奥村組
OKUMURA CORPORATION

Okumura Corporation **Annual Report 2009**

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OKUMURA CORPORATION

Okumura was established in 1907 based on two key principles enshrined in the corporate mottos "steadfast management" and "sincere operation." The steady growth achieved over the years has been made possible through the unflagging support of our customers.

Okumura's main business activities include construction projects for houses, public facilities, medical facilities, and office buildings. In the area of civil engineering are projects such as railways, roads, power station facilities, sewage and water works, and others. The Company has developed technology at the highest level, with achievements including the seismic isolation system used to construct Japan's first earthquake-absorbing building. In the area of environment-related technology, Okumura has developed techniques for 100% recycling of demolished concrete, and natural greening of concrete surfaces on buildings.

Okumura understands what an important mission it is to provide a better environment for the future. Accordingly, the Company is dedicated to contributing to meaningful social infrastructure investment and to always being a corporation regarded highly by society. It will achieve this by continuing to develop as an all-around construction company based on steadfast business management.

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Disclaimer Regarding Forecasts and Projections

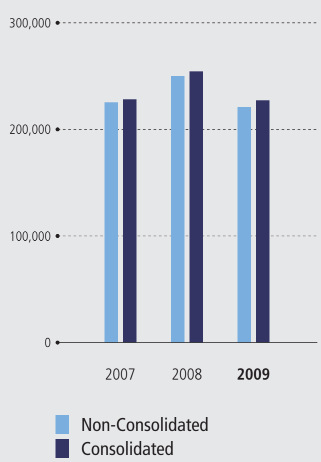
This Annual Report includes forecasts, projections and other predictive statements that represent Okumura's assumptions and expectations in light of currently available information. These forecasts, etc., are based on industry trends, circumstances involving clients and other factors, and involve risks, variables and uncertainties. The Okumura Group's actual performance results may differ from those projected in this Annual Report. Consequently, no guarantee is presented or implied as to the accuracy of specific forecasts, projections or predictive statements contained herein.

Financial Highlights

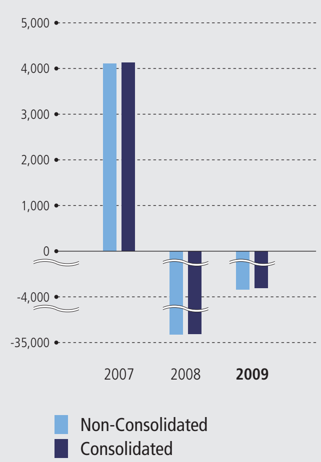
For the years ended March 31	2007	2008	**2009**	**2009**
Consolidated:		Millions of yen		Thousands of U.S. dollars
Net sales	¥227,770	¥254,090	**¥226,974**	**$2,309,928**
Operating income (loss)	1,416	(14,618)	**4,399**	**44,770**
Net income (loss)	4,124	(32,476)	**(3,406)**	**(34,659)**
Total assets	415,647	332,711	**293,677**	**2,988,777**
Total equity	182,903	128,820	**115,155**	**1,171,945**
Per share:		Yen		U.S. dollars
Basic net income (loss)	¥20.51	¥(162.32)	**¥(17.03)**	**$(0.17)**
Non-Consolidated:		Millions of yen		Thousands of U.S. dollars
Net sales	¥225,217	¥249,844	**¥220,760**	**$2,246,695**
Operating income (loss)	1,534	(14,631)	**4,310**	**43,868**
Net income (loss)	4,115	(32,515)	**(3,800)**	**(38,672)**
Total assets	412,259	328,082	**288,492**	**2,936,008**
Total equity	179,494	127,006	**113,034**	**1,150,360**
Per share:		Yen		U.S. dollars
Basic net income (loss)	¥20.47	¥(162.51)	**¥(19.00)**	**$(0.19)**

Note: The U.S. dollar amounts included herein are presented solely for convenience of the reader. Such dollar amounts have been translated from yen at the approximate exchange rate in Tokyo on March 31, 2009, of ¥98=U.S.$1.

