strong></td>
<td>7,315</td>
<td>106,569</td>
</tr>
</tbody>
</table>

### Income taxes (Note 13):

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>328</td>
<td>2,826</td>
</tr>
<tr>
<td>Deferred</td>
<td>(336)</td>
<td>(2,752)</td>
</tr>
<tr>
<td>Minority interests</td>
<td>(191)</td>
<td>365</td>
</tr>
<tr>
<td><strong>Net income:</strong></td>
<td>¥ 7,514</td>
<td>$ 106,130</td>
</tr>
</tbody>
</table>

### Per share of common stock (Note 23):

<table>
<thead>
<tr>
<th></th>
<th>Yen</th>
<th>U.S. dollars (Note S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>¥14.48</td>
<td>$0.228</td>
</tr>
<tr>
<td>Diluted net income</td>
<td>14.44</td>
<td>0.227</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these statements.*
## Consolidated Statements of Changes in Net Assets

**Fujita Corporation and Consolidated Subsidiaries**  
**Year Ended March 31, 2007 and Year Ended March 31, 2008**

<table>
<thead>
<tr>
<th>Shareholders' equity</th>
<th>Millions of yen</th>
<th>Millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Common stock</strong></td>
<td>1,853</td>
<td>12,147</td>
</tr>
<tr>
<td><strong>Preferred stock</strong></td>
<td>9,523</td>
<td>2,156</td>
</tr>
<tr>
<td>Additional paid-in-capital</td>
<td></td>
<td>(2,156)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>3,342</td>
<td>(6,296)</td>
</tr>
<tr>
<td>Treasury stock, at cost</td>
<td>36</td>
<td>5</td>
</tr>
<tr>
<td>Total shareholders' equity</td>
<td></td>
<td>25,831</td>
</tr>
</tbody>
</table>

**Balance at March 31, 2006**

- Cash dividends paid
- Purchases of treasury stock
- Sale of treasury stock
- Retirement of treasury stock
- Issuance of new shares
- Net income
- Purchases of treasury stock
- Sale of treasury stock
- Net changes during the year

<table>
<thead>
<tr>
<th>Balance at March 31, 2006</th>
<th>1,853</th>
<th>12,147</th>
<th>9,523</th>
<th>3,342</th>
<th>36</th>
<th>25,831</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuance of new shares</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash dividends paid</td>
<td>(2,232)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(2,232)</td>
</tr>
<tr>
<td>Net income</td>
<td>10,633</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10,633</td>
</tr>
<tr>
<td>Purchases of treasury stock</td>
<td>(6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(6)</td>
</tr>
<tr>
<td>Sale of treasury stock</td>
<td>(1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4</td>
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<tr>
<td>Net changes during the year</td>
<td>(2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3</td>
</tr>
</tbody>
</table>

**Balance at March 31, 2007**

- Cash dividends paid
- Purchases of treasury stock
- Sale of treasury stock
- Net changes during the year

<table>
<thead>
<tr>
<th>Balance at March 31, 2007</th>
<th>1,854</th>
<th>12,147</th>
<th>9,216</th>
<th>5,700</th>
<th>19</th>
<th>25,898</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuance of new shares</td>
<td>15</td>
<td>121,244</td>
<td>32,110</td>
<td>86,837</td>
<td>188</td>
<td>268,494</td>
</tr>
<tr>
<td>Cash dividends paid</td>
<td>(22,279)</td>
<td></td>
<td></td>
<td>(22,279)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>106,130</td>
<td></td>
<td></td>
<td>106,130</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of treasury stock</td>
<td>(71)</td>
<td></td>
<td></td>
<td>(71)</td>
<td></td>
<td></td>
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<tr>
<td>Sale of treasury stock</td>
<td>(9)</td>
<td></td>
<td></td>
<td>40</td>
<td></td>
<td>31</td>
</tr>
<tr>
<td>Net changes during the year</td>
<td>(21)</td>
<td></td>
<td></td>
<td>342,230</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Balance at March 31, 2008**

- Cash dividends paid
- Purchases of treasury stock
- Sale of treasury stock
- Net changes during the year

<table>
<thead>
<tr>
<th>Balance at March 31, 2008</th>
<th>18,506</th>
<th>121,244</th>
<th>32,101</th>
<th>170,688</th>
<th>(219)</th>
<th>342,230</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuance of new shares</td>
<td>15</td>
<td>121,244</td>
<td>32,110</td>
<td>86,837</td>
<td>(188)</td>
<td>268,494</td>
</tr>
<tr>
<td>Cash dividends paid</td>
<td>(22,279)</td>
<td></td>
<td></td>
<td>(22,279)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>106,130</td>
<td></td>
<td></td>
<td>106,130</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of treasury stock</td>
<td>(71)</td>
<td></td>
<td></td>
<td>(71)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of treasury stock</td>
<td>(9)</td>
<td></td>
<td></td>
<td>40</td>
<td></td>
<td>31</td>
</tr>
<tr>
<td>Net changes during the year</td>
<td>(21)</td>
<td></td>
<td></td>
<td>342,230</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Valuation, translation adjustments and other

<table>
<thead>
<tr>
<th>Unrealized gain on available-for-sale securities</th>
<th>Deferred gain or loss on hedges</th>
<th>Foreign currency translation adjustments</th>
<th>Total valuation, translation adjustments and other</th>
<th>Minority interests</th>
<th>Total net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millions of yen</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Balance at March 31, 2006**

- Cash dividends paid
- Net income
- Purchases of treasury stock
- Sale of treasury stock
- Retirement of treasury stock
- Net changes during the year

<table>
<thead>
<tr>
<th>Balance at March 31, 2006</th>
<th>403</th>
<th>(160)</th>
<th>243</th>
<th>2,646</th>
<th>29,720</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash dividends paid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(2,156)</td>
</tr>
<tr>
<td>Net income</td>
<td>7,144</td>
<td></td>
<td></td>
<td></td>
<td>7,144</td>
</tr>
<tr>
<td>Purchases of treasury stock</td>
<td>6,296</td>
<td></td>
<td></td>
<td></td>
<td>6,296</td>
</tr>
<tr>
<td>Sale of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net changes during the year</td>
<td>41</td>
<td>(31)</td>
<td>236</td>
<td>274</td>
<td>(801)</td>
</tr>
</tbody>
</table>

**Balance at March 31, 2007**

- Cash dividends paid
- Net income
- Purchases of treasury stock
- Sale of treasury stock
- Net changes during the year

<table>
<thead>
<tr>
<th>Balance at March 31, 2007</th>
<th>444</th>
<th>(33)</th>
<th>296</th>
<th>274</th>
<th>(801)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash dividends paid</td>
<td></td>
<td>(2,232)</td>
<td></td>
<td></td>
<td>(2,232)</td>
</tr>
<tr>
<td>Net income</td>
<td>10,633</td>
<td></td>
<td></td>
<td>10,633</td>
<td></td>
</tr>
<tr>
<td>Purchases of treasury stock</td>
<td>(6)</td>
<td></td>
<td></td>
<td>(6)</td>
<td></td>
</tr>
<tr>
<td>Sale of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net changes during the year</td>
<td>(333)</td>
<td>(29)</td>
<td>36</td>
<td>(326)</td>
<td>282</td>
</tr>
</tbody>
</table>

**Balance at March 31, 2008**

<table>
<thead>
<tr>
<th>Balance at March 31, 2008</th>
<th>1,107</th>
<th>(319)</th>
<th>1,121</th>
<th>1,909</th>
<th>21,223</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash dividends paid</td>
<td>(22,279)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>106,130</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of treasury stock</td>
<td>(71)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net changes during the year</td>
<td>(3,320)</td>
<td>(293)</td>
<td>360</td>
<td>(3,253)</td>
<td>2,812</td>
</tr>
</tbody>
</table>

**Thousands of U.S. dollars (Note 5)**

*The accompanying notes are an integral part of these statements.*
Consolidated Statements of Cash Flows
Fujita Corporation and Consolidated Subsidiaries
Year Ended March 31, 2007 and Year Ended March 31, 2008

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before income taxes and minority interests</td>
<td>¥ 7,315</td>
<td>$ 106,569</td>
</tr>
<tr>
<td>Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,032</td>
<td>10,538</td>
</tr>
<tr>
<td>Loss on impairment of property and equipment</td>
<td>29</td>
<td>4,061</td>
</tr>
<tr>
<td>Allowance for doubtful receivables</td>
<td>(521)</td>
<td>(6,131)</td>
</tr>
<tr>
<td>Accrued retirement benefits</td>
<td>951</td>
<td>6,774</td>
</tr>
<tr>
<td>Reserve for loss on business restructuring expenses</td>
<td>(10,145)</td>
<td>(17,224)</td>
</tr>
<tr>
<td>Loss on sale of property and equipment</td>
<td>12</td>
<td>1,086</td>
</tr>
<tr>
<td>Loss on disposal of property and equipment</td>
<td>24</td>
<td>202</td>
</tr>
<tr>
<td>Loss (gain) on sale of investments in securities</td>
<td>222</td>
<td>(1,633)</td>
</tr>
<tr>
<td>Loss on devaluation of investments in securities</td>
<td>198</td>
<td>-</td>
</tr>
<tr>
<td>Gain on liquidation of subsidiaries and affiliates</td>
<td>(151)</td>
<td>-</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>(125)</td>
<td>(2,514)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>154</td>
<td>2,045</td>
</tr>
<tr>
<td><strong>Changes in assets and liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in trade receivables</td>
<td>(7,727)</td>
<td>245,434</td>
</tr>
<tr>
<td>(Increase) decrease in inventories</td>
<td>(2,117)</td>
<td>30,169</td>
</tr>
<tr>
<td>Increase (decrease) in trade payables</td>
<td>12,359</td>
<td>(23,931)</td>
</tr>
<tr>
<td>Increase (decrease) in advances received on construction projects in progress</td>
<td>7,954</td>
<td>(71,743)</td>
</tr>
<tr>
<td>Other, net</td>
<td>2,688</td>
<td>(22,684)</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>11,262</td>
<td>4,417</td>
</tr>
<tr>
<td>Interest and dividends received</td>
<td>586</td>
<td>2,514</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(211)</td>
<td>(1,917)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(383)</td>
<td>(2,923)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>11,231</td>
<td>4,184</td>
</tr>
<tr>
<td><strong>Investing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in time deposits except for cash equivalents</td>
<td>(18)</td>
<td>4,207</td>
</tr>
<tr>
<td>Purchases of investments in securities</td>
<td>(213)</td>
<td>(19)</td>
</tr>
<tr>
<td>Proceeds from sale of investments in securities</td>
<td>23</td>
<td>4,657</td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(211)</td>
<td>(4,222)</td>
</tr>
<tr>
<td>Proceeds from sale of property and equipment</td>
<td>146</td>
<td>6,642</td>
</tr>
<tr>
<td>Payments for loans receivable</td>
<td>(80)</td>
<td>(230)</td>
</tr>
<tr>
<td>Proceeds from repayment of loans</td>
<td>150</td>
<td>1,011</td>
</tr>
<tr>
<td>Proceeds from sale of investments in subsidiaries and affiliates</td>
<td>734</td>
<td>-</td>
</tr>
<tr>
<td>Other, net</td>
<td>(113)</td>
<td>(674)</td>
</tr>
<tr>
<td>Net cash provided by investing activities</td>
<td>394</td>
<td>1,139</td>
</tr>
<tr>
<td><strong>Financing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from issuance of bonds</td>
<td>-</td>
<td>37,164</td>
</tr>
<tr>
<td>Proceeds from long-term debt</td>
<td>180</td>
<td>13,541</td>
</tr>
<tr>
<td>Repayment of long-term debt</td>
<td>(215)</td>
<td>(17,783)</td>
</tr>
<tr>
<td>Issuance of new shares of common stock</td>
<td>-</td>
<td>15</td>
</tr>
<tr>
<td>Cash dividends paid</td>
<td>(2,136)</td>
<td>(22,269)</td>
</tr>
<tr>
<td>Proceeds from stock issuance to minority shareholders</td>
<td>-</td>
<td>2,515</td>
</tr>
<tr>
<td>Cash dividends paid to minority interests</td>
<td>(628)</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from sale of treasury stock</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Payments for purchases of treasury stock</td>
<td>(6,312)</td>
<td>-</td>
</tr>
<tr>
<td>Net increase in treasury stock</td>
<td>-</td>
<td>(39)</td>
</tr>
<tr>
<td>Net cash (used in) provided by financing activities</td>
<td>(9,176)</td>
<td>1,317</td>
</tr>
<tr>
<td><strong>Effect of exchange rate changes on cash and cash equivalents</strong></td>
<td>120</td>
<td>(5,040)</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>2,569</td>
<td>61,233</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>49,795</td>
<td>52,364</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year (Note 19)</td>
<td>¥ 52,364</td>
<td>¥ 58,499</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
Notes to Consolidated Financial Statements

Fujita Corporation and Consolidated Subsidiaries

1. Basis of presentation

The accompanying consolidated financial statements of Fujita Corporation (the “Company”) and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain items presented in the consolidated financial statements submitted to the Director of the Kanto Finance Bureau in Japan have been reclassified for the convenience of readers outside Japan.

2. Summary of significant accounting policies

Basis of consolidation and investments in affiliated companies

The accompanying consolidated financial statements for the year ended March 31, 2008 include the accounts of the Company and 13 (11 in the year ended March 31, 2007) subsidiaries. Investments in 3 (4 in the year ended March 31, 2007) unconsolidated subsidiaries and affiliates are accounted for by the equity method.

