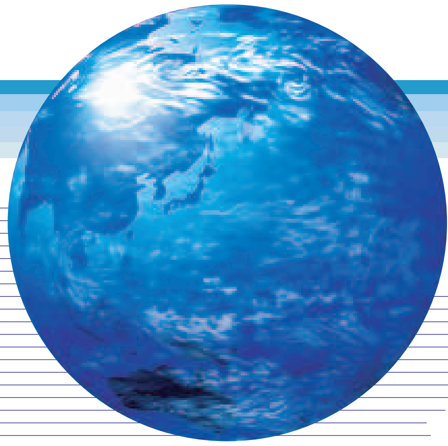

ANNUAL REPORT 2009

SUMITOMO MITSUI CONSTRUCTION CO.,LTD.

CONTENTS

PROFILE

Sumitomo Mitsui Construction Co., Ltd. (SMCC) is a leading Japanese construction company with operations that span the globe. The company was created in 2003 through the merger of two long established and experienced companies, Sumitomo Construction Co., Ltd and Mitsui Construction Co., Ltd.

Since its formation, SMCC has risen to the challenge of providing flexible and adaptable solutions to the varying demands of customers, with a management philosophy that emphasizes pursuing total customer satisfaction, increasing shareholder value, respect for the efforts of its employees, and contributing both to society and the environment.

The company is a leading proponent of many cutting edge technologies which are utilized in the erection of skyscrapers, the seismic reinforcement of buildings, the pre-stressed concrete structures and underground structures.

The key strength of experience combined with a proactive attitude allows SMCC to aggressively develop new technological applications. The company will continue to actively pursue the future, specializing and focusing on these core areas and thereby ensuring that Sumitomo Mitsui Construction Co., Ltd maintains its position as one of the leading Japanese construction companies operating around the world.

THE MESSAGE FROM THE PRESIDENT

As a slowdown of the global economy has become evident with the financial crisis in the background, the Japanese economy in this term has shown a significant decrease in corporate profits and the recession has worsened markedly.

In the domestic construction market, while government economic policies seem expected and a trend towards easing the reduction in public works projects can be seen, construction investments from the private sector have decreased greatly due to a downturn in the real estate market and sluggish demand for housing. The sales climate surrounding companies has become even more severe.

Under these conditions, our group has focused on the accomplishment of the "Medium-term Management Plan" (March 2009 ~ March 2011). However, with the rapid shrinkage of the domestic market, it was difficult to achieve the planed revenue.

With "offering high quality products" as the core idea of operations, we are dedicated to establishing the "Trusted Sumitomo Mitsui Construction brand" supported by our technology. Although it is predicted that this unfavorable business climate will continue, we have set our long-term operating goals as becoming "one of the highest quality general contractors". In order to build a strong revenue base of an optimal scale that is not swayed by the market environment, we will strive to reform the profit structure by further tightening evaluations for orders, as well as radically restructuring operations, organizational systems and human resources placement, etc. In addition, while steadily implementing this structural reform, we will also focus on creating new sources of revenue, as well as strive to strengthen our corporate competitiveness and operational efficiency.

Hisaya Igarashi
Representative Director, President

Consolidated Financial Statements

Sumitomo Mitsui Construction Co., Ltd.
and Consolidated Subsidiaries

Years ended March 31, 2009 and 2008
with Report of Independent Auditors

	As of March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Assets			
Current assets:			
Cash and deposits *(Notes 10 and 15)*	¥ 25,296	¥ 28,602	$ 257,518
Trade notes and accounts receivable *(Note 10)*	124,968	205,419	1,272,197
Inventories *(Note 7)*	26,755	27,182	272,370
Deferred tax assets *(Note 13)*	2,309	5,428	23,506
Other current assets *(Note 6)*	16,327	24,547	166,211
Less allowance for doubtful receivables	(4,522)	(5,549)	(46,034)
Total current assets	191,135	285,631	1,945,790
Non-current assets:			
Property and equipment, at cost:			
Land *(Notes 8 and 10)*	16,395	16,486	166,904
Buildings and structures *(Note 10)*	14,117	14,822	143,713
Machinery, equipment and vehicles *(Note 10)*	17,075	17,181	173,826
Construction in progress	12	–	122
Accumulated depreciation	(24,266)	(24,564)	(247,032)
Property and equipment, net	23,334	23,924	237,544
Intangible fixed assets	2,221	1,864	22,610
Investments and other assets:			
Investments in securities *(Notes 6 and 10)*	4,350	6,834	44,283
Long-term loans receivable	7,769	10,231	79,089
Claims provable in bankruptcy and other	8,841	8,887	90,003
Investments in unconsolidated subsidiaries and affiliates *(Notes 6 and 10)*	1,317	1,451	13,407
Investments in real estate *(Notes 9 and 10)*	3,630	4,243	36,954
Long-term non-operating accounts receivable *(Note 17)*	40,644	38,089	413,763
Deferred tax assets *(Note 13)*	2,651	1,069	26,987
Other	8,040	7,885	81,848
Less allowance for doubtful receivables	(53,149)	(52,220)	(541,066)
Total investments and other assets	24,097	26,472	245,312
Total non-current assets	49,652	52,262	505,466
Total assets	¥240,788	¥337,893	$2,451,267

	As of March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Liabilities and net assets			
Current liabilities:			
Short-term bank loans and current portion of long-term debt *(Notes 10 and 11)*	¥ 4,679	¥ 26,166	$ 47,633
Trade notes and accounts payable	140,219	211,110	1,427,455
Accrued expenses	2,117	4,944	21,551
Advances received on construction contracts in progress	28,687	24,985	292,039
Reserve for defects on completed construction projects	1,491	1,851	15,178
Allowance for losses on construction contracts	572	1,290	5,823
Other current liabilities *(Note 10)*	22,409	18,889	228,127
Total current liabilities	200,177	289,239	2,037,839
Long-term liabilities:			
Long-term debt *(Notes 10 and 11)*	2,123	2,279	21,612
Accrued retirement benefits *(Note 12)*	15,690	17,987	159,727
Deferred tax liability on land revaluation *(Note 8)*	447	485	4,550
Other long-term liabilities *(Note 10)*	5,413	4,630	55,105
Total long-term liabilities	23,674	25,383	241,005
Contingent liabilities *(Notes 14 and 17)*			
Net assets:			
Shareholders' equity:			
Capital stock:	16,859	16,859	171,627
Common stock:			
Authorized:			
2,669,464,970 shares in 2009 and 2008			
Issued and outstanding:			
275,097,086 shares in 2009 and 271,242,956 shares in 2008			
Preferred stock:			
Authorized:			
26,894,644 shares in 2009 and 2008			
Issued and outstanding:			
16,330,600 shares in 2009 and 17,238,700 shares in 2008			
Additional paid-in capital	80	83	814
(Deficit) retained earnings	(1,145)	3,979	(11,656)
Less treasury stock, at cost: 411,183 shares in 2009 and 377,598 shares in 2008	(240)	(240)	(2,443)
Total shareholders' equity	15,553	20,680	158,332
Valuation, translation adjustments and other:			
Unrealized holding (loss) gain on securities	(375)	585	(3,817)
Land revaluation *(Note 8)*	58	81	590
Translation adjustments	(656)	(331)	(6,678)
Total valuation, translation adjustments and other	(973)	335	(9,905)
Minority interests	2,356	2,254	23,984
Total net assets	16,936	23,270	172,411
Total liabilities and net assets	¥240,788	¥337,893	$2,451,267

The accompanying notes are an integral part of these statements.

	Years ended March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Net sales	¥396,065	¥499,989	$4,032,016
Cost of sales	372,956	476,322	3,796,762
Gross profit	23,108	23,666	235,243
Selling, general and administrative expenses *(Notes 12 and 18)*	18,634	20,930	189,697
Operating income	4,474	2,736	45,546
Other income (expenses):			
Interest and dividend income	436	437	4,438
Payments received from insurance claims	176	270	1,791
Interest expense	(1,479)	(1,329)	(15,056)
Exchange (loss) gain, net	(240)	122	(2,443)
Provision for doubtful receivables	(2,613)	(609)	(26,600)
Equity in (losses) earnings of affiliates	(855)	48	(8,704)
Gain on sales of property and equipment	13	119	132
Loss on sales and disposal of property and equipment	(367)	(143)	(3,736)
Surcharge duties	–	(296)	–
Loss on out-of-court settlements	–	(399)	–
Gain on sales of investments in securities	394	62	4,010
Gain on prior-period adjustment	479	212	4,876
Amortization of negative goodwill upon consolidation	74	0	753
Special retirement benefits *(Note 19)*	(557)	–	(5,670)
Other, net	(2,164)	(1,131)	(22,029)
	(6,701)	(2,635)	(68,217)
(Loss) income before income taxes and minority interests	(2,227)	100	(22,671)
Income taxes *(Note 13)*:			
Current	828	600	8,429
Deferred	1,860	2,021	18,935
	2,689	2,621	27,374
Minority interests in net income of consolidated subsidiaries	(230)	(125)	(2,341)
Net loss	¥ (5,147)	¥ (2,646)	$ (52,397)
	(Yen)		*(U.S. dollars) (Note 3)*
Net loss per share – basic *(Note 20)*	¥(18.86)	¥(13.19)	$(0.191)

The accompanying notes are an integral part of these statements.