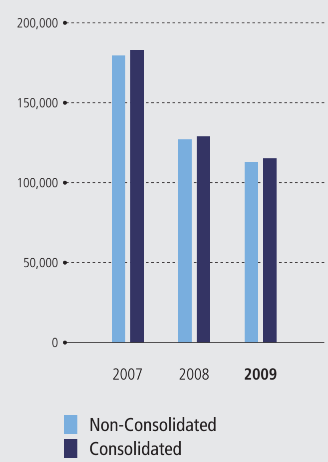
Net Sales
(Millions of Yen)



Net Income
(Millions of Yen)



Total Equity
(Millions of Yen)



We would like to thank our shareholders for their continuing support and encouragement, and we wish each of them the greatest success in their own range of endeavors.

A general overview of business performance for the period to March 2009 (April 1, 2008 to March 31, 2009) is provided in the following sections.

Fiscal 2009 Results

During the period under review, Japan's economy plunged deeply into a recession in the midst of global financial instability. The construction industry was hit hard by the effects, which included a sharp decline in private-sector demand, and found itself forced to operate in an increasingly difficult business environment.

In these circumstances, the Company's consolidated net sales fell 10.7% year on year, to ¥226,974 million, but consolidated gross profit rose significantly to ¥21,820 million due to improved construction profitability and other. Combined with consolidated operating income of ¥4,399 million, the Company's results exceeded the targets set forth for Year 1 in its Five-Year Medium-Term Business Plan, which went into force in April 2008.

Nevertheless, the Company recorded extraordinary losses composed of the additional portion of special severance pay provided in conjunction with its early retirement program carried out in May and June 2008 amounting to ¥4,152 million, impairment losses on investment securities amounting to ¥2,730 million and a loss of ¥3,274 million due to cancelled development projects and other, which resulted in a net loss of ¥3,406 million.

Despite the posting of regrettable business results for two consecutive years, the Company remained committed to its basic corporate policy regarding profit sharing and paid a regular dividend of ¥9.00 per share for the period under review.

Looking Ahead and Key Strategies

It is expected that Japan's economy will be buoyed eventually by the government's economic measures, but the sluggishness in domestic demand and export demand is likely to remain for the foreseeable future. The construction industry will be forced to maneuver through an uncertain business environment.

To overcome these difficult conditions, the Okumura Group, guided by its Five-Year Medium-Term Business Plan, will remain committed to the selective order-taking approach and move ahead with structural reform. The reform includes streamlining to facilitate the Company's transformation into a business with a highly profitable structure and achieve higher managerial efficiency, while maintaining a healthy financial position, with goals of ordinary income and consolidated ordinary income exceeding ¥6,000 million and ¥6,500 million, respectively.

In civil engineering operations, our specific actions will include further encouragement of targeted cost reductions, a selective approach to focused projects based on proprietary technologies and past works executed, and initiatives to develop greater organi-

zational readiness for bidding procedures including comprehensive evaluation and to boost the accuracy of cost estimation. All of these actions aim to enhance the Company's price competitiveness and strengthen the engineering solutions delivered to clients.

In construction operations, where persistent price competition is a key factor in the bidding process and clients' needs are diversifying, the Company will seek to avoid competition based purely on price factors by adopting a selective bidding approach that places utmost priority on project profitability for each intended use category of buildings. Efforts parallel to this will seek to boost the rate of design and construction projects that fully leverage Okumura's strengths and unique added value, including technologies for advanced seismic isolation, high-rise buildings and acoustic simulation. In addition, the Company is stepping up activities to develop a centralized management structure for VE/CD proposals with the goal of improving profitability.

The environment surrounding real estate operations is expected to remain difficult, and a positive turnaround in business is unlikely in the short term. However, the Company will engage in leasing activities as opportunities emerge by maximizing the potential use of company-held properties to secure stable profitability.

In the area of the Company's organization, attempts to improve the earnings structure are being made primarily through cost reductions, which consist of adjusting workforce to match the business scale and downsizing of the organizational/management structure to achieve higher efficiency. As part of these efforts, the Company underwent a key organizational change in October 2008 with the launch of a dual branch structure—East Japan Branch and West Japan Branch—in addition to offering early retirement described earlier.

For the future, Okumura will apply all of its resources with the aim of responding quickly and flexibly to shifting trends and the changing operating environment, and thereby build a strong business foundation in accordance with its corporate philosophy, which has endured through the many years since the Company's foundation. This will enable Okumura to maintain the trust and confidence of its shareholders.