Investments in other unconsolidated subsidiaries and affiliates are stated at cost and the equity method is not applied for the valuation of such investments since they are considered immaterial in the aggregate under accounting principles generally accepted in Japan.

All significant intercompany transactions and accounts have been eliminated in consolidation.

Goodwill, the differences between the cost and the fair value of the net assets at the respective dates of acquisition of investments in consolidated subsidiaries are deferred and amortized on a straight-line basis over a period of five years.

The balance sheet date of 1 of consolidated subsidiary is July 31, for the year ended March 31, 2008 (No subsidiary for the year ended March 31, 2007), and for 3 consolidated subsidiaries, it is the end of December, and for 2 consolidated subsidiaries, it is the end of January (1 for the year ended March 31, 2007), and for 1 consolidated subsidiary, it is the end of February. Paris Development Tokutei Mokuteki Kaisha with the balance sheet date of July 31 is consolidated based on their temporary financial statement at March 31. Any significant differences in intercompany accounts and transactions during the period from January 1 through March 31, the period from February 1 through March 31 and the period from March 1 through March 31 have been adjusted, if necessary.

Foreign currency translation

Foreign currency transactions are translated into yen on the basis of the rates in effect at the respective transaction dates, except for those covered by forward foreign exchange contracts which are translated at their respective contract rates. Receivables and payables denominated in foreign currencies are translated into yen at the exchange rates prevailing on the balance sheet dates. Gains or losses resulting from translation and gains and losses on settlement are credited or charged to income as incurred.

The financial statements of the consolidated overseas subsidiaries are translated into the reporting currency of yen as follows: assets, liabilities, income, and expenses are translated at the exchange rates prevailing on the balance sheet dates; net assets excluding translation adjustments and other and minority interests are translated at historical rates. Differences arising from translation are presented as “Foreign currency translation adjustments” and “Minority interests” in the accompanying consolidated balance sheets.

Accounting for construction contracts

Revenue from, and the related costs for, contracts are recognized on a percentage-of-completion basis except for those whose contract periods fall within one year or which have contract amounts of less than ¥100 million.
Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, the Company and its consolidated subsidiaries consider all highly liquid investments with an insignificant risk of any changes in their value and which have a maturity of three months or less when purchased to be cash equivalents.

Securities

Securities other than those of subsidiaries and affiliates are classified into three categories: trading, held-to-maturity or available-for-sale securities. The Company and its consolidated subsidiaries do not have trading securities. Held-to-maturity debt securities are reported at amortized cost. Available-for-sale securities with determinable market value are reported at fair value, with any unrealized gain or loss, net of the applicable taxes, reported in a separate component of net assets. Available-for-sale securities whose fair value is not readily determinable are stated at cost. The cost of securities sold is determined by the moving-average method.

Derivatives

The Company and its consolidated subsidiaries enter into forward foreign exchange contracts and have foreign currency deposits in order to manage certain risk arising from adverse fluctuation in foreign currency exchange rates. The Company and its consolidated subsidiaries do not enter into derivative transactions for trading or speculative purposes. The Company and its consolidated subsidiaries minimize their credit risk exposure to these derivatives by limiting the counterparties to major banks. The status of all open derivatives positions is reported to the Board of Directors on a regular basis.

Derivatives positions are stated at fair value with any changes in unrealized gain or loss credited or charged to income, except for those which meet the criteria for deferral hedge accounting.

Inventories

Inventories are mainly stated at cost determined by the specific identification cost method.

Property and equipment

Property and equipment are stated at cost. The Company and its domestic consolidated subsidiaries primarily apply the declining balance method for depreciation. Overseas consolidated subsidiaries primarily employ the straight-line method. However, domestic companies apply the straight-line method for calculating depreciation on buildings acquired on or after April 1, 1998. Maintenance, repairs and minor renewals are charged to income as incurred.

Changes in accounting policy

Effective the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries have changed their method of depreciation for all tangible fixed assets acquired on or after April 1, 2007 to reflect the revisions to the Corporate Tax Law.

As a result of this change, both operating income and income before income taxes and minority interests decreased by ¥18 million ($181 thousand) for the year ended March 31, 2008 from the corresponding amounts which would have been recorded under the previous method.

The impact of the change on Segment Information is noted in the relevant section.

Additional information

Effective the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries have adopted their method of depreciation for all tangible fixed assets acquired on or before March 31, 2007 to reflect the revisions to the Corporate Tax Law. Such tangible fixed assets have been depreciated the difference between the amount equivalent to 5% of the acquisition costs and memorandum value equally over five years from the consolidated fiscal year following the consolidated fiscal year when depreciation reached 5% of acquisition costs, in accordance with the depreciation method under the Corporation Tax Law before the revision.
As a result of this adoption, both operating income and income before income taxes and minority interests decreased by ¥72 million ($720 thousand) for the year ended March 31, 2008 from the corresponding amounts which would have been recorded under the previous method.

The impact of the adoption on Segment Information is noted in the relevant section.

**Allowance for doubtful receivables**

An allowance for doubtful receivables has been provided based on the Company’s and its consolidated subsidiaries’ actual ratio of bad debts in the past and based on an estimated uncollectible amount of specific doubtful receivables.

**Accrued loss on construction projects in progress**

An accrued loss on construction projects in progress has been provided at an estimated amount for the future loss on construction projects in progress at the end of the current fiscal year.

**Reserve for compensation for completed construction projects**

A reserve for compensation for completed construction projects has been provided at an estimated amount in order to cover the future compensation cost on completed construction projects during the current fiscal year.

**Reserve for loss on business restructuring expenses**

A reserve for loss on business restructuring expenses has been provided at an estimated amount in order to cover the loss expected to be incurred under the “New Mid-Term Management Plan.”

**Accrued retirement benefits and pension plan**

To provide for employees’ severance indemnities and pension payments, net periodic pension and severance costs are computed based on the projected benefit obligation and the pension plan assets.

The unrecognized benefit obligation at transition is being amortized by the straight-line method over a period of 15 years.

The unrecognized prior service cost is being amortized by the straight-line method over a period of 10 (8 in the year ended March 31, 2007) years, which is less than the average remaining years of service of the active participants in the plans.

The adjustment for actuarial assumptions is being amortized by the straight-line method from the fiscal year subsequent to the year in which the adjustment was recorded over a period of 10 years, which is less than the average remaining years of service of the active participants in the plans.

Employees of overseas subsidiaries are primarily covered by an unfunded retirement benefit plan.

Directors and statutory auditors are not covered by a retirement benefit plan. Retirement benefits to them are charged to income when the payments are approved by the shareholders.

**Income taxes**

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries consist of corporate, inhabitants’ and enterprise taxes.

Deferred income taxes are recorded by the asset and liability method. Deferred income tax assets and liabilities are recorded to reflect the tax consequences of future temporary differences between the carrying amounts of assets and liabilities for financial reporting and for taxation purposes. Under this method, deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of any change in the tax rate is recognized in income in the period of the enactment date.

**Leases**

Finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessees are accounted for by a method similar to that applicable to ordinary operating leases.
Net income per share

Basic net income per share has been computed based on the net income available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year.

Diluted net income per share assumes the dilution which would occur if securities or other contracts to issue shares of common stock were exercised or converted into common stock or resulted in the issuance of common stock.

3. Changes in accounting policy

Presentation of net assets in the balance sheet

Effective the year ended March 31, 2007, the Company has adopted a new accounting standard for the presentation of net assets in the balance sheet and the related implementation guidance. As a result of the adoption of this accounting standard and the related guidance, minority interests have been included in net assets at March 31, 2007. Under the previous method of presentation, minority interests were presented as a separate component in the consolidated balance sheets. The adoption of this accounting standard and the related guidance had no impact on the consolidated statement of income for the year ended March 31, 2007. The amount equivalent to total shareholders' equity under the previous method of presentation was ¥26,418 million at March 31, 2007. In addition, effective the year ended March 31, 2007, the Company is required to prepare consolidated statements of changes in net assets instead of consolidated statements of shareholders' equity.

Business combinations

Effective the year ended March 31, 2007, the Company has adopted a new accounting standard for business combinations. This standard requires business combinations to be accounted for primarily by the purchase method and permits certain limited business combinations to be accounted for by the pooling-of-interest method.

4. Additional information

Change in purpose of retaining fixed assets

As the purpose of retaining certain fixed assets, which had been retained for rental business purposes, changed in the year ended March 31, 2007, ¥422 million of other assets (land leaseholds) and ¥10 million of buildings were transferred to inventories (real estate for sale).

5. U.S. dollar amounts

The U.S. dollar amounts included in the accompanying consolidated financial statements are presented solely for convenience and are stated, as a matter of arithmetic computation only, at ¥100.19 = U.S.$1.00, the prevailing exchange rate on March 31, 2008. This translation should not be construed as a representation that the yen amounts actually represent, or have been or could be converted into U.S. dollars at the above or any other rate.
6. Marketable and investment securities

Marketable and investment securities consisted of the following:

(1) Hold-to-maturity debt securities with determinable fair value

As of March 31, 2007

<table>
<thead>
<tr>
<th>Description</th>
<th>Acquisition cost</th>
<th>Fair value</th>
<th>Unrealized gain (loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities with fair value which does not exceed acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>¥10</td>
<td>¥10</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>¥10</td>
<td>¥10</td>
<td>–</td>
</tr>
</tbody>
</table>

As of March 31, 2008

The Company and its consolidated subsidiaries do not have hold-to-maturity debt securities.

(2) Available-for-sale securities with determinable fair value

As of March 31, 2007

<table>
<thead>
<tr>
<th>Description</th>
<th>Acquisition cost</th>
<th>Fair value</th>
<th>Unrealized gain (loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities with fair value which exceeds acquisition cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketable equity securities</td>
<td>¥1,376</td>
<td>¥2,147</td>
<td>¥771</td>
</tr>
<tr>
<td>Securities with fair value which does not exceed acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketable equity securities</td>
<td>560</td>
<td>543</td>
<td>(17)</td>
</tr>
<tr>
<td>Total</td>
<td>¥1,936</td>
<td>¥2,690</td>
<td>¥754</td>
</tr>
</tbody>
</table>

As of March 31, 2008

<table>
<thead>
<tr>
<th>Description</th>
<th>Acquisition cost</th>
<th>Fair value</th>
<th>Unrealized gain (loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities with fair value which exceeds acquisition cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketable equity securities</td>
<td>¥1,338</td>
<td>¥1,655</td>
<td>¥317</td>
</tr>
<tr>
<td>Securities with fair value which does not exceed acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketable equity securities</td>
<td>600</td>
<td>471</td>
<td>(129)</td>
</tr>
<tr>
<td>Total</td>
<td>¥1,938</td>
<td>¥2,126</td>
<td>¥188</td>
</tr>
</tbody>
</table>

Thousands of U.S. dollars

<table>
<thead>
<tr>
<th>Description</th>
<th>Acquisition cost</th>
<th>Fair value</th>
<th>Unrealized gain (loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities with fair value which exceeds acquisition cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketable equity securities</td>
<td>$13,356</td>
<td>$16,518</td>
<td>$3,162</td>
</tr>
<tr>
<td>Securities with fair value which does not exceed acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketable equity securities</td>
<td>5,986</td>
<td>4,699</td>
<td>(1,287)</td>
</tr>
<tr>
<td>Total</td>
<td>$19,342</td>
<td>$21,217</td>
<td>$1,875</td>
</tr>
</tbody>
</table>

Note: The Company and its consolidated subsidiaries deem securities to be impaired when their fair market value has declined to 50% or less of the acquisition cost unless a recovery to acquisition cost is anticipated. The related unrealized loss is charged to income when impairment occurs.

(3) Sales of available-for-sale securities for the years ended March 31, 2007 and 2008

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sales</td>
<td>¥23</td>
<td>$245</td>
</tr>
<tr>
<td>Realized gains</td>
<td>3</td>
<td>142</td>
</tr>
<tr>
<td>Realized losses</td>
<td>–</td>
<td>(1)</td>
</tr>
</tbody>
</table>

(4) Major components and book value of securities whose fair value is not readily determinable

As of March 31

<table>
<thead>
<tr>
<th>Description</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available for sale securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unlisted equity securities</td>
<td>¥2,174</td>
<td>¥1,861</td>
</tr>
<tr>
<td>Unlisted foreign bonds</td>
<td>2</td>
<td>18</td>
</tr>
</tbody>
</table>
7. Derivative transactions
The Company has applied hedge accounting to all derivative transactions.