	Years ended March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Shareholders' equity			
Capital stock:			
Balance at the end of previous period	¥16,859	¥16,859	$171,627
Changes in items during the period			
Total changes in items during the period	–	–	–
Balance at the end of the period	16,859	16,859	171,627
Additional paid-in capital:			
Balance at the end of previous period	83	84	844
Changes in items during the period:			
Disposition of treasury stock	(2)	(1)	(20)
Total changes in items during the period	(2)	(1)	(20)
Balance at the end of the period	80	83	814
Retained earnings (deficit):			
Balance at the end of previous period	3,979	7,721	40,506
Changes in items during the period			
Cash dividends paid	–	(1,095)	–
Net loss	(5,147)	(2,646)	(52,397)
Reversal of revaluation reserve for land, net of taxes	22	–	223
Total changes in items during the period	(5,124)	(3,741)	(52,163)
Balance at the end of the period	(1,145)	3,979	(11,656)
Treasury stock, at cost:			
Balance at the end of previous period	(240)	(236)	(2,443)
Changes in items during the period			
Purchases of treasury stock	(2)	(6)	(20)
Disposition of treasury stock	3	2	30
Total changes in items during the period	0	(4)	0
Balance at the end of the period	(240)	(240)	(2,443)
Total shareholders' equity:			
Balance at the end of previous period	20,680	24,428	210,526
Changes in items during the period			
Cash dividends paid	–	(1,095)	–
Net loss	(5,147)	(2,646)	(52,397)
Purchases of treasury stock	(2)	(6)	(20)
Disposition of treasury stock	0	0	0
Reversal of revaluation reserve for land, net of taxes	22	–	223
Total changes in items during the period	(5,127)	(3,748)	(52,193)
Balance at the end of the period	15,553	20,680	158,332

	Years ended March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Valuation, translation adjustments and other			
Unrealized holding (loss) gain on securities:			
Balance at the end of previous period	585	1,273	5,955
Changes in items during the period			
Net changes in items other than shareholders' equity	(961)	(688)	(9,783)
Total changes in items during the period	(961)	(688)	(9,783)
Balance at the end of the period	(375)	585	(3,817)
Land revaluation:			
Balance at the end of previous period	81	81	824
Changes in items during the period			
Net changes in items other than shareholders' equity	(22)	–	(223)
Total changes in items during the period	(22)	–	(223)
Balance at the end of the period	58	81	590
Translation adjustments:			
Balance at the end of previous period	(331)	(313)	(3,369)
Changes in items during the period			
Net changes in items other than shareholders' equity	(324)	(18)	(3,298)
Total changes in items during the period	(324)	(18)	(3,298)
Balance at the end of the period	(656)	(331)	(6,678)
Total valuation, translation adjustments and other:			
Balance at the end of previous period	335	1,042	3,410
Changes in items during the period			
Net changes in items other than shareholders' equity	(1,309)	(706)	(13,325)
Total changes in items during the period	(1,309)	(706)	(13,325)
Balance at the end of the period	(973)	335	(9,905)
Minority interests			
Balance at the end of previous period	2,254	2,135	22,946
Changes in items during the period			
Net changes in items other than shareholders' equity	102	119	1,038
Total changes in items during the period	102	119	1,038
Balance at the end of the period	2,356	2,254	23,984
Total net assets			
Balance at the end of previous period	23,270	27,606	236,893
Changes in items during the period			
Cash dividends paid	–	(1,095)	–
Net loss	(5,147)	(2,646)	(52,397)
Purchases of treasury stock	(2)	(6)	(20)
Disposition of treasury stock	0	0	0
Reversal of revaluation reserve for land, net of taxes	22	–	223
Net changes in items other than shareholders' equity	(1,207)	(587)	(12,287)
Total changes in items during the period	(6,334)	(4,335)	(64,481)
Balance at the end of the period	¥16,936	¥23,270	$172,411

Consolidated Statements of Cash Flows

March 31, 2009

	Years ended March 31,		
	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Operating activities			
(Loss) income before income taxes and minority interests	¥ (2,227)	¥ 100	$ (22,671)
Depreciation and amortization	1,257	1,329	12,796
Increase in allowance for doubtful receivables	2,605	561	26,519
(Decrease) increase in accrued retirement benefits	(2,283)	1,313	(23,241)
(Decrease) increase in reserve for defects on completed construction projects	(357)	11	(3,634)
(Decrease) increase in allowance for losses on construction contracts	(718)	257	(7,309)
Loss on sales and disposal of property and equipment	352	13	3,583
Gain on sales of investment securities	(394)	–	(4,010)
Amortization of negative goodwill upon consolidation	(74)	(0)	(753)
Interest and dividend income	(436)	(437)	(4,438)
Interest expense	1,479	1,329	15,056
Exchange loss, net	298	382	3,033
Equity in losses (earnings) of affiliates	855	(48)	8,704
Special retirement benefits	536	–	5,456
Decrease (increase) in trade notes and accounts receivable	76,567	(10,858)	779,466
Decrease in inventories	21	4,102	213
Decrease in other assets	7,565	1,506	77,013
Decrease in trade notes and accounts payable	(70,323)	(2,781)	(715,901)
Increase (decrease) in advances received on construction contracts in progress	3,854	(6,418)	39,234
Decrease in other liabilities	(223)	(4,623)	(2,270)
Other	285	533	2,901
Subtotal	18,641	(13,725)	189,768
Interest and dividends received	480	496	4,886
Interest paid	(1,382)	(1,423)	(14,069)
Income taxes paid	(503)	(829)	(5,120)
Net cash provided by (used in) operating activities	17,236	(15,482)	175,465
Investing activities			
Increase in short-term investments	(218)	(671)	(2,219)
Purchases of property and equipment	(668)	(708)	(6,800)
Proceeds from sales of property and equipment	199	154	2,025
Purchases of intangible fixed assets	(577)	(229)	(5,873)
Purchases of investments in real estate	–	(1,144)	–
Proceeds from sales of investments in real estate	582	330	5,924
Purchases of investments in securities	(36)	(43)	(366)
Proceeds from sales of investments in securities	1,566	225	15,942
Increase in investments in unconsolidated subsidiaries and affiliates	(40)	(16)	(407)
Disbursements for loans	(1,682)	(196)	(17,123)
Proceeds from collection of loans	2,739	456	27,883
Other	853	1,034	8,683
Net cash provided by (used in) investing activities	2,719	(810)	27,679
Financing activities			
(Decrease) increase in short-term bank loans	(20,212)	17,401	(205,761)
Increase in long-term debt	2,500	22	25,450
Decrease in long-term debt	(3,930)	(3,543)	(40,008)
(Decrease) increase in long-term loans of employees	(198)	71	(2,015)
Increase in treasury stock	(2)	(6)	(20)
Cash dividends paid	–	(1,095)	–
Cash dividends paid for minority shareholders	(8)	(11)	(81)
Other	(28)	–	(285)
Net cash (used in) provided by financing activities	(21,880)	12,838	(222,742)
Effect of exchange rate changes on cash and cash equivalents	(679)	(230)	(6,912)
Net decrease in cash and cash equivalents	(2,604)	(3,685)	(26,509)
Cash and cash equivalents at beginning of the year	26,508	30,194	269,856
Increase in cash and cash equivalents resulting from merger of unconsolidated subsidiaries	91	–	926
Cash and cash equivalents at end of the year	¥ 23,995	¥ 26,508	$ 244,273

The accompanying notes are an integral part of these statements.

1. Basis of Preparation

The accompanying consolidated financial statements of Sumitomo Mitsui Construction Co., Ltd. (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 reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan. In addition, certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

As permitted, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

2. Summary of Significant Accounting Policies

(a) Basis of Consolidation and Accounting for Investments in Unconsolidated Subsidiaries and Affiliates

The accompanying consolidated financial statements include the accounts of the Company and the significant companies which it controls directly or indirectly. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions have been eliminated in consolidation.

All assets and liabilities of the consolidated subsidiaries are valued using the full fair value method.

The excess of cost over underlying net assets at fair value at the respective dates of acquisition of the consolidated subsidiaries is charged to income in the year in which they are acquired.

Investments in affiliates which are not accounted for by the equity method are principally stated at cost.

The Company had 14 consolidated subsidiaries, 2 unconsolidated subsidiaries and 3 affiliates as of March 31, 2009 and 2008.

(b) Recognition of Revenues and Related Costs on Construction

Net sales on construction of the Company and certain consolidated subsidiaries which cover a construction period longer than 12 months are, in principle, recognized by the percentage-of-completion method based on the ratio of costs incurred to total estimated costs, except for net sales on long-term contracts which total less than ¥500 million. Net sales on such contracts amounted to ¥243,671 million ($2,480,616 thousand) and ¥323,099 million for the years ended March 31, 2009 and 2008, respectively.

(c) Recognition of Income from Finance Leases

Income from finance leases is recorded as sales and cost of sales at the time a lease payment is received.

(d) Securities

The accounting standard for financial instruments requires that securities be classified into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities for which market prices are determinable are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method. Investments in subsidiaries and affiliates are stated at cost determined by the moving average method.

(e) Inventories

Inventories other than materials and supplies are stated at cost determined by the specific identification method. Materials and supplies are valued at cost determined by the average method. Book values are written down based on any decline in profitability.

(Changes in accounting policy)

Previously, inventories were stated primarily at cost. Effective the year ended March 31, 2009, the Company has adopted "Accounting Standards for Measurement of Inventories" (Accounting Standards Board of Japan (ASBJ) Statement No. 9 issued on July 5, 2006. As a result, operating income decreased by ¥12 million ($122 thousand) and loss before income taxes and minority interests increased by ¥42 million ($427 thousand) for the year ended March 31, 2009 from the corresponding amounts which would have been recorded under the previous method.

(f) Depreciation and Amortization

(1) Property and equipment (except leased assets) and investments in real estate

Depreciation of property and equipment (except leased assets) and investments in real estate is determined primarily by the declining-balance method except that the straight-line method is applied to office buildings acquired on or after April 1, 1998.

Depreciation at all overseas subsidiaries is determined by the straight-line method or by the declining-balance method at rates based on the estimated useful lives of the respective assets.

(Additional information)

With an amendment to the Corporation Tax Law, effective the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have applied useful lives in light of the amended Corporation Tax Law. The effect of this adoption has only a minor impact on the consolidated statement of operations for the year ended March 31, 2009.

(2) Intangible fixed assets (except leased assets)

Amortization of intangible fixed assets (except leased assets) is calculated by the straight-line method based on the estimated useful lives of the respective assets as prescribed in the Corporation Tax Law of Japan. Amortization of computer software for internal use is calculated by the straight-line method over the estimated useful lives of 5 years.

(3) Leased assets

Depreciation of leased assets under finance leases other than those that transfer the ownership of the leased assets to the lessees is calculated by the straight-line method over the lease term with a residual value of zero.

Finance leases other than those that transfer the ownership of the leased assets to the lessees, whose commencement dates are on or before March 31, 2008, continue to be accounted for in a similar manner as operating leases. *See Note 4.*

(g) Allowance for Doubtful Receivables

The allowance for doubtful receivables is provided for future losses on general receivables at an amount calculated by applying the percentage of actual losses on collection experienced in the past, and an uncollectible amount for doubtful receivables estimated based on an individual assessment of each receivable and probability of collection.

(h) Advances Received on Construction Contracts in Progress

As is customary in Japan, the Company and its domestic consolidated subsidiaries receive payments from customers on an installment basis in accordance with the terms of the respective construction contracts.

(i) Reserve for Defects on Completed Construction Projects

A reserve has been provided at an estimated amount for the fiscal year's sales proceeds in order to cover the liability for future costs of defects of the completed construction projects.

(j) Allowance for Losses on Construction Contracts

An allowance has been provided based on the estimated amount for the future losses on construction projects in progress at the fiscal year end which are anticipated to be substantial losses in the future.

(k) Employees' Retirement Benefits

Accrued retirement benefits for employees are provided principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets, as adjusted for the unrecognized net retirement benefit obligation at transition, unrecognized actuarial gain or loss and unrecognized prior service cost.

The net retirement benefit obligation at transition is being amortized principally over a period of 15 years. Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized, primarily by the straight-line method over a period of 11 years.

(l) Income Taxes

Deferred tax assets and liabilities are determined based on the differences between the amounts calculated for financial reporting purposes and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.
The Company files a tax return under the consolidated corporate-tax system effective the year ended March 31, 2008.

(m) Consumption Taxes

Consumption taxes are accounted for by the tax exclusion method.

(n) Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased, which can easily be converted to cash and are subject to little risk of change in value, are considered cash equivalents.

3. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made, as a matter of arithmetic computation only, at ¥98.23 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2009. This translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at that or any other rate.

4. Changes in Accounting Methods

Effective the year ended March 31, 2009, the Company has adopted "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force (PITF) No. 18 issued on May 17, 2006).

The effect of this adoption has no impact on the consolidated statement of operations for the year ended March 31, 2009.

Finance leases other than those that transfer the ownership of the leased property to the lessees had previously been accounted for in a similar manner as operating leases. However, effective the year ended March 31, 2009, the Company has adopted "Accounting Standards for Lease Transactions" (ASBJ Statement No. 13 issued on June 17, 1993 with the final revision issued on March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 issued on January 18, 1994 with the final revision issued on March 30, 2007).

The effect of this adoption has no impact on the consolidated statement of operations for the year ended March 31, 2009.

Finance leases other than those that transfer the ownership of leased assets to the lessees, of which commencement dates are on or before March 31, 2008, are accounted for in a similar manner as operating leases.

In accordance with an amendment to the Corporation Tax Law, effective the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries have changed their method of accounting for depreciation of property and equipment acquired on or after April 1, 2007 to that outlined under the amended Corporation Tax Law. As a result, operating income and income before income taxes and minority interests have each decreased by ¥30 million for the year ended March 31, 2008 as compared to the corresponding amounts which would have been recorded under the previous method.

In addition, in accordance with an amendment to the Corporation Tax Law, effective the year ended March 31, 2008, the residual value of property and equipment acquired before April 1, 2007 is depreciated over a period of 5 years using the straight-line method beginning the year following the fiscal year in which the depreciable limits of such property and equipment are reached. As a result, operating income and income before income taxes and minority interests each decreased by ¥150 million for the year ended March 21, 2008 from the corresponding amounts which would have been recorded under the previous method.

5. Consolidated Statements of Changes in Net Assets

a) Type and number of shares issued and treasury stocks are as follows:

	Balance at March 31, 2008	Increase	Decrease	Balance at March 31, 2009
		(Number of shares)		
Shares issues:				
Common stock	271,242,956	3,854,130	–	275,097,086
1st Series preferred stock	870,000	–	870,000	–
2nd Series Class A preferred stock	4,500,000	–	–	4,500,000
3rd Series Class C preferred stock	5,868,700	–	–	5,868,700
3rd Series Class D preferred stock	6,000,000	–	38,100	5,961,900
Total	288,481,656	3,854,130	908,100	291,427,686
Treasury shares:				
Common stock	377,598	38,827	5,242	411,183
1st Series preferred stock	–	870,000	870,000	–
3rd Series Class D preferred stock	–	38,100	38,100	–
Total	377,598	946,927	913,342	411,183

b) Dividends:

For the year ended March 31, 2009, there were no dividends paid to shareholders.

For the year ended March 31, 2008, dividends paid to shareholders were as follows:

Resolution	Type of shares	Total dividends *(millions of yen)*	Dividends per share *(yen)*	Cut-off date	Effective date
Annual general meeting of the shareholders on June 28, 2007	1st Series preferred stock	¥ 8	¥ 4.21	March 31, 2007	June 29, 2007
	2nd Series Class A preferred stock	30	6.71		
	3rd Series Class B preferred stock	354	58.55		
	3rd Series Class C preferred stock	351	58.55		
	3rd Series Class D preferred stock	351	58.55		
		¥1,095			

6. Securities

Securities at March 31, 2009 and 2008 are summarized as follows:

a) Held-to-maturity securities

	2009					
	Carrying value	Fair value	Unrealized gain	Carrying value	Fair value	Unrealized gain
	(Millions of yen)			*(Thousands of U.S. dollars)*		
Securities whose fair value exceeds their carrying value:						
Bonds	¥9	¥9	¥0	$91	$91	$0

	2008		
	Carrying value	Fair value	Unrealized gain
	(Millions of yen)		
Securities whose fair value does not exceed their carrying value:			
Bonds	¥9	¥9	¥0

b) Marketable other securities

	2009					
	Cost	Balance sheet amount	Unrealized gain (loss)	Cost	Balance sheet amount	Unrealized gain (loss)
	(Millions of yen)			*(Thousands of U.S. dollars)*		
Unrealized gain:						
Stock	¥ 292	¥ 303	¥ 11	$ 2,972	$ 3,084	$ 111
Unrealized loss:						
Stock	1,726	1,353	(372)	17,571	13,773	(3,787)
Total	¥2,018	¥1,657	¥(361)	$20,543	$16,868	$(3,675)

	2008		
	Cost	Balance sheet amount	Unrealized gain (loss)
	(Millions of yen)		
Unrealized gain:			
Stock	¥2,368	¥3,385	¥1,017
Unrealized loss:			
Stock	633	574	(59)
Total	¥3,002	¥3,960	¥ 957

c) Sales of securities classified as other securities

	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Sales amount	¥1,291	¥172	$13,142
Aggregate gain	335	46	3,410

d) Major components and book value of securities without market value

	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Other securities:			
Unlisted stock	¥2,683	¥2,865	$27,313
Investments in unconsolidated subsidiaries and affiliates	1,317	1,451	13,407
Unlisted preferred equity securities	–	100	–

e) Redemption schedule for held-to maturity securities

	2009							
	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Over 10 years	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Over 10 years
	(Millions of yen)				*(Thousands of U.S. dollars)*			
Bonds	¥–	¥ 9	¥–	¥–	$–	$91	$–	$–

	2008			
	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Over 10 years
	(Millions of yen)			
Bonds	¥–	¥–	¥9	¥–

7. Inventories

The components of inventories as of March 31, 2009 were as follows:

	As of March 31, 2009	
	(Millions of yen)	*(Thousands of U.S. dollars)*
Merchandise and finished goods	¥ 576	$ 5,863
Materials and supplies	1,093	11,126
Costs on uncompleted construction contracts	24,946	253,955
Real estate for sale	139	1,415
	¥26,755	$272,370

8. Land Revaluation

Land for operations was revalued by a consolidated subsidiary under the Law for Land Revaluation during the year ended March 31, 2001. The revaluation amount is shown as a separate component of net assets.

The market value of the land was ¥603 million ($6,138 thousand) and ¥538 million more than the revalued book amount at March 31, 2009 and 2008, respectively.