8. Inventories
Inventories consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction projects in progress</td>
<td>¥15,693</td>
<td>¥9,817</td>
</tr>
<tr>
<td>Real estate for sale</td>
<td>877</td>
<td>5,570</td>
</tr>
<tr>
<td>Other</td>
<td>3,574</td>
<td>1,735</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>¥20,144</strong></td>
<td><strong>¥17,122</strong></td>
</tr>
</tbody>
</table>

9. Depreciation
The estimated useful lives of fixed assets used in computing depreciation are as shown below:

<table>
<thead>
<tr>
<th>Years</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>5 to 50</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>2 to 20</td>
</tr>
</tbody>
</table>

10. Long-term debt and bonds payable

Long-term debt consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans, principally from banks, due from 2007 to 2023, at interest rates ranging from 0.00% to 2.45% as of March 31, 2007, and due from 2013 to 2023, at interest rates ranging from 0.00% to 2.00% as of March 31, 2008:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured</td>
<td>¥3,329</td>
<td>¥2,904</td>
</tr>
<tr>
<td>Portion due within one year</td>
<td>(215)</td>
<td>(245)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>¥3,114</strong></td>
<td><strong>¥2,659</strong></td>
</tr>
</tbody>
</table>

The aggregate annual maturities of long-term debt during the succeeding five years are summarized as follows:

<table>
<thead>
<tr>
<th>Year ending March 31,</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>¥245</td>
<td>¥2,445</td>
</tr>
<tr>
<td>2011</td>
<td>245</td>
<td>2,445</td>
</tr>
<tr>
<td>2012</td>
<td>214</td>
<td>2,140</td>
</tr>
<tr>
<td>2013</td>
<td>245</td>
<td>2,445</td>
</tr>
<tr>
<td>2014 and thereafter</td>
<td>1,710</td>
<td>17,067</td>
</tr>
</tbody>
</table>

Bonds payable consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds, issued by Tokutei Mokutei Kaisha, due from 2009 to 2010, at interest rates ranging from 2.27% to 2.30% as of March 31, 2008:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured</td>
<td>—</td>
<td>¥3,800</td>
</tr>
<tr>
<td>Portion due within one year</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>—</td>
<td><strong>¥3,800</strong></td>
</tr>
</tbody>
</table>

The aggregate annual maturities of bonds payable during the succeeding five years are summarized as follows:

<table>
<thead>
<tr>
<th>Year ending March 31,</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>¥3,800</td>
<td>¥37,928</td>
</tr>
<tr>
<td>2011</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2012</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2013</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2014 and thereafter</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>
The following assets were pledged as security for long-term debt, bonds payable and other liabilities:

<table>
<thead>
<tr>
<th></th>
<th>As of March 31</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
<td>2007</td>
</tr>
<tr>
<td>Buildings</td>
<td>¥6,377</td>
<td>¥6,140</td>
</tr>
<tr>
<td>Real estate for sale</td>
<td>—</td>
<td>4,254</td>
</tr>
<tr>
<td>Time deposits</td>
<td>2,747</td>
<td>3,109</td>
</tr>
<tr>
<td>Other inventories</td>
<td>207</td>
<td>—</td>
</tr>
<tr>
<td>Other current assets</td>
<td>—</td>
<td>3</td>
</tr>
<tr>
<td>Other investments</td>
<td>—</td>
<td>7</td>
</tr>
</tbody>
</table>

11. Retirement benefit and pension plans

The Company and its 4 domestic subsidiaries have a qualified pension plan and a lump-sum severance payment plan comprising their defined retirement benefit plans.

The Company has adopted a retirement point system. Effective April 5, 2007, the Company revised its retirement benefit policy and reconsidered the number of retirement points to be granted. As a result, prior service cost of ¥204 million ($2,040 thousand) was incurred and ¥20 million ($204 thousand) was amortized for the year ended March 31, 2008.

The accrued retirement benefits is summarized as follows:

<table>
<thead>
<tr>
<th>Retirement Benefit Obligation</th>
<th>As of March 31</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
<td>2007</td>
</tr>
<tr>
<td>(a) Projected benefit obligation</td>
<td>¥25,802</td>
<td>¥25,842</td>
</tr>
<tr>
<td>(b) Fair value of plan assets</td>
<td>3,007</td>
<td>3,333</td>
</tr>
<tr>
<td>(c) Unfunded benefit obligation [(a)+(b)]</td>
<td>(22,795)</td>
<td>(22,509)</td>
</tr>
<tr>
<td>(d) Unrecognized retirement benefit obligation at transition</td>
<td>8,044</td>
<td>7,043</td>
</tr>
<tr>
<td>(e) Recognized actuarial differences</td>
<td>2,925</td>
<td>2,757</td>
</tr>
<tr>
<td>(f) Recognized prior service cost</td>
<td>(80)</td>
<td>124</td>
</tr>
<tr>
<td>(g) Amount shown on balance sheets [(c)+(d)+(e)+(f)]</td>
<td>(11,906)</td>
<td>(12,585)</td>
</tr>
<tr>
<td>(h) Prepaid pension expenses</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>(i) Accrued retirement benefits [(g)-(b)]</td>
<td>¥11,906</td>
<td>¥12,585</td>
</tr>
</tbody>
</table>

Note: Certain subsidiaries have adopted a simplified method for measuring their projected benefit obligation.

<table>
<thead>
<tr>
<th>Net Periodic Retirement Benefit Cost</th>
<th>Year ended March 31</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
<td>2007</td>
</tr>
<tr>
<td>(a) Service cost</td>
<td>¥1,080</td>
<td>¥1,084</td>
</tr>
<tr>
<td>(b) Interest cost</td>
<td>634</td>
<td>645</td>
</tr>
<tr>
<td>(c) Expected return on plan assets</td>
<td>(13)</td>
<td>(75)</td>
</tr>
<tr>
<td>(d) Amortization of retirement benefit obligation at transition</td>
<td>1,005</td>
<td>1,001</td>
</tr>
<tr>
<td>(e) Recognized actuarial loss</td>
<td>606</td>
<td>573</td>
</tr>
<tr>
<td>(f) Amortization of prior service cost</td>
<td>(22)</td>
<td>1</td>
</tr>
<tr>
<td>(g) Net periodic retirement benefit cost [(a)+(b)+(c)+(d)+(e)+(f)]</td>
<td>¥3,260</td>
<td>¥3,229</td>
</tr>
</tbody>
</table>

Notes: The retirement benefit expenses of the subsidiaries which have adopted a simplified method are included in service cost in the table above.

Basic Assumptions for Calculating Retirement Benefit Obligation

(a) Periodic allocation method for estimated retirement benefits

(b) Discount rate 2.5%

c) Expected rate of return on plan assets 2.5%

d) Recognition period for actuarial gain/loss Principally 10 years

e) Amortization period for retirement benefit obligation at transition 15 years

(f) Amortization period for prior service cost Principally 10 years

The estimated amount of all retirement benefits to be paid at a future retirement date is allocated equally to each year of service over the estimated total years of service.
12. Other current liabilities

Other current liabilities comprised the following:

<table>
<thead>
<tr>
<th></th>
<th>As of March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Accrued loss on construction projects in progress</td>
<td>¥573</td>
</tr>
<tr>
<td>Reserve for compensation for completed construction projects</td>
<td>774</td>
</tr>
<tr>
<td>Accrued bonuses</td>
<td>1,276</td>
</tr>
<tr>
<td>Reserve for loss on business restructuring expenses</td>
<td>1,719</td>
</tr>
</tbody>
</table>

13. Income taxes

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets or liabilities as of March 31, 2007 and 2008 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>As of March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td></td>
</tr>
<tr>
<td>Write-downs of real estate for sale</td>
<td>¥936</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>1,918</td>
</tr>
<tr>
<td>Loss on revaluation of fixed assets</td>
<td>5,019</td>
</tr>
<tr>
<td>Write-downs of investments in securities</td>
<td>505</td>
</tr>
<tr>
<td>Accrued bonuses</td>
<td>519</td>
</tr>
<tr>
<td>Accrued retirement benefits</td>
<td>4,845</td>
</tr>
<tr>
<td>Reserve for loss on business restructuring expenses</td>
<td>2,463</td>
</tr>
<tr>
<td>Tax loss carryforwards</td>
<td>7,975</td>
</tr>
<tr>
<td>Other</td>
<td>2,143</td>
</tr>
<tr>
<td>Gross deferred tax assets</td>
<td>¥26,323</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(22,743)</td>
</tr>
<tr>
<td>Total deferred tax assets</td>
<td>¥3,580</td>
</tr>
</tbody>
</table>

Deferred tax liabilities

<table>
<thead>
<tr>
<th></th>
<th>As of March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Unrealized gain on available-for-sale securities</td>
<td>¥(307)</td>
</tr>
<tr>
<td>Other</td>
<td>(62)</td>
</tr>
<tr>
<td>Total deferred tax liabilities</td>
<td>¥(375)</td>
</tr>
</tbody>
</table>

Net deferred tax assets | ¥3,205 | ¥3,707 | $37,002 |

The significant differences between the statutory tax rate and the Company’s effective tax rates for financial reporting for the years ended March 31, 2007 and 2008 are reconciled as follows:

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory tax rate</td>
<td>40.7%</td>
<td>40.7%</td>
</tr>
<tr>
<td>Non-deductible expenses</td>
<td>4.2%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Inhabitants' per capita taxes</td>
<td>3.2%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(51.6%)</td>
<td>(45.4%)</td>
</tr>
<tr>
<td>Other</td>
<td>3.4%</td>
<td>(1.2%)</td>
</tr>
<tr>
<td>Effective tax rates</td>
<td>(0.1%)</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

14. Shareholders' equity

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

15. Commitments and contingent liabilities

Contingent liabilities

The Company has provided guarantees to the lender of the following outstanding loans to an affiliate:

<table>
<thead>
<tr>
<th></th>
<th>As of March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Alpark</td>
<td>¥1,772</td>
</tr>
<tr>
<td>Total</td>
<td>¥1,772</td>
</tr>
</tbody>
</table>
The Company has provided guarantees to the lenders of the following outstanding loans to clients:

<table>
<thead>
<tr>
<th></th>
<th>As of March 31</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
<td>Thousands of U.S. dollars</td>
<td></td>
</tr>
<tr>
<td>Moji Harbor Development</td>
<td>¥3,513</td>
<td>¥3,209</td>
<td>$32,031</td>
</tr>
<tr>
<td>Oita City Development</td>
<td>791</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>¥4,214</td>
<td>¥3,209</td>
<td>$32,031</td>
</tr>
</tbody>
</table>

The Company has provided guarantees for deposit guarantee contracts entered into between the following clients and the purchasers of the condominiums sold by these clients:

<table>
<thead>
<tr>
<th></th>
<th>As of March 31</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
<td>Thousands of U.S. dollars</td>
<td></td>
</tr>
<tr>
<td>Itoho Corporation</td>
<td>¥596</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Suncity Co., Ltd.</td>
<td>205</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Kanekita Corporation</td>
<td>—</td>
<td>¥34</td>
<td>$336</td>
</tr>
<tr>
<td>Total</td>
<td>¥801</td>
<td>¥34</td>
<td>$336</td>
</tr>
</tbody>
</table>

The Company has provided guarantees to the lender of outstanding loans to employees as follows:

<table>
<thead>
<tr>
<th></th>
<th>As of March 31</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
<td>Thousands of U.S. dollars</td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>¥24</td>
<td>¥20</td>
<td>$197</td>
</tr>
<tr>
<td>Total</td>
<td>¥24</td>
<td>¥20</td>
<td>$197</td>
</tr>
<tr>
<td>Total contingent liabilities</td>
<td>¥6,811</td>
<td>¥3,263</td>
<td>$32,564</td>
</tr>
</tbody>
</table>

Trade notes receivable – endorsed and transferred

<table>
<thead>
<tr>
<th></th>
<th>As of March 31</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
<td>Thousands of U.S. dollars</td>
<td></td>
</tr>
<tr>
<td>Trade notes receivable</td>
<td>¥117</td>
<td>¥14</td>
<td>$138</td>
</tr>
</tbody>
</table>

16. Notes to consolidated statements of income

The principal components of selling, general and administrative expenses for the years ended March 31, 2007 and 2006 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>As of March 31</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
<td>Thousands of U.S. dollars</td>
<td></td>
</tr>
<tr>
<td>Salaries and employee benefits</td>
<td>¥5,565</td>
<td>¥5,986</td>
<td>$58,748</td>
</tr>
<tr>
<td>Rental expenses</td>
<td>2,024</td>
<td>2,149</td>
<td>21,452</td>
</tr>
<tr>
<td>Retirement benefit costs</td>
<td>1,020</td>
<td>962</td>
<td>9,604</td>
</tr>
<tr>
<td>Research and development costs</td>
<td>959</td>
<td>1,092</td>
<td>10,896</td>
</tr>
<tr>
<td>Provision for bonuses</td>
<td>544</td>
<td>633</td>
<td>6,319</td>
</tr>
</tbody>
</table>

17. Loss on impairment of fixed assets

The Group recorded impairment losses on the following assets for the year ended March 31, 2007:

<table>
<thead>
<tr>
<th>Use</th>
<th>Type</th>
<th>Place</th>
<th>Number of Properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unused real estate</td>
<td>Buildings and intangible fixed assets</td>
<td>Nagano Prefecture</td>
<td>1 property</td>
</tr>
</tbody>
</table>

The unused real estate property on which an impairment loss was recognized is grouped by individual property. As it has been determined that the above-mentioned unused real estate property is to be sold, its book value has been reduced to its estimated net recoverable value. The reduction has been recorded as an impairment loss of ¥29 million consisting of ¥16 million for buildings and ¥13 million for intangible fixed assets (lease rights). The recoverable value of the property referred to above has been measured based on its estimated net selling price. The net selling price was calculated by subtracting the estimated disposal expense from the offered purchase price.
The Group recorded impairment losses on the following assets for the year ended March 31, 2008:

<table>
<thead>
<tr>
<th>Use</th>
<th>Type</th>
<th>Place</th>
<th>Number of Properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leased real estate</td>
<td>Land, buildings and intangible fixed assets</td>
<td>Osaka Prefecture and elsewhere</td>
<td>4 properties</td>
</tr>
</tbody>
</table>

The leased real estate properties on which the impairment losses were recognized are grouped by individual property.

As it has been determined that three of the above-mentioned leased real estate properties are to be sold, and as other leased real estate property has been declining its profitability because its lease period had been shortened, their book value has been reduced to their estimated net recoverable value.

The reduction has been recorded as an impairment loss of ¥407 million ($4,061 thousand) consisting of ¥219 million ($2,191 thousand) for land, ¥179 million ($1,784 thousand) for buildings and ¥9 million ($86 thousand) for intangible fixed assets (lease rights).

The recoverable value of the property for sale referred to the above has been measured based on their estimated net selling prices. The net selling prices were calculated by subtracting the estimated disposal expenses from the assessed prices by a third party or the offered purchase prices on the present conditions.

The recoverable value of the property which declined its profitability referred to the above has been measured at its value in use, and the discount rate used for computation of present value of the future cash flows was 5.0%.

18. Note to consolidated statements of changes in net assets

The type and total numbers of stocks outstanding, and the type and number of treasury stock for the years ended March 31, 2007 were as follows:

<table>
<thead>
<tr>
<th>Number of shares</th>
<th>Balance at March 31, 2006</th>
<th>Increase in shares during the year</th>
<th>Decrease in shares during the year</th>
<th>Balance at March 31, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding stock:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>44,144,445</td>
<td>14,000,000</td>
<td>30,444,445</td>
<td></td>
</tr>
<tr>
<td>Class-C preferred stock</td>
<td>44,144,445</td>
<td></td>
<td>44,144,445</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>88,888,890</td>
<td>14,000,000</td>
<td>74,888,890</td>
<td></td>
</tr>
<tr>
<td>Treasury stock:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>33,720</td>
<td>14,021,516</td>
<td>14,011,571</td>
<td>43,665</td>
</tr>
<tr>
<td>Total</td>
<td>33,720</td>
<td>14,021,516</td>
<td>14,011,571</td>
<td>43,665</td>
</tr>
</tbody>
</table>

Notes
1. Decrease of 14,000,000 in the total number of shares of common stock outstanding was due to a retirement of treasury stock.
2. Increase of 14,021,516 shares of common stock held in treasury consisted of an increase of 14,000,000 shares obtained from specific shareholders, an increase of 21,512 shares due to a purchase of fractional shares and an increase of 4 shares due to a change in an affiliated company's interest.
3. Decrease of 14,011,571 shares of common stock held in treasury consisted of a decrease of 14,000,000 shares due to a retirement of treasury stock and a decrease of 11,571 shares due to a sale of fractional shares in response to a request to buy fractional shares.

The type and total numbers of stocks outstanding, and the type and number of treasury stock for the years ended March 31, 2008 were as follows:

<table>
<thead>
<tr>
<th>Number of shares</th>
<th>Balance at March 31, 2007</th>
<th>Increase in shares during the year</th>
<th>Decrease in shares during the year</th>
<th>Balance at March 31, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding stock:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>30,444,445</td>
<td>13,174</td>
<td>30,457,619</td>
<td></td>
</tr>
<tr>
<td>Class-C preferred stock</td>
<td>44,144,445</td>
<td>35,555,556</td>
<td>8,888,889</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>74,888,890</td>
<td>13,174</td>
<td>39,346,508</td>
<td></td>
</tr>
<tr>
<td>Treasury stock:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>43,665</td>
<td>20,836</td>
<td>9,690</td>
<td>54,811</td>
</tr>
<tr>
<td>Total</td>
<td>43,665</td>
<td>20,836</td>
<td>9,690</td>
<td>54,811</td>
</tr>
</tbody>
</table>

Notes
1. Increase of 13,174 in the total number of shares of common stock outstanding was due to an issuance of new shares by exercising share warrants.
2. Decrease of 35,555,556 in the total number of shares of Class-C preferred stock outstanding was due to a one for five reverse stock split.
3. Increase of 20,836 shares of common stock held in treasury was due to a purchase of fractional shares.
4. Decrease of 9,690 shares of common stock held in treasury was due to a sale of fractional shares in response to a request to buy fractional shares.
Information regarding dividends were as follows:

(a) Dividends paid to shareholders for the year ended March 31, 2007.

<table>
<thead>
<tr>
<th>Resolution</th>
<th>Type of stock</th>
<th>Total amount of dividends</th>
<th>Dividends per share</th>
<th>Record date</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary</td>
<td>Common stock</td>
<td>¥44</td>
<td>¥1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders' Class-C preferred stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meeting on June 29, 2006 Dividends under participation clause</td>
<td>Preferred dividends</td>
<td>1,764</td>
<td>39.686</td>
<td>March 31, 2006</td>
<td>June 29, 2006</td>
</tr>
<tr>
<td></td>
<td></td>
<td>348</td>
<td>7.836</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>¥7,156</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Amount of dividends per a share of Class-C preferred stock was rounded off to the nearest yen.

(b) Dividends paid to shareholders for the year ended March 31, 2008.

<table>
<thead>
<tr>
<th>Resolution</th>
<th>Type of stock</th>
<th>Total amount of dividends</th>
<th>Dividends per share</th>
<th>Record date</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors' Class-C preferred stock: Meeting on May 29, 2007 Dividends under participation clause</td>
<td>Preferred dividends</td>
<td>1,855</td>
<td>41.738</td>
<td>March 31, 2007</td>
<td>June 29, 2007</td>
</tr>
<tr>
<td></td>
<td></td>
<td>347</td>
<td>7.801</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>¥2,202</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: 1. Amount of dividends per a share of Class-C preferred stock was rounded off to the nearest yen.
2. All dividend payments were distributions from retained earnings.

(c) Dividends with record dates falling in the current fiscal year whose effective dates fall after the end of the current fiscal year

<table>
<thead>
<tr>
<th>Resolution</th>
<th>Type of stock</th>
<th>Total amount of dividends</th>
<th>Dividends per share</th>
<th>Record date</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors' Class-C preferred stock: Meeting on May 27, 2008 Dividends under participation clause</td>
<td>Preferred dividends</td>
<td>2,034</td>
<td>228.818</td>
<td>March 31, 2008</td>
<td>June 30, 2008</td>
</tr>
<tr>
<td></td>
<td></td>
<td>347</td>
<td>39.005</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>¥2,411</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: 1. Amount of dividends per a share of Class-C preferred stock was rounded off to the nearest yen.
2. All dividend payments were distributions from retained earnings.

19. Cash and cash equivalents

A reconciliation between "Cash and deposits" in the accompanying consolidated balance sheets as of March 31, 2007 and 2008 and "Cash and cash equivalents" in the accompanying consolidated statements of cash flows for the years then ended is summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and deposits</td>
<td>¥56,443</td>
<td>¥62,190</td>
</tr>
<tr>
<td>Time deposits with maturities in excess of three months when acquired</td>
<td>(1,079)</td>
<td>(3,691)</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>¥52,364</td>
<td>¥58,499</td>
</tr>
</tbody>
</table>

2007  2008  2008
Supplemental cash flow information

The following table presents the details of the assets and liabilities of certain subsidiaries which were excluded from consolidation following the sale of their shares of common stock during the year ended March 31, 2007:

Fujita Property Guam Inc.  
As of December 31, 2005

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>¥543</td>
</tr>
<tr>
<td>Non current assets</td>
<td>¥2,368</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>¥2,911</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>¥31</td>
</tr>
<tr>
<td>Non current liabilities</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>¥47</td>
</tr>
</tbody>
</table>

Guam International Trade Center Inc.  
As of December 31, 2005

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>¥139</td>
</tr>
<tr>
<td>Non current assets</td>
<td>¥546</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>¥685</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>¥1</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>¥1</td>
</tr>
</tbody>
</table>

20. Segment information

Business and geographic segments and overseas sales of the Company and its consolidated subsidiaries for the years ended March 31, 2007 and 2008 are summarized as follows:

Business segment information

The Company's and its subsidiaries' major business categories are building construction and civil engineering ("Construction"), real estate ("Real Estate") and other businesses ("Other").

### 2007

<table>
<thead>
<tr>
<th></th>
<th>Construction</th>
<th>Real Estate</th>
<th>Other</th>
<th>Total</th>
<th>Eliminations/corporate</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to external customers</td>
<td>¥324,078</td>
<td>¥16,200</td>
<td>¥11,011</td>
<td>¥351,289</td>
<td>—</td>
<td>¥351,289</td>
</tr>
<tr>
<td>Inter-segment sales</td>
<td>486</td>
<td>73</td>
<td>24,945</td>
<td>25,504</td>
<td>(¥25,504)</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>324,564</td>
<td>16,273</td>
<td>35,956</td>
<td>376,793</td>
<td>(¥25,504)</td>
<td>351,289</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>315,878</td>
<td>13,583</td>
<td>35,441</td>
<td>364,875</td>
<td>(¥22,911)</td>
<td>341,961</td>
</tr>
<tr>
<td>Operating income</td>
<td>¥8,686</td>
<td>¥2,690</td>
<td>¥542</td>
<td>¥11,918</td>
<td>(¥2,590)</td>
<td>¥9,328</td>
</tr>
<tr>
<td>Total assets</td>
<td>¥182,013</td>
<td>¥12,580</td>
<td>¥15,632</td>
<td>¥210,225</td>
<td>¥31,598</td>
<td>¥241,823</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>564</td>
<td>362</td>
<td>87</td>
<td>1,013</td>
<td>19</td>
<td>1,032</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>29</td>
<td>—</td>
<td>—</td>
<td>29</td>
<td>—</td>
<td>29</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>309</td>
<td>36</td>
<td>50</td>
<td>395</td>
<td>(2)</td>
<td>393</td>
</tr>
</tbody>
</table>

### 2008

<table>
<thead>
<tr>
<th></th>
<th>Construction</th>
<th>Real Estate</th>
<th>Other</th>
<th>Total</th>
<th>Eliminations/corporate</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to external customers</td>
<td>¥322,587</td>
<td>¥18,035</td>
<td>¥9,489</td>
<td>¥350,111</td>
<td>—</td>
<td>¥350,111</td>
</tr>
<tr>
<td>Inter-segment sales</td>
<td>1,366</td>
<td>90</td>
<td>19,227</td>
<td>20,683</td>
<td>(¥20,683)</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>323,953</td>
<td>18,125</td>
<td>28,716</td>
<td>370,794</td>
<td>(¥20,683)</td>
<td>350,111</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>314,020</td>
<td>15,784</td>
<td>28,196</td>
<td>358,000</td>
<td>(¥18,127)</td>
<td>339,873</td>
</tr>
<tr>
<td>Operating income</td>
<td>¥9,933</td>
<td>¥2,341</td>
<td>¥520</td>
<td>¥12,794</td>
<td>(¥2,556)</td>
<td>¥10,238</td>
</tr>
<tr>
<td>Total assets</td>
<td>¥140,922</td>
<td>¥16,696</td>
<td>¥13,717</td>
<td>¥171,335</td>
<td>¥37,399</td>
<td>¥208,734</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>596</td>
<td>365</td>
<td>69</td>
<td>1,030</td>
<td>26</td>
<td>1,056</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>—</td>
<td>407</td>
<td>—</td>
<td>407</td>
<td>—</td>
<td>407</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>336</td>
<td>86</td>
<td>47</td>
<td>469</td>
<td>43</td>
<td>512</td>
</tr>
</tbody>
</table>
### Geographic Segment Information

Geographic segment information has been omitted since both domestic sales and assets located in Japan represented over 90% of sales and assets in all segments for the years ended March 31, 2007 and 2008.

### Overseas Sales

Overseas sales, which include export sales of the Company and its subsidiaries, for the years ended March 31, 2007 and 2008 were as follows:

#### 2007

<table>
<thead>
<tr>
<th></th>
<th>Asia</th>
<th>Other Area</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overseas sales</td>
<td>¥32,690</td>
<td>¥4,655</td>
<td>¥37,345</td>
</tr>
<tr>
<td>Consolidated sales</td>
<td>—</td>
<td>—</td>
<td>351,289</td>
</tr>
<tr>
<td>Overseas/consolidated sales</td>
<td>9.3%</td>
<td>1.3%</td>
<td>10.6%</td>
</tr>
</tbody>
</table>

#### 2008

<table>
<thead>
<tr>
<th></th>
<th>Asia</th>
<th>Other Area</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overseas sales</td>
<td>¥27,871</td>
<td>¥4,111</td>
<td>¥31,982</td>
</tr>
<tr>
<td>Consolidated sales</td>
<td>—</td>
<td>—</td>
<td>350,111</td>
</tr>
<tr>
<td>Overseas/consolidated sales</td>
<td>7.9%</td>
<td>1.2%</td>
<td>9.1%</td>
</tr>
</tbody>
</table>

**Notes:**

- Areas have been determined by geographical proximity. Each area refers primarily to the following countries or regions:
  - Asia: China and South Korea
  - Other area: Latin America, etc.

---

**Thousands of U.S. dollars**

<table>
<thead>
<tr>
<th></th>
<th>Asia</th>
<th>Other Area</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overseas sales</td>
<td>$2,219,751</td>
<td>$180,009</td>
<td>$2,399,860</td>
</tr>
<tr>
<td>Consolidated sales</td>
<td>—</td>
<td>—</td>
<td>3,494,469</td>
</tr>
<tr>
<td>Overseas/consolidated sales</td>
<td>7.9%</td>
<td>1.2%</td>
<td>9.1%</td>
</tr>
</tbody>
</table>
21. Leases

Finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessees are generally accounted for by a method that is applicable to ordinary operating leases under accounting principles generally accepted in Japan.