9. Investments in Real Estate

"Investments in real estate" includes accumulated depreciation in the amount of ¥555 million ($5,650 thousand) and ¥523 million at March 31, 2009 and 2008, respectively.

10. Pledged Assets

The following assets were pledged at March 31, 2009 principally as collateral for short-term bank loans, long-term debt, and guarantees (such as guarantees for the completion of construction contracts):

	As of March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Cash and deposits	¥ 67	¥ 255	$ 682
Trade notes and accounts receivable	2,151	21,045	21,897
Land	12,807	12,899	130,377
Buildings and structures, net of accumulated depreciation	1,536	1,766	15,636
Machinery, equipment and vehicles, net of accumulated depreciation	166	192	1,689
Investments in securities	1,624	3,929	16,532
Investments in unconsolidated subsidiaries and affiliates	–	49	–
Investments in real estate	3,397	3,429	34,582
	¥21,752	¥43,568	$221,439

Of the above property and equipment, assets that were held in mortgage for factory foundations at March 31, 2009 and 2008 are summarized as follows:

	As of March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Land	¥ 1,236	¥ 1,236	$ 12,582
Buildings and structures, net of accumulated depreciation	310	338	3,155
Machinery, equipment and vehicles, net of accumulated depreciation	166	192	1,689
	¥ 1,713	¥ 1,767	$ 17,438

The secured liabilities as of March 31, 2009 and 2008 are summarized as follows:

	As of March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Short-term bank loans	¥3,218	¥23,398	$32,759
[Including current portion of long-term debt]	[2,239]	[2,713]	[22,793]
Long-term debt	2,073	2,179	21,103
Other current liabilities	100	100	1,018
Other long-term liabilities	625	725	6,362

11. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans generally represent notes, principally at average annual interest rates of 1.7% and 2.7% at March 31, 2009 and 2008, respectively.

Long-term debt at March 31, 2009 and 2008 is summarized as follows:

	As of March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Debt with collateral (at average interest rates of 2.8% at 2009 and 2.8% at 2008)	¥ 3,513	¥ 4,893	$ 35,763
Debt without collateral (at average interest rates of 2.4% at 2009 and 2.4% at 2008	100	150	1,018
Lease obligations	190	–	1,934
Current portion (excluding lease obligations)	(1,489)	(2,763)	(15,158)
Current portion of lease obligations	(44)	–	(447)
Deposits from employees	1,674	1,872	17,041
	¥3,944	¥ 4,152	$ 40,150

The aggregate annual maturities of long-term debt subsequent to March 31, 2009 are summarized as follows:

Year ending March 31,	*(Millions of yen)*	*(Thousands of U.S. dollars)*
2010	¥1,489	$15,158
2011	926	9,426
2012	856	8,714
2013 and thereafter	340	3,461
	¥3,613	$36,781

The aggregate annual maturities of lease obligations subsequent to March 31, 2009 are summarized as follows:

Year ending March 31,	*(Millions of yen)*	*(Thousands of U.S. dollars)*
2010	¥ 44	$ 447
2011	42	427
2012	29	295
2013 and thereafter	73	743
	¥190	$1,934

12. Retirement Benefit Plans

The Company and its consolidated subsidiaries have lump-sum retirement benefit plans covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service and the conditions under which termination occurs.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets at March 31, 2009 and 2008 for the Company's and the consolidated subsidiaries' defined benefit plans:

	As of March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Retirement benefit obligation	¥(30,457)	¥(34,391)	$(310,058)
Plan assets at fair value	364	399	3,705
Unfunded retirement benefit obligation	(30,092)	(33,991)	(306,342)
Unrecognized net retirement benefit obligation at transition	11,901	13,891	121,154
Unrecognized actuarial loss	2,301	1,886	23,424
Unrecognized prior service cost	221	283	2,249
Net retirement benefit obligation	(15,669)	(17,930)	(159,513)
Prepaid pension cost	21	56	213
Accrued retirement benefits	¥(15,690)	¥(17,987)	$(159,727)

The components of retirement benefit expenses for the years ended March 31, 2009 and 2008 are outlined as follows:

	Years ended March 31,		
	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Service cost	¥1,421	¥1,492	$14,466
Interest cost	821	857	8,357
Expected return on plan assets	(2)	(4)	(20)
Amortization of net retirement benefit obligation at transition	1,989	1,996	20,248
Amortization of actuarial loss	381	380	3,878
Amortization of prior service cost	62	61	631
Total retirement benefit expenses	¥4,675	¥4,783	$47,592

Additions to the above retirement benefit expenses, special retirement benefits and outplacement expenses related to a voluntary retirement scheme amounted to ¥557 million ($5,670 thousand) for the year ended March 31, 2009.

The principal assumptions used for the above plans were as follows:

	2009	2008
Discount rate	Principally 2.5%	Principally 2.5%
Expected rate of return on plan assets	2.0%	2.0%
Amortization period for prior service cost	Principally 11 years	Principally 11 years
Amortization period for actuarial differences	Principally 11 years	Principally 11 years
Period for recognition of net retirement benefit obligation at transition	Principally 15 years	Principally 15 years

13. Income Taxes

The significant components of deferred tax assets and liabilities at March 31, 2009 and 2008 were as follows:

	As of March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Deferred tax assets:			
Tax loss carryforwards	¥ 89,446	¥ 101,621	$ 910,577
Accrued retirement benefits	6,382	7,303	64,969
Allowance for bad debts	4,140	2,559	42,145
Accrued expenses	–	1,671	–
Reserve for defects on completed construction projects	601	745	6,118
Other	3,202	2,463	32,596
Gross deferred tax assets	103,773	116,363	1,056,428
Valuation allowance	(98,788)	(109,471)	(1,005,680)
Total deferred tax assets	4,984	6,891	50,738
Deferred tax liabilities:			
Unrealized holding gain on securities	(1)	(375)	(10)
Other	(23)	(18)	(234)
Total deferred tax liabilities	(24)	(393)	(244)
Net deferred tax assets	¥ 4,960	¥ 6,498	$ 50,493

The following table summarizes the significant differences between the statutory tax rate and the effective tax rate at March 31, 2008:

	As of March 31, 2008
Statutory tax rate	40.7%
Non-deductible expenses	523.0
Non-taxable income	(204.9)
Per capita inhabitants' taxes	(25.8)
Valuation allowance	2,404.3
Adjustments related to consolidation	(19.5)
Adjustment on prior-year income taxes	(17.3)
Differences in tax rates with consolidated subsidiaries	(98.9)
Other	(1.0)
Effective tax rate	2,600.6%

A reconciliation of the statutory and effective tax rates for the year ended March 31, 2009 has been omitted because a net loss for the year then ended was recorded.

14. Contingent Liabilities

At March 31, 2009 and 2008, the Company and consolidated subsidiaries were contingently liable for the following:

	As of March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars)*
As guarantors of bank loans to customers, unconsolidated subsidiaries, an affiliate and employees	¥3,920	¥5,119	$39,906
As endorsers of notes receivable discounted with banks	–	816	–
As endorsers of notes receivable endorsed to vendors	40	2,170	407
Assignment of receivables	–	4,462	–

15. Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2009 and 2008 were as follows:

	As of March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Cash and deposits	¥25,296	¥28,602	$257,518
Time deposits with maturities of over three months	(1,301)	(2,094)	(13,244)
Cash and cash equivalents	¥23,995	¥26,508	$244,273

16. Leases

The following *pro forma* amounts represent the acquisition costs, accumulated depreciation / amortization and net book value of the leased property as of March 31, 2009 and 2008, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

a) As lessee:

(1) Finance leases (of which commencement dates were prior to the initial year of application of change in accounting method)

	2009			2008		
	Machinery, equipment and vehicles	Intangible fixed assets	Total	Machinery, equipment and vehicles	Intangible fixed assets	Total
	(Millions of yen)					
Acquisition costs	¥1,032	¥268	¥1,300	¥1,318	¥383	¥1,702
Accumulated depreciation / amortization	459	157	617	520	200	720
Net book value	¥ 572	¥111	¥ 683	¥ 798	¥183	¥ 982

	2009		
	Machinery, equipment and vehicles	Intangible fixed assets	Total
	(Thousands of U.S. dollars)		
Acquisition costs	$10,505	$2,728	$13,234
Accumulated depreciation / amortization	4,672	1,598	6,281
Net book value	$ 5,823	$1,130	$ 6,953

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Future minimum payments:			
Within one year	¥201	¥ 296	$2,046
Over one year	506	708	5,151
	¥708	¥1,004	$7,207
Lease payments	¥326	¥ 352	$3,318
Depreciation / amortization equivalents	288	310	2,931
Interest expense equivalents	36	33	366

Depreciation / amortization equivalents are computed by the straight-line method over the respective lease terms with a residual value of zero.

The difference between total lease expenses and acquisition costs of the leased assets comprise interest equivalents. Interest equivalents are computed by the interest method over the respective lease terms.

a) As lessee (continued):

(2) Operating leases

	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Future minimum payments:			
Within one year	¥14	¥16	$142
Over one year	21	32	213
	¥35	¥49	$356

b) As lessor:

(1) Finance leases (of which the commencement dates prior to the initial year of application of change in accounting method)

	As of March 31,		
	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
	Machinery and equipment		
Acquisition costs	¥51	¥80	$519
Accumulated depreciation / amortization	32	47	325
Net book value	¥19	¥32	$193

	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Future minimum payments:			
Within one year	¥10	¥15	$101
Over one year	13	24	132
	¥24	¥39	$244

Future minimum payments are computed by the interest-inclusive method, since the balance of future minimum payments accounts for a minimal portion of trade accounts at the end of fiscal year.

	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Lease payments	¥15	¥22	$152
Depreciation / amortization	12	18	122

17. Related Party Transactions

Transactions with affiliates for the year ended March 31, 2009 are summarized as follows:

	Year ended March 31, 2009					
	Capital contribution of the related party	Number of voting shares held as a percentage of voting shares issued	Nature of transaction	Total amount of transaction	Balance sheet account	Balance at the year end
			(Millions of yen)			
Affiliated company:						
Yoshiikikaku Co., Ltd. (Real estate business)	¥10	30.0%	Guarantee of bank loan	¥2,903	Long-term non-operation accounts receivable	¥630

	Year ended March 31, 2009					
	Capital contribution of the related party	Number of voting shares held as a percentage of voting shares issued	Nature of transaction	Total amount of transaction	Balance sheet account	Balance at the year end
			(Thousands of U.S. dollars)			
Affiliated company:						
Yoshiikikaku Co., Ltd. (Real estate business)	$101	30.0%	Guarantee of bank loan	$29,553	Long-term non-operation accounts receivable	$6,413

(Additional information)

Effective the year ended March 31, 2009, the Company has adopted "Accounting Standard for Related Party Disclosures" (ASBJ Statement No. 11 issued on October 17, 2006), and "Guidance on Accounting Standard for Related Party Disclosures" (ASBJ Guidance No. 13 issued on October 17, 2006). There were no changes to the scope of disclosure for related party transactions as a result of the adoption of this standard.

18. Selling, General and Administrative Expenses

The significant components of selling, general and administrative expenses at March 31, 2009 and 2008 were as follows:

	Years ended March 31,		
	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Salaries and wages	¥ 8,009	¥ 9,165	$ 81,533
Retirement benefit expenses	1,349	1,417	13,733
Rent	2,154	2,159	21,928
Other	7,120	8,187	72,482
Total	¥18,634	¥20,930	$189,697

Research and development costs included in selling, general and administrative expenses and manufacturing costs amounted to ¥1,144 million ($11,646 thousand) and ¥1,269 million for the years ended March 31, 2009 and 2008, respectively.

19. Special Retirement Benefits

Special retirement benefits and outplacement expenses were due to the implementation of the voluntary retirement scheme in the year ended March 31, 2009.

20. Per Share Information

Net assets and basic net loss per share as of and for the years ended March 31, 2009 and 2008 were as follows:

	2009	2008	2009
	(Yen)		*(U.S. dollars)*
Net assets per share	¥(62.79)	¥(41.87)	$(0.639)
Net loss per share – basic	(18.86)	(13.19)	(0.191)

Diluted net income per share is not presented for the years ended March 31, 2009 and 2008 due to the fact that a net loss was recorded.

The basis of calculation for net assets per share at March 31, 2009 and 2008 was as follows:

	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Total net assets	¥ 16,936	¥ 23,270	$ 172,411
Amounts deducted from total net assets	34,183	34,611	347,989
[Including paid-in amounts for shares of preferred stock]	[31,826]	[32,356]	[323,994]
[Including minority interests]	[2,356]	[2,254]	[23,984]
Total net assets for common stock	¥(17,246)	¥(11,340)	$(175,567)
	(Thousands of shares)		
Number of shares of common stock used to determine net assets per share	274,685	270,865	

The basis for calculating basic net loss per share for the years ended March 31, 2009 and 2008 was as follows:

	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Net income per share – basic:			
Net loss	¥(5,147)	¥(2,646)	$(52,397)
Amount not available to common shareholders	–	–	–
Net loss per share – basic	¥(5,147)	¥(2,646)	$(52,397)
	(Thousands of shares)		
Average number of shares of common stock outstanding	272,908	200,598	

21. Subsequent Event

The Board of Directors, at a meeting held on May 15, 2009, approved a resolution for the reduction of the Company's capital stock and earned reserve, and the appropriation of additional paid-in capital. The annual general meeting of the shareholders, held on June 26, 2009, approved the resolution. The details of the resolution were as follows:

a) Purpose of the reduction

In order to offset the Company's retained deficit, resulting from a loss for the year ended March 31, 2009 and to maintain flexibility with regard to the use of capital, the capital stock and earned reserve will be reduced in accordance with Item 1 of Article 447 and Item 1 of Article 448 of the Corporation Law of Japan.

b) Reduction of capital stock and earned reserve

(1) Amount of capital stock to be transferred to other additional paid-in capital

¥4,855 million

(2) Amount of earned reserve to be transferred to earned surplus carried forward

¥109 million

As a result of this reduction, the amounts of capital stock and earned reserve will be ¥12,003 million and zero, respectively.

c) Appropriation of other additional paid-in capital

(1) Amount of other additional paid-in capital (¥4,855 million noted b) above) to be transferred to offset earned deficit carried forward

¥4,253 million

Following this appropriation, the amount of other additional paid-in capital will be ¥602 million.

d) Effective date

July 31, 2009

Ernst & Young

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Report of Independent Auditors

The Board of Directors
Sumitomo Mitsui Construction Co., Ltd.

We have audited the accompanying consolidated balance sheets of Sumitomo Mitsui Construction Co., Ltd. and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations, 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 Sumitomo Mitsui Construction Co., Ltd. and consolidated subsidiaries at March 31, 2009 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.

Supplementary Information

As disclosed in Note 21, the Board of Directors, at a meeting held on May 15, 2009, approved a resolution for the reduction of the Company's capital stock and earned reserve, and the appropriation of additional paid-in capital. The annual general meeting of the shareholders, held on June 26, 2009, approved the resolution.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 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 3.

Ernst & Young ShinNihon LLC

June 26, 2009

Non-Consolidated Financial Statements

Sumitomo Mitsui Construction Co., Ltd.

Years ended March 31, 2009 and 2008
with Report of Independent Auditors

Non-Consolidated Balance Sheets

March 31, 2009

	As of March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 2)*
Assets			
Current assets:			
Cash and deposits *(Note 7)*	¥ 16,964	¥ 20,116	$ 172,696
Notes receivable *(Note 7)*	3,428	2,949	34,897
Accounts receivable on completed contracts *(Note 7)*	105,863	184,907	1,077,705
Securities	–	100	–
Short-term loans receivable	7,989	7,714	81,329
Inventories *(Note 6)*	24,654	23,319	250,982
Deferred tax assets *(Note 9)*	2,000	5,200	20,360
Accounts receivable, other	3,247	4,944	33,055
Advance payments	9,259	15,513	94,258
Other current assets *(Note 7)*	4,863	4,330	49,506
Less allowance for doubtful receivables	(5,110)	(6,116)	(52,020)
Total current assets	173,160	262,981	1,762,801
Non-current assets:			
Property and equipment, at cost:			
Land *(Note 7)*	5,349	5,349	54,453
Buildings *(Note 7)*	4,341	4,880	44,192
Structures *(Note 7)*	703	780	7,156
Machinery and equipment	3,451	3,515	35,131
Vehicles	149	133	1,516
Tools, furniture and fixtures	3,612	3,735	36,770
Construction in progress	12	–	122
Accumulated depreciation	(10,021)	(10,451)	(102,015)
Property and equipment, net	7,599	7,944	77,359
Intangible fixed assets	1,674	1,311	17,041
Investments and other assets:			
Investments in securities *(Note 7)*	4,121	6,585	41,952
Investments in subsidiaries and affiliates *(Notes 5 and 7)*	6,909	7,388	70,334
Long-term loans receivable	6,631	7,890	67,504
Long-term loans to employees	1,038	1,032	10,567
Claims provable in bankruptcy and other	8,692	8,720	88,486
Long-term prepaid expenses	54	63	549
Deferred tax assets *(Note 9)*	2,500	929	25,450
Long-term non-operating accounts receivable	40,375	37,669	411,025
Other	7,149	7,376	72,778
Less allowance for doubtful receivables	(55,022)	(53,194)	(560,134)
Total investments and other assets	22,452	24,461	228,565
Total non-current assets	31,725	33,717	322,966
Total assets	¥204,886	¥296,698	$2,085,778

	As of March 31,		
	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 2)*
Liabilities and net assets			
Current liabilities:			
Short-term bank loans and current potion of long-term debt *(Notes 7 and 8)*	¥ 4,180	¥ 24,400	$ 42,553
Trade notes payable	49,774	76,831	506,708
Accounts payable on completed contracts	72,154	111,174	734,541
Accounts payable, other	4,953	2,401	50,422
Accrued expenses	1,447	4,285	14,730
Income taxes payable	198	112	2,015
Consumption taxes payable	5,891	4,796	59,971
Advances received on contracts in progress	27,140	23,001	276,290
Deposits received	7,888	7,961	80,301
Reserve for defects on completed construction projects	1,442	1,798	14,679
Allowance for losses on construction contracts	448	1,113	4,560
Other current liabilities	1,706	1,873	17,367
Total current liabilities	177,227	259,749	1,804,204
Long-term liabilities:			
Long-term debt *(Notes 7 and 8)*	1,660	1,729	16,899
Accrued retirement benefits	13,890	16,418	141,402
Other long-term liabilities	104	17	1,058
Total long-term liabilities	15,655	18,165	159,370
Contingent liabilities *(Note 10)*			
Net assets:			
Shareholders' equity:			
Capital stock:	16,859	16,859	171,627
Common stock:			
Authorized:			
2,669,464,970 shares in 2009 and 2008			
Issued and outstanding:			
275,097,086 shares in 2009 and 271,242,956 shares in 2008			
Preferred stock:			
Authorized:			
26,894,644 shares in 2009 and 2008			
Issued and outstanding:			
16,330,600 shares in 2009 and 17,238,700 shares in 2008			
Retained earnings (deficit):			
Earned reserve	109	109	1,109
Earned (deficit) surplus carried forward	(4,362)	1,480	(44,405)
Total retained earnings (deficit)	(4,253)	1,589	(43,296)
Less treasury stock, at cost: 411,183 shares in 2009 and 377,598 shares in 2008	(240)	(240)	(2,443)
Total shareholders' equity	12,365	18,207	125,878
Valuation, translation adjustments and other:			
Unrealized holding (loss) gain on securities	(361)	575	(3,675)
Total valuation, translation adjustments and other	(361)	575	(3,675)
Total net assets	12,003	18,783	122,192
Total liabilities and net assets	¥204,886	¥296,698	$2,085,778

See accompanying notes to non-consolidated financial statements.