Certain key information about such lease contracts of the Company and its consolidated subsidiaries for the years ended March 31, 2007 and 2008 is summarized as follows:

**As lessee**

The acquisition cost, accumulated depreciation and net carrying amount of the leased assets, if they had been capitalized:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td>Acquisition cost</td>
<td>¥490</td>
<td>¥429</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(236)</td>
<td>(174)</td>
</tr>
<tr>
<td>Net carrying amount</td>
<td>¥254</td>
<td>¥255</td>
</tr>
</tbody>
</table>

Lease expenses and future minimum lease payments including interest expense:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td>Lease expenses</td>
<td>¥192</td>
<td>¥86</td>
</tr>
<tr>
<td>Future minimum lease payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within one year</td>
<td>¥77</td>
<td>¥84</td>
</tr>
<tr>
<td>Thereafter</td>
<td>177</td>
<td>171</td>
</tr>
<tr>
<td>Total</td>
<td>¥254</td>
<td>¥255</td>
</tr>
</tbody>
</table>

**As lessor**

Acquisition cost, accumulated depreciation and net book value of the leasing assets:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td>Acquisition cost</td>
<td>¥229</td>
<td>¥154</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(152)</td>
<td>(109)</td>
</tr>
<tr>
<td>Net book value</td>
<td>¥77</td>
<td>¥45</td>
</tr>
</tbody>
</table>

Lease income and future minimum lease income including interest income:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td>Lease income</td>
<td>¥108</td>
<td>¥30</td>
</tr>
<tr>
<td>Future minimum lease income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within one year</td>
<td>¥39</td>
<td>¥21</td>
</tr>
<tr>
<td>Thereafter</td>
<td>55</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>¥94</td>
<td>¥36</td>
</tr>
</tbody>
</table>

22. Related party transactions

Significant transactions for the years ended March 31, 2007 with related parties are summarized as follows:

**Transactions**

- Parent company - Fujita Holdings Co., Ltd.
  - Purchases of 10,780,000 shares of common stock held in treasury ... ¥4,840
- Primary shareholders - AC Real Estate Corporation
  - Purchases of 3,220,000 shares of common stock held in treasury ... ¥1,446

**Notes**

1. Fujita Holdings Co., Ltd. owned 48.3% of the Company's voting rights and one of its directors is concurrently serving as a director of the Company.
2. AC Real Estate Corporation owned 10.9% of the Company's voting rights.
3. The purchase price of a share of the Company's common stock held in treasury was ¥449, which was discounted at 10% of the market price, ¥490 on the Tokyo Stock Exchange on August 24, 2006.

The Company and its consolidated subsidiaries have no significant transactions with related parties for the year ended March 31, 2008.
23. Per share information

Net assets, net income and diluted net income per share of common stock and their basis of computation were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2007 (¥)</th>
<th>2008 (¥)</th>
<th>2008 (U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets</td>
<td>(¥36,460)</td>
<td>(¥15,532)</td>
<td>($0.155)</td>
</tr>
<tr>
<td>Net income</td>
<td>¥14,48</td>
<td>¥22,80</td>
<td>¥227</td>
</tr>
<tr>
<td>Diluted net income</td>
<td>¥14,44</td>
<td>¥22,75</td>
<td>¥227</td>
</tr>
</tbody>
</table>

(a) Basis of computation of net assets per share

<table>
<thead>
<tr>
<th>Amounts deducted from total net assets:</th>
<th>2007</th>
<th>2008</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total net assets</td>
<td>¥28,260</td>
<td>¥36,615</td>
<td>¥365,452</td>
</tr>
<tr>
<td>Amounts deducted from total net assets:</td>
<td>42,011</td>
<td>42,472</td>
<td>423,909</td>
</tr>
<tr>
<td>Including paid-in amount for shares of Class-C preferred stock</td>
<td>38,311</td>
<td>38,311</td>
<td>382,385</td>
</tr>
<tr>
<td>Including amount of preferred dividends</td>
<td>1,855</td>
<td>2,034</td>
<td>20,301</td>
</tr>
<tr>
<td>stock excluding dividends under the participation clause</td>
<td>1,845</td>
<td>2,127</td>
<td>21,223</td>
</tr>
<tr>
<td>Total net assets for common stock</td>
<td>(¥1,751)</td>
<td>(¥5,857)</td>
<td>(58,457)</td>
</tr>
</tbody>
</table>

(b) Basis of computation of net income per share

<table>
<thead>
<tr>
<th>Amounts deducted from total net assets:</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of shares of common stock used to determine net assets per share</td>
<td>377,108</td>
<td>377,110</td>
</tr>
<tr>
<td>Including no. of shares of common stock excluding treasury stock</td>
<td>30,401</td>
<td>30,403</td>
</tr>
<tr>
<td>Including increase in no. of shares of common stock determined by the if converted method applied to shares of Class-C preferred stock</td>
<td>346,707</td>
<td>346,707</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amounts deducted from total net assets:</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of shares of common stock used to determine net income per share</td>
<td>390,815</td>
<td>377,108</td>
</tr>
<tr>
<td>Including no. of shares of common stock excluding treasury stock</td>
<td>37,349</td>
<td>30,401</td>
</tr>
<tr>
<td>Including increase in no. of shares of common stock determined by the if converted method applied to shares of Class-C preferred stock</td>
<td>353,466</td>
<td>346,707</td>
</tr>
</tbody>
</table>

Net income for common stock

<table>
<thead>
<tr>
<th>2007 (¥)</th>
<th>2008 (¥)</th>
<th>2008 (U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥7,514</td>
<td>¥10,633</td>
<td>¥166,130</td>
</tr>
<tr>
<td>Amount not available to common shareholders:</td>
<td>1,855</td>
<td>2,034</td>
</tr>
<tr>
<td>Including amount of preferred dividends</td>
<td>1,855</td>
<td>2,034</td>
</tr>
<tr>
<td>stock excluding dividends under the participation clause</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income for common stock</td>
<td>¥5,659</td>
<td>¥8,599</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Average no. of shares of common stock used to determine net income per share</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average no. of shares of common stock used to determine diluted net income per share</td>
<td>1,199</td>
<td>882</td>
</tr>
<tr>
<td>Including no. of share warrants</td>
<td>1,199</td>
<td>882</td>
</tr>
</tbody>
</table>
24. Stock options

(1) Description of Stock Options

The Company adopted a stock option plan by way of share warrants.

Details of the share warrants issued under the provisions of Articles 280-20 and 280-21 of the Commercial Code Revision of 2001 were as follows:

<table>
<thead>
<tr>
<th>Date of approval by shareholders</th>
<th>Stock options granted in 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 20, 2006</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Categories and number of grantees</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4 directors, 16 executive officers, 2,389 employees and 261 employees specially appointed by the Company board meeting</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type and number of shares (Note)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock 1,373,188 shares</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date of grant</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>April 27, 2006</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Conditions for exercising share warrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) A person with share warrants shall remain a director, executive officer or employee of the Company at the time of exercise. However, the person need not remain in that position if he/she has obtained the Company’s written consent in case of resignation at the expiration of a term, age limit retirement or other due causes.</td>
</tr>
<tr>
<td>(ii) If a person with share warrants is subject to any of the events to be established by a resolution of the Company’s Board of Directors’ meeting as unfit to be permitted to exercise share warrants in light of the purpose of issuing the share warrants, such as major violations of the Company’s bylaws or corporate rules or of laws, the person shall not exercise the share warrants.</td>
</tr>
<tr>
<td>(iii) The upper limit of the number of units of exercisable share warrants shall be as follows:</td>
</tr>
<tr>
<td>( A ) From April 1, 2007 to March 31, 2008: The upper limit shall be 25% of the units assigned.</td>
</tr>
<tr>
<td>( B ) From April 1, 2008 to March 31, 2009: The upper limit shall be 50% of the units assigned.</td>
</tr>
<tr>
<td>( C ) From April 1, 2009 to March 31, 2010: The upper limit shall be 75% of the units assigned.</td>
</tr>
<tr>
<td>( D ) From April 1, 2010 to March 31, 2017: The upper limit shall be 100% of the units assigned.</td>
</tr>
<tr>
<td>(iv) If a person with share warrants dies, his/her heirs can exercise his/her share warrants.</td>
</tr>
<tr>
<td>(v) Other conditions for exercising share warrants shall be determined in accordance with the Share Warrant Assignment Agreement under the resolution approved by the Company’s Board of Directors’ meeting.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exercisable period</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1, 2007 to March 31, 2017</td>
<td></td>
</tr>
</tbody>
</table>

Note: The number of shares of common stock equal to a unit of share warrant is 0.685 shares.

(2) Stock option activities

Stock options outstanding during the current fiscal year are summarized as follows:

(i) Number of stock options

<table>
<thead>
<tr>
<th>Year ended March 31,</th>
<th>Stock options granted in 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>2008</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-vested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the previous fiscal year end</td>
</tr>
<tr>
<td>Granted</td>
</tr>
<tr>
<td>Forfeited</td>
</tr>
<tr>
<td>Vested</td>
</tr>
<tr>
<td>Balance at the current fiscal year end</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the previous fiscal year end</td>
</tr>
<tr>
<td>Vested</td>
</tr>
<tr>
<td>Balance at the current fiscal year end</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exercised</th>
</tr>
</thead>
<tbody>
<tr>
<td>—</td>
</tr>
<tr>
<td>—</td>
</tr>
<tr>
<td>—</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fair value at grant date</th>
</tr>
</thead>
<tbody>
<tr>
<td>—</td>
</tr>
</tbody>
</table>

Note: The number of shares of vested at non-vested and vested at vested was not equal as it had been adjusted less than one share.

(ii) Unit Price Information

<table>
<thead>
<tr>
<th>Year ended March 31,</th>
<th>Stock options granted in 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>2008</td>
</tr>
</tbody>
</table>

| Exercise price | ¥115 | ¥115 / $1.148 |
| Weighted-average market price | — | ¥338 / $3.374 |
| Fair value at grant date | — | — |

Note: Fair value at the grant date was not recorded as the stock options had been granted before the Corporation Law of Japan went into effect.
Independent Auditors’ Report

The Board of Directors
Fujita Corporation

We have audited the accompanying consolidated balance sheets of Fujita Corporation and consolidated subsidiaries as of March 31, 2007 and 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fujita Corporation and consolidated subsidiaries at March 31, 2007 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 5 to the consolidated financial statements.

June 27, 2008
Non-Consolidated Balance Sheets
Fujita Corporation
As of March 31, 2007 and 2008

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits (Note 10)</td>
<td>¥ 48,542</td>
<td>¥ 53,258</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Trade notes receivable (Note 7)</td>
<td>2,498</td>
<td>3,491</td>
</tr>
<tr>
<td>Accounts receivable, trade (Note 7)</td>
<td>99,094</td>
<td>68,692</td>
</tr>
<tr>
<td>Inventories (Note 8)</td>
<td>17,526</td>
<td>10,991</td>
</tr>
<tr>
<td>Short-term loans receivable</td>
<td>3,000</td>
<td>3,400</td>
</tr>
<tr>
<td>Deferred tax assets (Note 12)</td>
<td>3,175</td>
<td>3,323</td>
</tr>
<tr>
<td>Other current assets</td>
<td>17,347</td>
<td>11,328</td>
</tr>
<tr>
<td>Allowance for doubtful receivables</td>
<td>(337)</td>
<td>(117)</td>
</tr>
<tr>
<td>Total current assets</td>
<td>190,847</td>
<td>154,368</td>
</tr>
<tr>
<td><strong>Property and equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>12,142</td>
<td>11,541</td>
</tr>
<tr>
<td>Buildings</td>
<td>6,184</td>
<td>5,391</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>6,843</td>
<td>6,616</td>
</tr>
<tr>
<td>Other property</td>
<td>2,894</td>
<td>2,864</td>
</tr>
<tr>
<td>Accumulated depreciation (Note 9)</td>
<td>28,063</td>
<td>26,412</td>
</tr>
<tr>
<td>Net property and equipment</td>
<td>(12,207)</td>
<td>(11,883)</td>
</tr>
<tr>
<td><strong>Investments and other assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in securities</td>
<td>4,717</td>
<td>3,900</td>
</tr>
<tr>
<td>Investments in and advances to subsidiaries and affiliates</td>
<td>4,647</td>
<td>5,489</td>
</tr>
<tr>
<td>Long-term loans receivable</td>
<td>4,584</td>
<td>4,515</td>
</tr>
<tr>
<td>Other investments</td>
<td>6,894</td>
<td>6,201</td>
</tr>
<tr>
<td>Other assets</td>
<td>562</td>
<td>464</td>
</tr>
<tr>
<td>Allowance for doubtful receivables</td>
<td>(6,518)</td>
<td>(5,879)</td>
</tr>
<tr>
<td>Total investments and other assets</td>
<td>14,886</td>
<td>14,690</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>¥221,589</td>
<td>¥183,578</td>
</tr>
</tbody>
</table>
### LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade notes payable</td>
<td>¥39,576</td>
<td>¥46,108</td>
<td>¥460,209</td>
</tr>
<tr>
<td>Accounts payable, trade</td>
<td>92,057</td>
<td>60,550</td>
<td>604,348</td>
</tr>
<tr>
<td>Advances received</td>
<td>22,742</td>
<td>15,736</td>
<td>157,061</td>
</tr>
<tr>
<td>Accrued income taxes</td>
<td>190</td>
<td>280</td>
<td>2,793</td>
</tr>
<tr>
<td>Deposits received</td>
<td>16,807</td>
<td>5,704</td>
<td>56,932</td>
</tr>
<tr>
<td>Accrued loss on projects</td>
<td>573</td>
<td>208</td>
<td>2,080</td>
</tr>
<tr>
<td>Reserve for completed</td>
<td>677</td>
<td>1,002</td>
<td>10,001</td>
</tr>
<tr>
<td>Accrued bonuses</td>
<td>1,183</td>
<td>1,278</td>
<td>12,757</td>
</tr>
<tr>
<td>Reserve for restructuring</td>
<td>1,264</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>3,861</td>
<td>2,264</td>
<td>22,595</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>178,930</td>
<td>133,130</td>
<td>1,328,776</td>
</tr>
<tr>
<td><strong>Long-term liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>188</td>
<td>2</td>
<td>18</td>
</tr>
<tr>
<td>Accrued retirement benefits</td>
<td>11,306</td>
<td>11,862</td>
<td>118,396</td>
</tr>
<tr>
<td>Reserve for restructuring</td>
<td>4,334</td>
<td>4,327</td>
<td>43,188</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>290</td>
<td>221</td>
<td>2,207</td>
</tr>
<tr>
<td><strong>Total long-term liabilities</strong></td>
<td>16,118</td>
<td>16,412</td>
<td>163,809</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>195,048</td>
<td>149,542</td>
<td>1,492,585</td>
</tr>
</tbody>
</table>