	Years ended March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 2)*
Net sales:			
Completed construction	¥327,258	¥423,282	$3,331,548
Cost of sales:			
Completed construction	310,849	405,947	3,164,501
Gross profit	16,409	17,335	167,046
Selling, general and administrative expenses *(Note 13)*	14,498	16,502	147,592
Operating income	1,910	833	19,444
Other income (expenses):			
Interest and dividend income	829	984	8,439
Payments received from insurance claims	170	270	1,730
Interest expense	(1,476)	(1,325)	(15,025)
Exchange loss, net	(188)	–	(1,913)
Provision for doubtful receivables	(3,246)	(514)	(33,044)
Gain on sales of property and equipment	74	89	753
Surcharge duties	–	(296)	–
Loss on out-of-court settlements	–	(399)	–
Gain on sales of investments in securities	394	62	4,010
Loss on devaluation of investments in subsidiaries and affiliates	(502)	(907)	(5,110)
Gain on prior-period adjustment	447	414	4,550
Special retirement benefits *(Note 14)*	(557)	–	(5,670)
Other, net	(1,710)	(619)	(17,408)
	(5,764)	(2,241)	(58,678)
Loss before income taxes	(3,853)	(1,408)	(39,224)
Income taxes *(Note 9)*:			
Current	(14)	(83)	(142)
Deferred	2,000	2,000	20,360
	1,985	1,917	20,207
Net loss	¥ (5,839)	¥ (3,325)	$ (59,442)
	(Yen)		*(U.S. dollars) (Note 2)*
Net loss per share – basic *(Note 15)*	¥(21.40)	¥(16.58)	$(0.217)

See accompanying notes to non-consolidated financial statements.

	Years ended March 31,		
	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Shareholders' equity			
Capital stock:			
Balance at the end of previous period	¥16,859	¥16,859	$171,627
Changes in items during the period			
Total changes in items during the period	–	–	–
Balance at the end of the period	16,859	16,859	171,627
Retained earnings (deficit):			
Earned reserve:			
Balance at the end of previous period	109	–	1,109
Changes in items during the period			
Transfer from earned surplus carried forward to earned reserve	–	109	–
Total changes in items during the period	–	109	–
Balance at the end of the period	109	109	1,109
Earned (deficit) surplus carried forward:			
Balance at the end of previous period	1,480	6,012	15,066
Changes in items during the period			
Cash dividends paid	–	(1,095)	–
Transfer from earned surplus carried forward to earned reserve	–	(109)	–
Net loss	(5,839)	(3,325)	(59,442)
Disposition of treasury stock	(2)	(1)	(20)
Total changes in items during the period	(5,842)	(4,532)	(59,472)
Balance at the end of the period	(4,362)	1,480	(44,405)
Total retained earnings (deficit):			
Balance at the end of previous period	1,589	6,012	16,176
Changes in items during the period			
Cash dividends paid	–	(1,095)	–
Transfer from earned surplus carried forward to earned reserve	–	–	–
Net loss	(5,839)	(3,325)	(59,442)
Disposition of treasury stock	(2)	(1)	(20)
Total changes in items during the period	(5,842)	(4,422)	(59,472)
Balance at the end of the period	(4,253)	1,589	(43,296)
Treasury stock, at cost:			
Balance at the end of previous period	(240)	(236)	(2,443)
Changes in items during the period			
Purchases of treasury stock	(2)	(6)	(20)
Disposition of treasury stock	3	2	30
Total changes in items during the period	0	(4)	0
Balance at the end of the period	(240)	(240)	(2,443)

Non-Consolidated Statements of Changes In Net Assets

March 31, 2009

	Years ended March 31,		
	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Total shareholders' equity:			
Balance at the end of previous period	18,207	22,635	185,350
Changes in items during the period			
Cash dividends paid	–	(1,095)	–
Transfer from earned surplus carried forward to earned reserve	–	–	–
Net loss	(5,839)	(3,325)	(59,442)
Purchases of treasury stock	(2)	(6)	(20)
Disposition of treasury stock	0	0	0
Total changes in items during the period	(5,842)	(4,427)	(59,472)
Balance at the end of the period	12,365	18,207	125,878
Valuation, translation adjustments and other			
Unrealized holding gain on securities:			
Balance at the end of previous period	575	1,226	5,853
Changes in items during the period			
Net changes in items other than shareholders' equity	(937)	(650)	(9,538)
Total changes in items during the period	(937)	(650)	(9,538)
Balance at the end of the period	(361)	575	(3,675)
Total net assets			
Balance at the end of previous period	18,783	23,861	191,214
Changes in items during the period			
Cash dividends paid	–	(1,095)	–
Transfer from earned surplus carried forward to earned reserve	–	–	–
Net loss	(5,839)	(3,325)	(59,442)
Purchases of treasury stock	(2)	(6)	(20)
Disposition of treasury stock	0	0	0
Net changes in items other than shareholders' equity	(937)	(650)	(9,538)
Total changes in items during the period	(6,779)	(5,077)	(69,011)
Balance at the end of the period	¥12,003	¥18,783	$122,192

1. Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying non-consolidated financial statements of Sumitomo Mitsui Construction Co., Ltd. (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.

Certain reclassifications have been made to present the accompanying financial statements in a format which is familiar to readers outside Japan. In addition, certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

As permitted, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

(b) Recognition of Revenues and Related Costs on Construction

Net sales on construction of the Company which cover a construction period longer than 12 months are, in principle, recognized by the percentage-of-completion method based on the ratio of costs incurred to total estimated costs, except for net sales on long-term contracts which total less than ¥500 million. Net sales on such contracts amounted to ¥225,903 million ($2,299,742 thousand) and ¥298,052 million for the years ended March 31, 2009 and 2008, respectively.

(c) Securities and Investments in Subsidiaries and Affiliates

The accounting standard for financial instruments requires that securities be classified into three categories: trading, held-to-maturity or other securities. Under this standard, trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities for which market prices are determinable are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method. Investments in subsidiaries and affiliates are stated at cost determined by the moving average method.

(d) Inventories

Inventories other than materials and supplies are stated at cost determined by the specific identification method. Materials and supplies are valued at cost determined by the average method. Book values are written down based on any decline in profitability.

(Changes in accounting policy)

Previously, inventories were stated primarily at cost. Effective the year ended March 31, 2009, the Company has adopted "Accounting Standards for Measurement of Inventories" (Accounting Standards Board of Japan (ASBJ) Statement No. 9 issued on July 5, 2006. The effect of this adoption has only minor impact on non-consolidated statements of operations.

(e) Depreciation and Amortization

(1) Property and equipment (except leased assets)

Depreciation of property and equipment (except leased assets) is determined by the declining-balance method except that the straight-line method is applied to office buildings acquired on or after April 1, 1998.

(Additional information)

With an amendment to the Corporation Tax Law, effective the year ended March 31, 2009, the Company has applied useful lives in light of the amended Corporation Tax Law. The effect of this adoption has only a minor impact on the non-consolidated statements of operations for the year ended March 31, 2009.

(2) Intangible fixed assets (except lease assets) and long-term prepaid expenses

Amortization of intangible fixed assets (except lease assets) and long-term prepaid expenses is calculated by the straight-line method based on the estimated useful lives of the respective assets as prescribed in the Corporation Tax Law of Japan. Amortization of computer software for internal use is calculated by the straight-line method over the estimated useful lives of 5 years.

(3) Leases assets

Depreciation of leased assets under finance leases other than those that transfer the ownership of the leased assets to the lessees is calculated by the straight-line method over the lease term with a residual value of zero.

Finance leases other than those that transfer the ownership of the leased assets to the lessees, whose commencement dates are on or before March 31, 2008, continue to be accounted for in a similar manner as operating leases. *See Note 3.*

(f) Allowance for Doubtful Receivables

The allowance for doubtful receivables is provided for future losses on general receivables at an amount calculated by applying the percentage of actual losses on collection experienced in the past, and an uncollectible amount for doubtful receivables estimated based on an individual assessment of each receivable and probability of collection.

(g) Advances Received on Contracts in Progress

As is customary in Japan, the Company receives payments from customers on an installment basis in accordance with the terms of the respective construction contracts.

(h) Reserve for Defects on Completed Construction Projects

A reserve has been provided at an estimated amount for the fiscal year's sales proceeds in order to cover the liability for future costs of defects of the completed construction projects.