**Net assets**

**Shareholders' equity (Note 13):**

- **Common stock**:
  - Authorized: 500,555,555 shares
  - Issued:
- **Preferred stock**:
  - Authorized: 44,444,445 shares
  - Issued:
    - 44,444,445 shares in 2007: 8,888,889 shares in 2008: 12,147 12,147 121,244
- **Additional paid-in capital**: 1,525 1,525 15,221
- **Other capital surplus**: 1,692 1,691 16,880
- **Legal retained earnings**: — 223 2,228
- **Retained earnings**: 8,932 16,544 165,128
- **Treasury stock, at cost**: 43,570 shares in 2007 and 54,716 shares in 2008: (19) (21) (218)
- **Total shareholders' equity**: 26,130 33,963 338,989

**Valuation, translation adjustments and other**:

- **Unrealized gain on available-for-sale securities**: 413 114 1,134
- **Deferred gain or loss on hedges**: (2) (32) (319)
- **Total valuation, translation adjustments and other**: 411 82 815

**Total net assets**: 26,541 34,045 339,804

**Total liabilities and net assets**

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>¥221,589</td>
<td>¥183,587</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these statements.*
Non-Consolidated Statements of Income
Fujita Corporation
Year Ended March 31, 2007 and Year Ended March 31, 2008

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars (Note $)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction projects</td>
<td>¥294,376</td>
<td>¥294,935</td>
</tr>
<tr>
<td>Real estate and other</td>
<td>15,023</td>
<td>15,303</td>
</tr>
<tr>
<td></td>
<td>309,399</td>
<td>310,238</td>
</tr>
<tr>
<td><strong>Cost of revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction projects</td>
<td>274,203</td>
<td>272,919</td>
</tr>
<tr>
<td>Real estate and other</td>
<td>12,160</td>
<td>12,586</td>
</tr>
<tr>
<td></td>
<td>286,363</td>
<td>285,505</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>23,036</td>
<td>24,733</td>
</tr>
<tr>
<td>Selling, general and administrative expenses (Note 15)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>14,529</td>
<td>15,483</td>
</tr>
<tr>
<td></td>
<td>8,507</td>
<td>9,250</td>
</tr>
<tr>
<td><strong>Other income (expenses)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividend income (Note 16)</td>
<td>691</td>
<td>442</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(115)</td>
<td>(145)</td>
</tr>
<tr>
<td>Foreign exchange loss, net</td>
<td>-</td>
<td>(500)</td>
</tr>
<tr>
<td>Reversal of allowance for doubtful receivables</td>
<td>250</td>
<td>301</td>
</tr>
<tr>
<td>Gain on sale of property and equipment</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Gain on liquidation of subsidiaries and affiliates</td>
<td>777</td>
<td>-</td>
</tr>
<tr>
<td>Gain on compensation for damages</td>
<td>-</td>
<td>3,455</td>
</tr>
<tr>
<td>Loss on sale of property and equipment</td>
<td>(13)</td>
<td>(110)</td>
</tr>
<tr>
<td>Loss on disposal of property and equipment</td>
<td>(21)</td>
<td>(19)</td>
</tr>
<tr>
<td>Loss on impairment of property and equipment (Note 17)</td>
<td>(29)</td>
<td>(407)</td>
</tr>
<tr>
<td>Loss on devaluation of investments in securities</td>
<td>(147)</td>
<td>-</td>
</tr>
<tr>
<td>Extraordinary expense resulting from compensation</td>
<td>(593)</td>
<td>(1,131)</td>
</tr>
<tr>
<td>Other, net</td>
<td>(1,427)</td>
<td>(1,015)</td>
</tr>
<tr>
<td></td>
<td>(627)</td>
<td>872</td>
</tr>
<tr>
<td><strong>Income before income taxes</strong></td>
<td>7,880</td>
<td>10,122</td>
</tr>
<tr>
<td><strong>Income taxes (Note 12)</strong> :</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>219</td>
<td>183</td>
</tr>
<tr>
<td>Deferred</td>
<td>(834)</td>
<td>(128)</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>¥8,495</td>
<td>¥10,067</td>
</tr>
</tbody>
</table>

Per share of common stock (Note 20):

<table>
<thead>
<tr>
<th></th>
<th>Yen</th>
<th>U.S. dollars (Note $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>¥16.99</td>
<td>$0.213</td>
</tr>
<tr>
<td>Diluted net income</td>
<td>16.94</td>
<td>21.25</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these statements.*
Non-Consolidated Statements of Changes in Net Assets
Fujita Corporation
Year Ended March 31, 2007 and Year Ended March 31, 2008

<table>
<thead>
<tr>
<th></th>
<th>Shareholders' equity</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Common stock</td>
<td>Preferred stock</td>
<td>Additional paid-in capital</td>
<td>Other capital surplus</td>
<td>Legal retained earnings</td>
<td>Retained earnings</td>
</tr>
<tr>
<td>Balance at March 31, 2006</td>
<td>¥1,853</td>
<td>¥12,147</td>
<td>¥3,525</td>
<td>¥6,000</td>
<td>~</td>
<td>¥2,593</td>
</tr>
<tr>
<td>Transfer to other capital surplus</td>
<td>(2,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash dividends paid</td>
<td>(2,156)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>8,495</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of treasury stock</td>
<td>(6,296)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of treasury stock</td>
<td>(2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement of treasury stock</td>
<td>(6,306)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>¥1,853</td>
<td>¥12,147</td>
<td>¥1,525</td>
<td>¥1,992</td>
<td>~</td>
<td>¥8,992</td>
</tr>
<tr>
<td>Issuance of new shares</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to legal retained earnings</td>
<td>(223)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash dividends paid</td>
<td>(2,223)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>10,067</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of treasury stock</td>
<td>(6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of treasury stock</td>
<td>(1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net changes during the year</td>
<td>¥1,854</td>
<td>¥12,147</td>
<td>¥1,525</td>
<td>¥1,691</td>
<td>¥223</td>
<td>¥16,544</td>
</tr>
</tbody>
</table>

Thousands of U.S. dollars (Note 5)

<table>
<thead>
<tr>
<th>Balance at March 31, 2007</th>
<th>¥18,491</th>
<th>¥121,244</th>
<th>¥15,221</th>
<th>¥16,848</th>
<th>~</th>
<th>¥89,147</th>
<th>¥(147)</th>
<th>¥260,904</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuance of new shares</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to legal retained earnings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash dividends paid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net changes during the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at March 31, 2008</td>
<td>¥18,506</td>
<td>¥121,244</td>
<td>¥15,221</td>
<td>¥16,840</td>
<td>¥2,228</td>
<td>¥165,186</td>
<td>¥(218)</td>
<td>¥333,889</td>
</tr>
</tbody>
</table>

Valuation, translation adjustments and other
Unrealized gain on available-for-sale securities | Deferred gain or loss on hedges | Total net assets adjustments and other

<table>
<thead>
<tr>
<th>Balance at March 31, 2006</th>
<th>¥375</th>
<th>~</th>
<th>¥375</th>
<th>¥26,457</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer to other capital surplus from additional paid-in capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash dividends paid</td>
<td></td>
<td></td>
<td>(2,156)</td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td></td>
<td>8,495</td>
<td></td>
</tr>
<tr>
<td>Purchases of treasury stock</td>
<td></td>
<td></td>
<td>(6,296)</td>
<td></td>
</tr>
<tr>
<td>Sale of treasury stock</td>
<td></td>
<td></td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Retirement of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net changes during the year</td>
<td>38</td>
<td>¥(2)</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>Balance at March 31, 2007</td>
<td>¥413</td>
<td>¥(2)</td>
<td>¥411</td>
<td>¥26,541</td>
</tr>
<tr>
<td>Issuance of new shares</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to legal retained earnings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash dividends paid</td>
<td></td>
<td></td>
<td>(2,232)</td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td></td>
<td>10,067</td>
<td></td>
</tr>
<tr>
<td>Purchases of treasury stock</td>
<td></td>
<td></td>
<td>(6)</td>
<td></td>
</tr>
<tr>
<td>Sale of treasury stock</td>
<td></td>
<td></td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Net changes during the year</td>
<td>(239)</td>
<td>(30)</td>
<td>(299)</td>
<td></td>
</tr>
<tr>
<td>Balance at March 31, 2008</td>
<td>¥114</td>
<td>¥(32)</td>
<td>¥82</td>
<td>¥34,045</td>
</tr>
</tbody>
</table>

Thousands of U.S. dollars (Note 5)

<table>
<thead>
<tr>
<th>Balance at March 31, 2007</th>
<th>¥4,124</th>
<th>¥(260)</th>
<th>¥4,064</th>
<th>¥264,902</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuance of new shares</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to legal retained earnings from retained earnings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash dividends paid</td>
<td></td>
<td></td>
<td>(22,279)</td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td></td>
<td>100,488</td>
<td></td>
</tr>
<tr>
<td>Purchases of treasury stock</td>
<td></td>
<td></td>
<td>(71)</td>
<td></td>
</tr>
<tr>
<td>Sale of treasury stock</td>
<td></td>
<td></td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>Net changes during the year</td>
<td>(2,909)</td>
<td>(299)</td>
<td>(3,208)</td>
<td>(3,281)</td>
</tr>
<tr>
<td>Balance at March 31, 2008</td>
<td>¥1,134</td>
<td>¥(319)</td>
<td>¥815</td>
<td>¥339,804</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
Notes to Non-Consolidated Financial Statements

Fujita Corporation

1. Basis of presentation

The accompanying non-consolidated financial statements of Fujita Corporation (the “Company”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the non-consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. Furthermore, accounting principles generally accepted in Japan permit companies which disclose certain information in the consolidated financial statements to omit such information from their non-consolidated financial statements. Accordingly, the Company omits cash flow statement, note for related party transaction and note to accrued pension and severance costs etc., from accompanying non-consolidated financial statements. Refer to consolidated financial statements for these information.

Certain items presented in the non-consolidated financial statements submitted to the Director of the Kanto Finance Bureau in Japan have been reclassified for the convenience of readers outside Japan.

2. Summary of significant accounting policies

Foreign currency translation

Foreign currency transactions are translated into yen on the basis of the rates in effect at the respective transaction dates, except for those covered by forward foreign exchange contracts which are translated at their respective contract rates. Receivables and payables denominated in foreign currencies are translated into yen at the exchange rates prevailing on the balance sheet date. Gains or losses resulting from translation and gains and losses on settlement are credited or charged to income as incurred.

Accounting for construction contracts

Revenue from, and the related costs for, contracts are recognized on a percentage-of-completion basis except for those whose contract periods fall within one year or which have contract amounts of less than ¥100 million.

Securities

Securities other than those of subsidiaries and affiliates are classified into three categories: trading, held-to-maturity or available-for-sale securities. The Company does not have trading and held-to-maturity securities. Available-for-sale securities with determinable market value are reported at fair value, with any unrealized gain or loss, net of the applicable taxes, reported in a separate component of net assets. Available-for-sale securities whose fair value is not readily determinable are stated at cost. The cost of securities sold is determined by the moving-average method.

Derivatives

The Company enters into forward foreign exchange contracts and has foreign currency deposits in order to manage certain risk arising from adverse fluctuation in foreign currency exchange rates. The Company does not enter into derivative transactions for trading or speculative purposes. The Company minimizes its credit risk exposure to these derivatives by limiting the counterparties to major banks. The status of all open derivatives positions is reported to the Board of Directors on a regular basis.

Derivatives positions are stated at fair value with any changes in unrealized gain or loss credited or charged to income, except for those which meet the criteria for deferral hedge accounting.

Inventories

Inventories are mainly stated at cost determined by the specific identification cost method.
Property and equipment

Property and equipment are stated at cost. The Company primarily applies the declining balance method for depreciation. However, the Company applies the straight-line method for calculating depreciation on buildings acquired on or after April 1, 1998. Maintenance, repairs and minor renewals are charged to income as incurred.

(Changes in accounting policy)

Effective the year ended March 31, 2008, the Company has changed their method of depreciation for all tangible fixed assets acquired on or after April 1, 2007 to reflect the revisions to the Corporate Tax Law.

As a result of this change, both operating income and income before income taxes decreased by ¥17 million ($165 thousand) for the year ended March 31, 2008 from the corresponding amounts which would have been recorded under the previous method.

(Additional information)

Effective the year ended March 31, 2008, the Company has adopted their method of depreciation for all tangible fixed assets acquired on or before March 31, 2007 to reflect the revisions to the Corporate Tax Law. Such tangible fixed assets have been depreciated the difference between the amount equivalent to 5% of the acquisition costs and memorandum value equally over five years from the consolidated fiscal year following the consolidated fiscal year when depreciation reached 5% of acquisition costs, in accordance with the depreciation method under the Corporation Tax Law before the revision.

As a result of this adoption, both operating income and income before income taxes decreased by ¥60 million ($601 thousand) for the year ended March 31, 2008 from the corresponding amounts which would have been recorded under the previous method.