(i) Allowance for Losses on Construction Contracts

An allowance has been provided based on the estimated amount for the future losses on construction projects in progress at the fiscal year end which are anticipated to be substantial losses in the future.

(j) Employees' Retirement Benefits

Accrued retirement benefits for employees are provided principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets, as adjusted for the unrecognized net retirement benefit obligation at transition, unrecognized actuarial gain or loss and unrecognized prior service cost.

(k) Income Taxes

Deferred tax assets and liabilities are determined based on the differences between the amounts calculated for financial reporting purposes and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

The Company files a tax return under the consolidated corporate-tax system effective the year ended March 31, 2008.

(l) Consumption Taxes

Consumption taxes are accounted for by the tax exclusion method.

2. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at ¥98.23 = U.S.$1.00, the approximate rate of exchange prevailing on March 31, 2009. This translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at that or any other rate.

3. Changes in Accounting Methods

Finance leases other than those that transfer the ownership of the leased property to the lessees had previously been accounted for in a similar manner as operating leases. However, effective the year ended March 31, 2009, the Company has adopted “Accounting Standards for Lease Transactions” (ASBJ Statement No. 13 issued on June 17, 1993 with and the final revision issued on March 30, 2007) and “Guidance on Accounting Standard for Lease Transaction” (ASBJ Guidance No. 16 issued on January 18, 1994 with and the final revision issued on March 30, 2007).

The effect of this adoption has no impact on the non-consolidated statements of operations for the year ended March 31, 2009.

Finance leases other than those that transfer the ownership of leased assets to the lessees, of which commencement dates are on or before March 31, 2008, are accounted for in a similar manner as operating leases.

In accordance with an amendment to the Corporation Tax Law, effective the year ended March 31, 2008, the Company has changed its method of accounting for depreciation of property and equipment acquired on or after April 1, 2007 to that outlined under the amended Corporation Tax Law. As a result, operating income decreased by ¥11 million and loss before income taxes increased by ¥11 million for the year ended March 31, 2008 as compared to the corresponding amounts which would have been recorded under the previous method.

In addition, in accordance with an amendment to the Corporation Tax Law, effective the year ended March 31, 2008, the residual value of property and equipment acquired before April 1, 2007 is depreciated over a period of 5 years using the straight-line method beginning the year following the fiscal year in which the depreciable limits of such property and equipment are reached. As a result, operating income decreased by ¥61 million and loss before income taxes increased by ¥61 million for the year ended March 31, 2008 as compared to the corresponding amounts which would have been recorded under the previous method.

4. Non-Consolidated Statements of Changes in Net Assets

Type and number of treasury stocks are as follows:

	Balance at March 31, 2008	Increase	Decrease	Balance at March 31, 2009
		(Number of shares)		
Treasury shares:				
Common stock	377,598	38,827	5,242	411,183
1st Series preferred stock	–	870,000	870,000	–
3rd Series Class D preferred stock	–	38,100	38,100	–
Total	377,598	946,927	913,342	411,183

5. Securities

At March 31, 2009 and 2008, stocks of a subsidiary for which market prices were available are summarized as follows:

	2009					
	Carrying value	Fair value	Unrealized loss	Carrying value	Fair value	Unrealized loss
	(Millions of yen)			*(Thousands of U.S. dollars)*		
Stocks of a subsidiary	¥717	¥637	¥(79)	$7,299	$6,484	$(804)

	2008		
	Carrying value	Fair value	Unrealized gain
	(Millions of yen)		
Stocks of a subsidiary	¥717	¥717	–

6. Inventories

The components of inventories as of March 31, 2009 were as follows:

	As of March 31, 2009	
	(Millions of yen)	*(Thousands of U.S. dollars)*
Costs on uncompleted construction contracts	¥24,517	$249,587
Real estate for sale	137	1,394
	¥24,654	$250,982

7. Pledged Assets

The following assets were pledged at March 31, 2009 and 2008 principally as collateral for short-term bank loans, long-term debt and guarantees (such as guarantees for the completion of construction contracts):

	As of March 31,		
	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Cash and deposits	¥ 5	¥ 245	$ 50
Notes receivable	1,269	1,563	12,918
Accounts receivable on completed contracts	–	18,400	–
Other current assets	117	414	1,191
Land	5,209	5,209	53,028
Buildings, net of accumulated depreciation	416	538	4,234
Structures, net of accumulated depreciation	46	59	468
Investments in securities	1,601	3,812	16,298
Investments in subsidiaries and affiliates	358	766	3,644
	¥9,024	¥31,010	$91,866

The secured liabilities as of March 31, 2009 and 2008 are summarized as follows:

	As of March 31,		
	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Short-term bank loans	¥2,855	¥22,900	$29,064
[Including current portion of long-term debt]	[1,402]	[2,677]	[14,272]
Long-term debt	1,660	1,729	16,899

8. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans generally represent notes, principally at average interest rates of 2.1% and 2.8% at March 31, 2009 and 2008, respectively.

Long-term debt at March 31, 2009 and 2008 is summarized as follows:

	As of March 31,		
	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Debt with collateral (at average interest rates of 2.7% at 2009 and 2.7% at 2008)	¥ 3,062	¥ 4,406	$ 31,171
Less current portion	(1,402)	(2,677)	(14,272)
	¥ 1,660	¥ 1,729	$ 16,899

9. Income Taxes

The significant components of the Company's deferred tax assets and liabilities at March 31, 2009 and 2008 were as follows:

	As of March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Deferred tax assets:			
Tax loss carryforwards	¥ 86,979	¥ 99,270	$ 885,462
Accrued retirement benefits	5,653	6,682	57,548
Allowance for bad debts	5,241	3,380	53,354
Accrued expenses	–	1,487	–
Loss on devaluation of investments in subsidiaries and affiliates	1,110	915	11,300
Reserve for defects on completed construction projects	586	731	5,965
Other	2,121	1,969	21,592
Gross deferred tax assets	101,693	114,436	1,035,253
Valuation allowance	(97,193)	(107,936)	(989,443)
Total deferred tax assets	4,500	6,500	45,810
Deferred tax liabilities:			
Unrealized holding gain on securities	–	(371)	–
Total deferred tax liabilities	–	(371)	–
Net deferred tax assets	¥ 4,500	¥ 6,129	$ 45,810

The significant differences between the statutory tax rate and the effective tax rate:

A reconciliation of the statutory and effective tax rates for the year ended March 31, 2009 and 2008 have been omitted because a net loss for the year then ended was recorded.

10. Contingent Liabilities

At March 31, 2009 and 2008, the Company was contingently liable for the following:

	As of March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars)*
As guarantor of bank loans to customers, subsidiaries, an affiliate and employees	¥6,050	¥8,352	$61,590
As endorser of notes receivable discounted with banks	–	747	–
As endorser of notes receivable endorsed to vendors	–	2,065	–
As endorser of non-operating notes receivable endorsed to vendors	15	97	152
Assignment of receivables	–	4,462	–

11. Leases

The following *pro forma* amounts represent the acquisition costs, accumulated depreciation / amortization and net book value of the leased property as of March 31, 2009 and 2008, which would have been reflected in the non-consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

a) As lessee:

(1) Finance leases (of which commencement dates were prior to the initial year of application of change in accounting method)

	2009				2008			
	Vehicles	Tools, furniture and fixtures	Intangible fixed assets	Total	Vehicles	Tools, furniture and fixtures	Intangible fixed assets	Total
	(Millions of yen)							
Acquisition costs	¥10	¥217	¥247	¥475	¥27	¥288	¥359	¥675
Accumulated depreciation / amortization	5	119	143	267	15	133	188	337
Net book value	¥ 5	¥ 98	¥103	¥207	¥11	¥155	¥171	¥338

	2009			
	Vehicles	Tools, furniture and fixtures	Intangible fixed assets	Total
	(Thousands of U.S. dollars)			
Acquisition costs	$101	$2,209	$2,514	$4,835
Accumulated depreciation / amortization	50	1,211	1,455	2,718
Net book value	$ 50	$ 997	$1,048	$2,107

	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Future minimum payments:			
Within one year	¥ 90	¥128	$ 916
Over one year	126	220	1,282
	¥217	¥349	$2,209
Lease payments	¥138	¥167	$1,404
Depreciation / amortization equivalents	126	152	1,282
Interest expense equivalents	11	13	111

Depreciation / amortization equivalents are computed by the straight-line method over the respective lease terms with a residual value of zero.

The difference between total lease expenses and acquisition costs of the leased assets comprise interest equivalents. Interest equivalents are computed by the interest method over the respective lease terms.

a) As lessee (continued):

(2) Operating leases

	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Future minimum payments:			
Within one year	¥2	¥2	$20
Over one year	2	4	20
	¥4	¥7	$40

12. Transactions and Outstanding Balances with Subsidiaries and Affiliates

Significant transactions with subsidiaries and affiliates other than individually presented on the accompanying non-consolidated statements of operations for the years ended 2009 and 2008 were as follows:

	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Interest and dividend income	¥635	¥250	$6,464

Significant outstanding balances for subsidiaries and affiliates other than individually presented on the accompanying non-consolidated balance sheets at March 31, 2009 and 2008 were as follows:

	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Short-term loans receivable	¥ 7,979	¥ 7,681	$ 81,227
Trade notes payable	947	1,156	9,640
Accounts payable on completed contracts	18,695	20,501	190,318

13. Selling, General and Administrative Expenses

The significant components of selling, general and administrative expenses at March 31, 2009 and 2008 were as follows:

	Years ended March 31,		
	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Salaries and wages	¥ 6,230	¥ 7,273	$ 63,422
Retirement benefit expenses	1,193	1,285	12,144
Rent	1,878	1,863	19,118
Other	5,197	6,079	52,906
Total	¥14,498	¥16,502	$147,592

Research and development costs included in selling, general and administrative expenses and manufacturing costs amounted to ¥1,052 million ($10,709 thousand) and ¥1,197 million for the years ended March 31, 2009 and 2008, respectively.