Allowance for doubtful receivables

An allowance for doubtful receivables has been provided based on the Company’s actual ratio of bad debts in the past and based on an estimated uncollectible amount of specific doubtful receivables.

Accrued loss on construction projects in progress

An accrued loss on construction projects in progress has been provided at an estimated amount for the future loss on construction projects in progress at the end of the current fiscal year.

Reserve for compensation for completed construction projects

A reserve for compensation for completed construction projects has been provided at an estimated amount in order to cover the future compensation cost on completed construction projects during the current fiscal year.

Reserve for loss on business restructuring expenses

A reserve for loss on business restructuring expenses has been provided at an estimated amount in order to cover the loss expected to be incurred under the “New Mid-Term Management Plan.”

Accrued retirement benefits and pension plan

To provide for employees’ severance indemnities and pension payments, net periodic pension and severance costs are computed based on the projected benefit obligation and the pension plan assets.

The unrecognized benefit obligation at transition is being amortized by the straight-line method over a period of 15 years.

The unrecognized prior service cost is being amortized by the straight-line method over a period of 10 years, which is less than the average remaining years of service of the active participants in the plans.

The adjustment for actuarial assumptions is being amortized by the straight-line method from the fiscal year subsequent to the year in which the adjustment was recorded over a period of 10 years, which is less than the average remaining years of service of the active participants in the plans.
Directors and statutory auditors are not covered by a retirement benefit plan. Retirement benefits to them are charged to income when the payments are approved by the shareholders.

**Income taxes**

Income taxes in Japan applicable to the Company consist of corporate, inhabitants' and enterprise taxes.

Deferred income taxes are recorded by the asset and liability method. Deferred income tax assets and liabilities are recorded to reflect the tax consequences of future temporary differences between the carrying amounts of assets and liabilities for financial reporting and for taxation purposes. Under this method, deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of any change in the tax rate is recognized in income in the period of the enactment date.

**Leases**

Finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessees are accounted for by a method similar to that applicable to ordinary operating leases.

**Net income per share**

Basic net income per share has been computed based on the net income available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year.

Diluted net income per share assumes the dilution which would occur if securities or other contracts to issue shares of common stock were exercised or converted into common stock or resulted in the issuance of common stock.

3. Changes in accounting policy

**Presentation of net assets in the balance sheet**

Effective the year ended March 31, 2007, the Company has adopted a new accounting standard for the presentation of net assets in the balance sheet and the related implementation guidance. The adoption of this accounting standard and related guidance had no impact on the non-consolidated statement of income for the year ended March 31, 2007. The amount equivalent to total shareholders' equity under the previous method of presentation was ¥26,543 million at March 31, 2007. In addition, effective the year ended March 31, 2007, the Company is required to prepare non-consolidated statements of changes in net assets instead of non-consolidated statements of shareholders' equity.

**Business combinations**

Effective the year ended March 31, 2007, the Company has adopted a new accounting standard for business combinations. This standard requires business combinations to be accounted for primarily by the purchase method and permits certain limited business combinations to be accounted for by the pooling-of-interest method.

4. Additional information

**Change in purpose of retaining fixed assets**

As the purpose of retaining certain fixed assets, which had been retained for rental business purposes, changed in the year ended March 31, 2007, ¥422 million of other assets (land leaseholds) and ¥10 million of buildings were transferred to inventories (real estate for sale).

5. U.S. dollar amounts

The U.S. dollar amounts included in the accompanying non-consolidated financial statements are presented solely for convenience and are stated, as a matter of arithmetic computation only, at ¥100.19 = U.S.$1.00, the prevailing exchange rate on March 31, 2008. This translation should not be construed as a representation that the yen amounts actually represent, or have been or could be converted into U.S. dollars at the above or any other rate.
6. Derivative transactions

The Company has applied hedge accounting to all derivative transactions.

7. Balances due from and to subsidiaries and affiliates

<table>
<thead>
<tr>
<th>As of March 31</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td>Trade notes receivable and accounts receivable, trade</td>
<td>¥209</td>
<td>¥161</td>
</tr>
<tr>
<td>Trade notes payable and accounts payable, trade</td>
<td>11,021</td>
<td>7,660</td>
</tr>
</tbody>
</table>

8. Inventories

Inventories consisted of the following:

<table>
<thead>
<tr>
<th>As of March 31</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td>Construction projects in progress</td>
<td>¥15,102</td>
<td>¥8,970</td>
</tr>
<tr>
<td>Real estate for sale</td>
<td>877</td>
<td>1,316</td>
</tr>
<tr>
<td>Other</td>
<td>1,547</td>
<td>705</td>
</tr>
<tr>
<td>Total</td>
<td>¥17,526</td>
<td>¥10,991</td>
</tr>
</tbody>
</table>

9. Depreciation

The estimated useful lives of fixed assets used in computing depreciation are as shown below:

<table>
<thead>
<tr>
<th>Years</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>5 to 50</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>2 to 20</td>
</tr>
</tbody>
</table>

10. Pledged assets

The following assets were pledged as security for bonds and guarantees issued by banks:

<table>
<thead>
<tr>
<th>As of March 31</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td>Time deposits</td>
<td>¥92</td>
<td>¥30</td>
</tr>
</tbody>
</table>

11. Retirement benefit and pension plans

The Company has a qualified pension plan and a lump-sum severance payment plan comprising their defined retirement benefit plans.

The Company has adopted a retirement point system. Effective April 5, 2007, the Company revised its retirement benefit policy and reconsidered the number of retirement points to be granted. As a result, prior service cost of ¥204 million ($2,040 thousand) was incurred and ¥20 million ($200 thousand) was amortized for the year ended March 31, 2008.

The accrued retirement benefits is summarized as follows:

<table>
<thead>
<tr>
<th>Retirement Benefit Obligation</th>
<th>As of March 31</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
<td>2008</td>
</tr>
<tr>
<td>(a) Projected benefit obligation</td>
<td>¥(23,189)</td>
<td>¥(23,498)</td>
<td>$(234,531)</td>
</tr>
<tr>
<td>(b) Fair value of plan assets</td>
<td>2,602</td>
<td>2,958</td>
<td>29,521</td>
</tr>
<tr>
<td>(c) Unfunded benefit obligation [(a)+(b)]</td>
<td>(20,587)</td>
<td>(20,540)</td>
<td>(205,010)</td>
</tr>
<tr>
<td>(d) Unrecognized retirement benefit obligation at transition</td>
<td>6,919</td>
<td>6,054</td>
<td>60,429</td>
</tr>
<tr>
<td>(e) unrecognized actuarial differences</td>
<td>2,662</td>
<td>2,440</td>
<td>24,349</td>
</tr>
<tr>
<td>(f) unrecognized prior service cost</td>
<td>—</td>
<td>184</td>
<td>1,836</td>
</tr>
<tr>
<td>(g) Amount shown on balance sheets [(c)+(d)+(a)+(f)]</td>
<td>(11,390)</td>
<td>(11,862)</td>
<td>(118,396)</td>
</tr>
<tr>
<td>(h) Prepaid pension expenses</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>(i) Accrued retirement benefits [(g)+(h)]</td>
<td>¥(11,390)</td>
<td>¥(11,862)</td>
<td>$(118,396)</td>
</tr>
</tbody>
</table>
Net Periodic Retirement Benefit Cost

<table>
<thead>
<tr>
<th>Description</th>
<th>2007 (Millions of yen)</th>
<th>2008 (Millions of yen)</th>
<th>2008 (Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Service cost</td>
<td>¥971</td>
<td>¥982</td>
<td>¥9,804</td>
</tr>
<tr>
<td>(b) Interest cost</td>
<td>575</td>
<td>589</td>
<td>5,873</td>
</tr>
<tr>
<td>(c) Expected return on plan assets</td>
<td>(33)</td>
<td>(65)</td>
<td>(649)</td>
</tr>
<tr>
<td>(d) Amortization of retirement benefit obligation at transition</td>
<td>865</td>
<td>865</td>
<td>8,633</td>
</tr>
<tr>
<td>(e) Recognized actuarial loss</td>
<td>545</td>
<td>519</td>
<td>5,177</td>
</tr>
<tr>
<td>(f) Amortization of prior service cost</td>
<td>—</td>
<td>20</td>
<td>204</td>
</tr>
<tr>
<td>(g) Net periodic retirement benefit cost</td>
<td>—</td>
<td>¥2,923</td>
<td>¥29,042</td>
</tr>
</tbody>
</table>

Basic Assumptions for Calculating Retirement Benefit Obligation

(a) Periodic allocation method for estimated retirement benefits .................. 2.5%
(b) Discount rate                                                              .................. 2.5%
(c) Expected rate of return on plan assets                                     .................. 2.5%
(d) Recognition period for actuarial gain/loss                                 ....... 10 years
(e) Amortization period for retirement benefit obligation at transition        ........ 15 years
(f) Amortization period for prior service cost                                 ....... 10 years

12. Income taxes

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets or liabilities as of March 31, 2007 and 2008 were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2007 (Millions of yen)</th>
<th>2008 (Millions of yen)</th>
<th>2008 (Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>¥1,656</td>
<td>¥647</td>
<td>¥6,453</td>
</tr>
<tr>
<td>Loss on revaluation of fixed assets</td>
<td>4,474</td>
<td>3,914</td>
<td>39,061</td>
</tr>
<tr>
<td>Write-downs of investments in securities</td>
<td>1,281</td>
<td>1,274</td>
<td>12,712</td>
</tr>
<tr>
<td>Accrued retirement benefits</td>
<td>4,600</td>
<td>4,827</td>
<td>48,175</td>
</tr>
<tr>
<td>Reserve for loss on business restructuring expenses</td>
<td>2,277</td>
<td>1,761</td>
<td>17,573</td>
</tr>
<tr>
<td>Tax loss carryforwards</td>
<td>4,801</td>
<td>2,888</td>
<td>28,920</td>
</tr>
<tr>
<td>Other</td>
<td>3,534</td>
<td>2,502</td>
<td>24,998</td>
</tr>
<tr>
<td>Gross deferred tax assets</td>
<td>¥22,623</td>
<td>¥17,823</td>
<td>¥177,892</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(19,283)</td>
<td>(14,418)</td>
<td>(143,903)</td>
</tr>
<tr>
<td>Total deferred tax assets</td>
<td>¥3,338</td>
<td>¥3,405</td>
<td>¥33,989</td>
</tr>
</tbody>
</table>

Deferred tax liabilities

Unrealized gain on available-for-sale securities                     | ¥(283)                 | ¥(78)                  | $(778)                           |
| Other                                                            | (68)                   | (6)                    | (66)                             |
| Total deferred tax liabilities                                    | ¥(351)                 | ¥(84)                  | $(843)                           |
| Net deferred tax assets                                          | ¥2,987                 | ¥3,321                 | ¥33,146                          |

The significant differences between the statutory tax rate and the Company's effective tax rates for financial reporting for the years ended March 31, 2007 and 2008 are reconciled as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2007 (Statutory)</th>
<th>2008 (Effective)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory tax rate</td>
<td>40.7%</td>
<td>40.7%</td>
</tr>
<tr>
<td>Non-deductible expenses</td>
<td>3.6%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Inhabitants' per capita taxes</td>
<td>2.9%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(53.3%)</td>
<td>(45.8%)</td>
</tr>
<tr>
<td>Other</td>
<td>(1.7%)</td>
<td>(0.4%)</td>
</tr>
<tr>
<td>Effective tax rates</td>
<td>(7.8%)</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

13. Shareholders' equity

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.
14. Commitments and contingent liabilities

Contingent liabilities

The Company has provided guarantees to the lenders of the following outstanding loans to subsidiaries:

<table>
<thead>
<tr>
<th></th>
<th>As of March 31</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
<td>2008</td>
</tr>
<tr>
<td>F.T.C. Oita Co., Ltd.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fujita Shoji Co., Ltd.</td>
<td>12</td>
<td>2</td>
<td>17</td>
</tr>
<tr>
<td>Technomaterial Corporation</td>
<td>10</td>
<td>18</td>
<td>178</td>
</tr>
<tr>
<td>Fujita Philippines Inc.</td>
<td>10</td>
<td>9</td>
<td>92</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,646</strong></td>
<td><strong>2,460</strong></td>
<td><strong>24,557</strong></td>
</tr>
</tbody>
</table>

The Company has provided guarantees to the lender of the following outstanding loans to an affiliate:

<table>
<thead>
<tr>
<th></th>
<th>As of March 31</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
<td>2008</td>
</tr>
<tr>
<td>Alpark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,772</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Company has provided guarantees to the lenders of the following outstanding loans to clients:

<table>
<thead>
<tr>
<th></th>
<th>As of March 31</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
<td>2008</td>
</tr>
<tr>
<td>Moji Harbor Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oita City Development</td>
<td>701</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,214</strong></td>
<td><strong>3,209</strong></td>
<td><strong>32,031</strong></td>
</tr>
</tbody>
</table>

The Company has provided guarantees for deposit guarantee contracts entered into between the following clients and the purchasers of the condominiums sold by these clients:

<table>
<thead>
<tr>
<th></th>
<th>As of March 31</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
<td>2008</td>
</tr>
<tr>
<td>Itosho Corporation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suncity Co., Ltd.</td>
<td>205</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kanekita Corporation</td>
<td></td>
<td>34</td>
<td>336</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>801</strong></td>
<td><strong>34</strong></td>
<td><strong>336</strong></td>
</tr>
</tbody>
</table>

The Company has provided guarantees to the lender of outstanding loans to employees as follows:

<table>
<thead>
<tr>
<th></th>
<th>As of March 31</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
<td>2008</td>
</tr>
<tr>
<td>Employees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,457</strong></td>
<td><strong>$5,723</strong></td>
<td><strong>$57,121</strong></td>
</tr>
</tbody>
</table>
15. Notes to non-consolidated statements of income

The principal components of selling, general and administrative expenses for the years ended March 31, 2007 and 2008 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary and employee benefits</td>
<td>¥4,355</td>
<td>$48,380</td>
</tr>
<tr>
<td>Rental expenses</td>
<td>1,751</td>
<td>18,711</td>
</tr>
<tr>
<td>Travel and communication expenses</td>
<td>-</td>
<td>14,508</td>
</tr>
<tr>
<td>Office expenses</td>
<td>1,442</td>
<td>-</td>
</tr>
<tr>
<td>Research and development costs</td>
<td>971</td>
<td>10,922</td>
</tr>
</tbody>
</table>

16. Transactions with subsidiaries and affiliates

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
</tr>
<tr>
<td>Interest income</td>
<td>¥80</td>
</tr>
<tr>
<td>Dividend income</td>
<td>261</td>
</tr>
</tbody>
</table>

17. Loss on impairment of fixed assets

The Company recorded impairment losses on the following assets for the year ended March 31, 2007:

<table>
<thead>
<tr>
<th>Use</th>
<th>Type</th>
<th>Place</th>
<th>Number of Properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unused real estate</td>
<td>Buildings and intangible fixed assets</td>
<td>Nagano Prefecture</td>
<td>1 property</td>
</tr>
</tbody>
</table>

The unused real estate property on which an impairment loss was recognized is grouped by individual property.

As it has been determined that the above-mentioned unused real estate property is to be sold, its book value has been reduced to its estimated net recoverable value.

The reduction has been recorded as an impairment loss of ¥29 million consisting of ¥16 million for buildings and ¥13 million for intangible fixed assets (lease rights).

The recoverable value of the property referred to above has been measured based on its estimated net selling price. The net selling price was calculated by subtracting the estimated disposal expense from the offered purchase price.

The Company recorded impairment losses on the following assets for the year ended March 31, 2008:

<table>
<thead>
<tr>
<th>Use</th>
<th>Type</th>
<th>Place</th>
<th>Number of Properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leased real estate</td>
<td>Land,buildings and intangible fixed assets</td>
<td>Osaka Prefecture and elsewhere</td>
<td>4 properties</td>
</tr>
</tbody>
</table>

The leased real estate properties on which the impairment losses were recognized are grouped by individual property.

As it has been determined that three of the above-mentioned leased real estate properties are to be sold, and as other leased real estate property has been declined its profitability because its lease period had been shortened, their book value has been reduced to their estimated net recoverable value.

The reduction has been recorded as an impairment loss of ¥407 million ($4,066 thousand) consisting of ¥219 million ($2,191 thousand) for land, ¥179 million ($1,789 thousand) for buildings and ¥9 million ($86 thousand) for intangible fixed assets (lease rights).

The recoverable value of the property for sale referred to the above has been measured based on their estimated net selling prices. The net selling prices were calculated by subtracting the estimated disposal expenses from the assessed prices by a third party or the offered purchase prices on the present conditions.

The recoverable value of the property which declined its profitability referred to the above has been measured at its value in use, and the discount rate used for computation of present value of the future cash flows was 5.0%.
18. Note to non-consolidated statements of changes in net assets

The type and number of treasury stock for the year ended March 31, 2007 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Balance at March 31, 2006</th>
<th>Increase in shares during the year</th>
<th>Decrease in shares during the year</th>
<th>Balance at March 31, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury stock:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>33,629</td>
<td>14,021,512</td>
<td>14,011,571</td>
<td>43,570</td>
</tr>
<tr>
<td>Total</td>
<td>33,629</td>
<td>14,021,512</td>
<td>14,011,571</td>
<td>43,570</td>
</tr>
</tbody>
</table>

Notes
1. Increase of 14,021,512 shares of common stock held in treasury consisted of an increase of 14,000,000 shares obtained from specific shareholders and an increase of 21,512 shares due to a purchase of fractional shares.
2. Decrease of 14,011,571 shares of common stock held in treasury consisted of a decrease of 14,000,000 shares due to a retirement of treasury stock and a decrease of 11,571 shares due to a sale of fractional shares in response to a request to buy fractional shares.

The type and number of treasury stock for the year ended March 31, 2008 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Balance at March 31, 2007</th>
<th>Increase in shares during the year</th>
<th>Decrease in shares during the year</th>
<th>Balance at March 31, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury stock:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>43,570</td>
<td>20,836</td>
<td>9,690</td>
<td>54,716</td>
</tr>
<tr>
<td>Total</td>
<td>43,570</td>
<td>20,836</td>
<td>9,690</td>
<td>54,716</td>
</tr>
</tbody>
</table>

Notes
1. Increase of 20,836 shares of common stock held in treasury was due to a purchase of fractional shares.
2. Decrease of 9,690 shares of common stock held in treasury was due to a sale of fractional shares in response to a request to buy fractional shares.

19. Leases

Finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessees are generally accounted for by a method that is applicable to ordinary operating leases under accounting principles generally accepted in Japan.

Certain key information about such lease contracts of the Company for the years ended March 31, 2007 and 2008 is summarized as follows:

As lessee

The acquisition cost, accumulated depreciation and net carrying amount of the leased assets, if they had been capitalized:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td>Acquisition cost</td>
<td>¥705</td>
<td>¥366</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(491)</td>
<td>(169)</td>
</tr>
<tr>
<td>Net carrying amount</td>
<td>¥214</td>
<td>¥197</td>
</tr>
</tbody>
</table>

Lease expense and future minimum lease payments including interest expense:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td>Lease expense</td>
<td>¥223</td>
<td>¥82</td>
</tr>
<tr>
<td>Future minimum lease payments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within one year</td>
<td>¥74</td>
<td>¥73</td>
</tr>
<tr>
<td>Thereafter</td>
<td>140</td>
<td>124</td>
</tr>
<tr>
<td>Total</td>
<td>¥214</td>
<td>¥197</td>
</tr>
</tbody>
</table>
20. Per share information

Net assets, net income and diluted net income per share of common stock and their basis of computation were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Yen</th>
<th>U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td>Net assets</td>
<td>(¥36,13)</td>
<td>(¥16,71)</td>
</tr>
<tr>
<td>Net income</td>
<td>¥16,99</td>
<td>¥21,30</td>
</tr>
<tr>
<td>Diluted net income</td>
<td>¥16,94</td>
<td>¥21,25</td>
</tr>
</tbody>
</table>

(a) Basis of computation of net assets per share

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td>Total net assets</td>
<td>¥26,541</td>
<td>¥30,454</td>
</tr>
<tr>
<td>Amounts deducted from total net assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Including paid-in amount for shares of Class-C preferred stock</td>
<td>40,166</td>
<td>40,345</td>
</tr>
<tr>
<td>Including amount of preferred dividends of shares of Class-C preferred stock excluding dividends under the participation clause</td>
<td>38,311</td>
<td>38,311</td>
</tr>
<tr>
<td>Total net assets for common stock</td>
<td>¥(13,625)</td>
<td>¥(6,300)</td>
</tr>
</tbody>
</table>

(b) Basis of computation of net income per share

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td>Net income</td>
<td>¥8,495</td>
<td>¥10,067</td>
</tr>
<tr>
<td>Amount not available to common shareholders:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Including amount of preferred dividends of shares of Class-C preferred stock excluding dividends under the participation clause</td>
<td>1,855</td>
<td>2,034</td>
</tr>
<tr>
<td>Net income for common stock</td>
<td>¥6,640</td>
<td>¥8,033</td>
</tr>
</tbody>
</table>

Average no. of shares of common stock used to determine net income per share:

<table>
<thead>
<tr>
<th></th>
<th>Thousands of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
</tr>
<tr>
<td>Including no. of shares of common stock excluding treasury stock</td>
<td>390,815</td>
</tr>
<tr>
<td>Including increase in no. of shares of common stock determined by the if converted method applied to shares of Class-C preferred stock</td>
<td>37,349</td>
</tr>
<tr>
<td>Total</td>
<td>353,466</td>
</tr>
</tbody>
</table>

Average no. of shares of common stock used to determine diluted net income per share:

<table>
<thead>
<tr>
<th></th>
<th>Thousands of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
</tr>
<tr>
<td>Including no. of share warrants</td>
<td>1,199</td>
</tr>
</tbody>
</table>

Average no. of shares of common stock used to determine diluted net income per share: 1,199

Including no. of share warrants: 1,199
Independent Auditors’ Report

The Board of Directors
Fujita Corporation

We have audited the accompanying non-consolidated balance sheets of Fujita Corporation as of March 31, 2007 and 2008, and the related non-consolidated statements of income, and changes in net assets for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fujita Corporation at March 31, 2007 and 2008, and the results of its operations for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 5 to the non-consolidated financial statements.

June 27, 2008
Overseas Operations  As of July 31, 2008

Shanghai Office
1608, 1809 Charity Plaza No. 88 Cao Xi Road (N.), Shanghai, People’s Republic of China 200030

Hong Kong Office
Unit 3706, 37/F., 9 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong

Seoul Office
8th Floor, Sinnammoon BLDG #21-1, 5-ka, Namdaemun-ro, Chung-ku, Seoul 100-800, Republic of Korea

Hanoi Office
Room No. 503, Hanoi Toserco Van Phuc Building, 2 Nui Truc Street, Ba Dinh District, Hanoi, Socialist Republic of Vietnam

Ho Chi Minh Office
Han Nam Officetel, 8th Floor, 65 Nguyen Du Street. Ho Chi Minh City, Socialist Republic of Vietnam

Malaysia Office
Lot. 14.05, 14th Floor, Wisma Cosway Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia

Singapore Office
47 Hill Street #03-02A, Republic of Singapore, 179365

Manila Office
10th Floor, High Rise of the Pacific Star Building, Sen.Gil J. Puyat Avenue corner Makati Avenue, 1226, Makati City, Republic of Philippines

Taipei Office
7F-4, No. 52, Sec. 2, Chang-an East Road, Jhongshan District, Taipei 104, Taiwan

Dubai Office
Room No. 1901, Al Attar Tower, Plot No. 336-212, Shk. Zayed Road, Dubai, U.A.E.

Mexico Office
Guanajuato 224 #305, Colonia Roma, C.P. 06700, Mexico, DF
## Subsidiaries and Affiliates

As of July 31, 2008

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>Main business</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated subsidiaries:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fujita Road Construction Co., Ltd.</td>
<td>Tokyo, Japan</td>
<td>Road construction</td>
</tr>
<tr>
<td>Fujita (China) Construction Co., Ltd.</td>
<td>Shanghai, China</td>
<td>Construction</td>
</tr>
<tr>
<td>Fujita Philippines Inc.</td>
<td>Manila, Philippines</td>
<td>Construction</td>
</tr>
<tr>
<td>F.T.C. Oita Co., Ltd.</td>
<td>Oita, Japan</td>
<td>Building ownership and management</td>
</tr>
<tr>
<td>Godo Kaisha HD1</td>
<td>Tokyo, Japan</td>
<td>Real estate development</td>
</tr>
<tr>
<td>Athens Development Special Purpose Company</td>
<td>Tokyo, Japan</td>
<td>Real estate development</td>
</tr>
<tr>
<td>Paris Development TMK</td>
<td>Tokyo, Japan</td>
<td>Real estate development</td>
</tr>
<tr>
<td>Fujita Shoji Co., Ltd.</td>
<td>Tokyo, Japan</td>
<td>Export and import trading</td>
</tr>
<tr>
<td>Technomaterial Corporation</td>
<td>Tokyo, Japan</td>
<td>Precast concrete manufacturing and engineering and leasing</td>
</tr>
<tr>
<td>FBS Co., Ltd.</td>
<td>Tokyo, Japan</td>
<td>Information technology services</td>
</tr>
<tr>
<td>KOKANKYO Engineering Corporation</td>
<td>Tokyo, Japan</td>
<td>Environment-related engineering services</td>
</tr>
<tr>
<td>Fujita BLDG. Maintenance Co., Ltd.</td>
<td>Tokyo, Japan</td>
<td>Building management</td>
</tr>
<tr>
<td>Fujita Research</td>
<td>Nevada, U.S.A.</td>
<td>Research and consulting</td>
</tr>
<tr>
<td><strong>Equity-method affiliates:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toyukogyo Corporation</td>
<td>Tokyo, Japan</td>
<td>Construction</td>
</tr>
<tr>
<td>F.T.C. Hotel Kaihatsu Co., Ltd.</td>
<td>Oita, Japan</td>
<td>Hotel management</td>
</tr>
<tr>
<td>Chugoku Nama Concrete Co., Ltd.</td>
<td>Hiroshima, Japan</td>
<td>Ready-mixed concrete production</td>
</tr>
</tbody>
</table>
Corporate Data  As of March 31, 2008

Name: FUJITA CORPORATION
Head Office: 4-25-2 Sendagaya, Shibuya-ku, Tokyo 151-8570, Japan
Established: December 1910
Paid-in Capital: ¥14,001 million
Number of Employees: 2,193
Major Activities: Construction and Real Estate
Common Stock: Issued: 30,457,619 shares
Class-C Preferred Stock: Issued: 8,888,889 shares
Number of Shareholders: Common Stock: 44,542
Class-C Preferred Stock: 1
Stock Exchange Listings: Tokyo Stock Exchange, Second Section
Transfer Agent: The Chuo Mitsui Trust and Banking Company, Limited