14. Special Retirement Benefits

Special retirement benefits and outplacement expenses were due to the implementation of the voluntary retirement scheme in the year ended March 31, 2009.

15. Per Share Information

Net assets and basic net loss per share as of and for the years ended March 31, 2009 and 2008 were as follows:

	2009	**2008**	**2009**
	(Yen)		*(U.S. dollars)*
Net assets per share	¥(72.16)	¥(50.11)	$(0.734)
Net loss per share – basic	(21.40)	(16.58)	(0.217)

Diluted net income per share is not presented for the years ended March 31, 2009 and 2008 due to the fact that a net loss was recorded.

The basis of calculation for net assets per share at March 31, 2009 and 2008 was as follows:

	2009	**2008**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Total net assets	¥ 12,003	¥ 18,783	$ 122,192
Amounts deducted from total net assets	31,826	32,356	323,994
[Including paid-in amounts for shares of preferred stock]	[31,826]	[32,356]	[323,994]
Total net assets for common stock	¥(19,822)	¥(13,573)	$(201,791)
	(Thousands of shares)		
Number of shares of common stock used to determine net assets per share	274,685	270,865	

The basis for calculating basic net loss per share for the years ended March 31, 2009 and 2008 was as follows:

	2009	2008	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Net income per share – basic:			
Net loss	¥(5,839)	¥(3,325)	$(59,442)
Amount not available to common shareholders	–	–	–
Net loss per share – basic	¥(5,839)	¥(3,325)	$(59,442)
	(Thousands of shares)		
Average number of share of common stock outstanding	272,908	200,598	

16. Subsequent Event

The Board of Directors, at a meeting held on May 15, 2009, approved a resolution for the reduction of the Company's capital stock and earned reserve, and the appropriation of additional paid-in capital. The annual general meeting of the shareholders, held on June 26, 2009, approved the resolution. The details of the resolution were as follows:

a) Purpose of the reduction

In order to offset the Company's retained deficit, resulting from a loss for the year ended March 31, 2009 and to maintain flexibility with regard to the use of capital, the capital stock and earned reserve will be reduced in accordance with Item 1 of Article 447 and Item 1 of Article 448 of the Corporation Law of Japan.

b) Reduction of capital stock and earned reserve

(1) Amount of capital stock to be transferred to other additional paid-in capital

¥4,855 million

(2) Amount of earned reserve to be transferred to earned surplus carried forward

¥109 million

As a result of this reduction, the amounts of capital stock and earned reserve will be ¥12,003 million and zero, respectively.

c) Appropriation of other additional paid-in capital

(1) Amount of other additional paid-in capital (¥4,855 million noted b) above) to be transferred to offset earned deficit carried forward

¥4,253 million

Following this appropriation, the amount of other additional paid-in capital will be ¥602 million.

d) Effective date

July 31, 2009

ERNST & YOUNG

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Report of Independent Auditors

The Board of Directors
Sumitomo Mitsui Construction Co., Ltd.

We have audited the accompanying non-consolidated balance sheets of Sumitomo Mitsui Construction Co., Ltd. as of March 31, 2009 and 2008, and the related non-consolidated statements of operations, 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 non-consolidated financial position of Sumitomo Mitsui Construction Co., Ltd. at March 31, 2009 and 2008, and the non-consolidated results of its operations for the years then ended in conformity with accounting principles generally accepted in Japan.

Supplementary Information

As disclosed in Note 16, the Board of Directors, at a meeting held on May 15, 2009, approved a resolution for the reduction of the Company's capital stock and earned reserve, and the appropriation of additional paid-in capital. The annual general meeting of the shareholders, held on June 26, 2009, approved the resolution.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2009 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 2.

Ernst & Young ShinNihon LLC

June 26, 2009

CORPORATE OUTLINE

Corporate Name:
Sumitomo Mitsui Construction Co.,Ltd.

Established:
October 14,1941

Permission:
(Special-18)No.200, Specified Constructor, granted by the Minister of Land, Infrastructure and Transport

License:
(14)No.1, Housing, Land and Building Dealer, granted by the Minister of Land, Infrastructure and Transport

Main Scope of Business:
1) To plan, design, supervise, contrant and / or undertake civil engineering, architectural, prestressed concrete, electrical, piping and other construction works

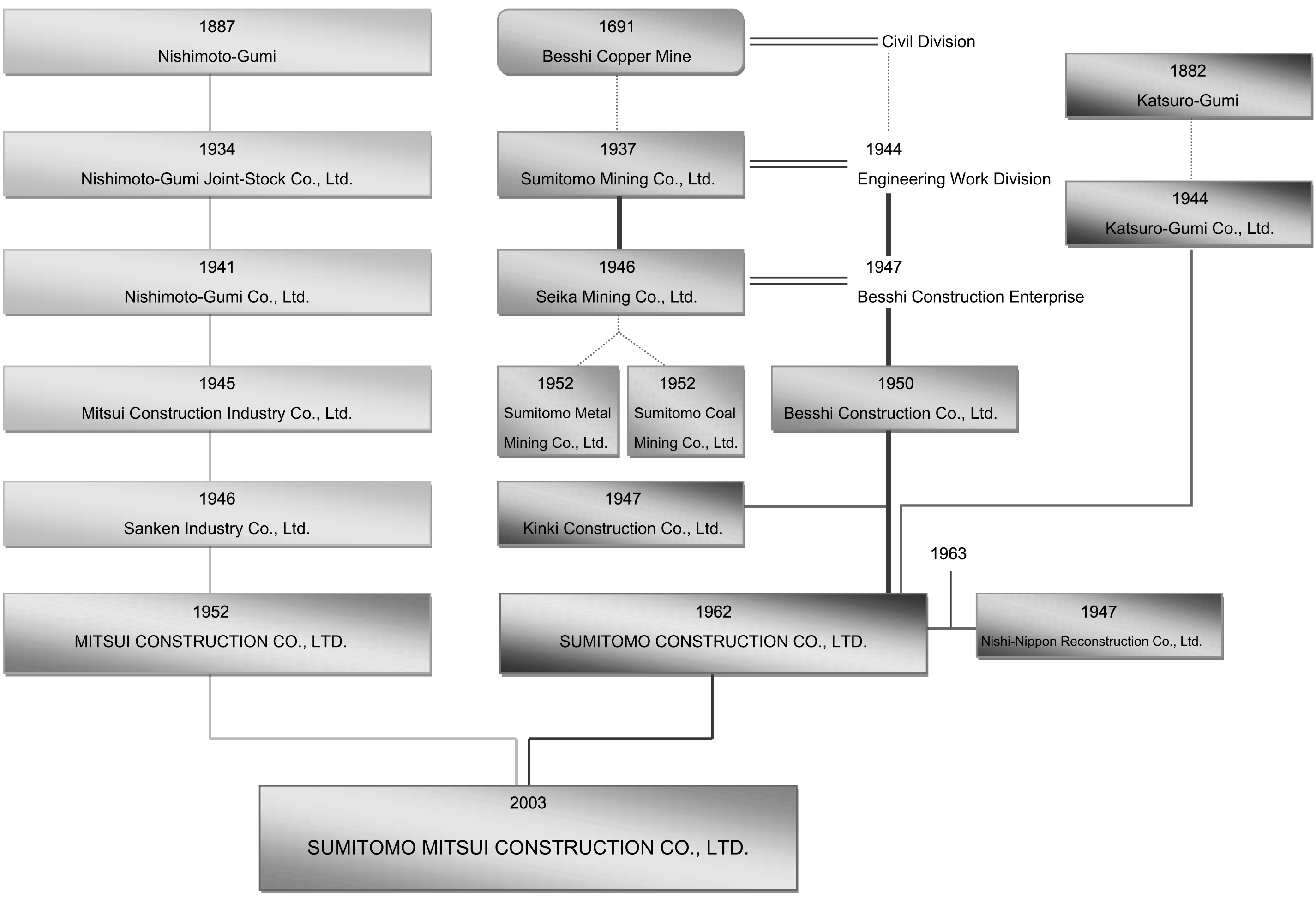
2) To plan, design and supervise marine development, regional development, urban development, natural resource development and environment maintenance

3) To manufacture, sell and lease materials for civil and building works, prestressed concrete products, seismic isolating device, seismic damping device, and other machinery and instruments

Main Banks
Sumitomo Mitsui Banking Corporation
Sumitomo Trust & Banking Co.,Ltd.
Mitsui Life Insurance Co.,Ltd.
Mitsui Sumitomo Insurance Co.,Ltd.
Sumitomo Life Insurance Company
The Chuo Mitsui Trust and Banking Co.,Ltd.

Main Shareholders
Daiwa Securities SMBC Principal Investments Co. Ltd.
Isao Nasu
Mitsui Fudosan Co.,Ltd.
Japan Trustee Services Bank,Ltd.
Mitsui Sumitomo Insurance Co.,Ltd.
Sumitomo Mitsui Banking Corporation

Corporate History



CORPORATE DATA

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