In all its efforts, the Company looks forward to the continued support and patronage of its shareholders.

June 2009

T. Okumura

Takanori Okumura
President and Representative Director

Major Projects Completed

BUILDINGS

Mallage Shobu Shopping Mall

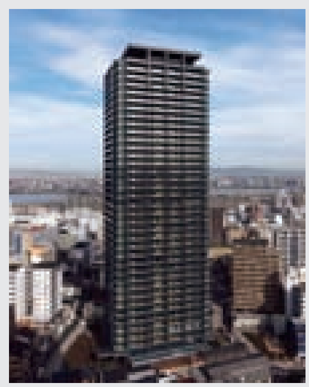
Work period: October 2007 to November 2008
Structure: Steel
Total floor area: 139,879.17m^2

Suncity Palace Tsukaguchi

Work period: May 2006 to September 2008
Structure: RC, partially steel structure
Total floor area: 65,667.62m^2

MARUZEN SHOWA UNYU: Sagamihara Distribution Center

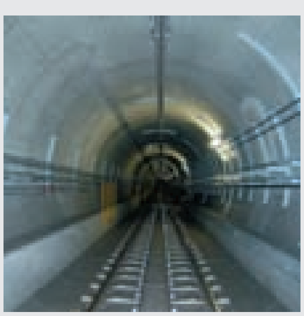
Work period: April 2008 to December 2008
Structure: Steel
Total floor area: 16,760.49m^2



City Tower Osaka Fukushima

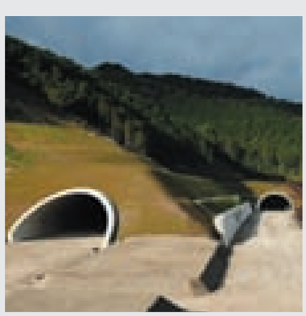
Work period: October 2006 to March 2009
Structure: RC, partially steel structure
Total floor area: 36,951.69m^2

CIVIL ENGINEERING



Yokohama Subway Line 4: Joyama Section

Work period: March 2002 to November 2008
Single-line parallel shield method
Outer diameter of the shield: 5,380mm
Total length: 2,257m



The Second Tomei Expressway: Kanaya Tunnel East Construction Work

Work period: March 1997 to December 2008
Total construction length: 2,450m
Earthwork length: 336m
Total tunnel length: 4,054m
(inbound: 1,940m; outbound: 2,114m)
Cross-section: 190m^2

Nishi Osaka Extension Line Construction Work: First Construction Zone

Work period: June 2003 to March 2009
Total length: 1,351m
Viaduct length: 656m
U-type retaining wall length: 210m
Open cut tunnel length: 485m

Orders Received

BUILDINGS

KOMORI Corporation: Tsukuba Factory

Work period: August 2008 to December 2009
Structure: Steel
Total floor area: 25,242.72m^2

Chaya-machi East Area: Type I Urban District Redevelopment Project

Work period: December 2008 to June 2011
8 buildings
Structure: RC, partially SRC applied
Total floor area: 35,865.92m^2

Abeno A1 District: Type II Urban District Redevelopment Project A1-2 Block

Work period: January 2009 to December 2011
Structure: RC
Total floor area: 26,010.58m^2

Matsue City New Waste Processing Facility

Work period: July 2008 to March 2011
Waste incineration plant: S, SRC, RC structure
Total floor area: 14,553.3m^2
Administration building and others: 4 buildings

CIVIL ENGINEERING

Kisei Expressway: Tayama Section

Work period: July 2008 to June 2011
Work length: 1,395m (earthwork 672m, bridge 723m)
Earthwork:
Excavation: 464,000m^3, Substructure: 21,700m^3, Soft ground stabilization: 49,000m^3
Bridge:
Bridge abutment x 10, Bridge pier x 13, Deep foundation pile: 2.5m x 2 (L=16m), 8.0m x 3 (L=52m), 8.5m x 4 (L=29m), Cast in place pile: 1,200mm x 77 (L=1,511m)

Sako District: Landslide Prevention Work

Work period: August 2008 to February 2011
Drilling: 19,040m^3, Loading berm (cement-treated soil) =125,000m^3
Anchor work (18.0 to 56.5m) x 123 piles, Fiber-mixed shotcrete: 3,121m^2
Cast in place work for flow channel: 4,222m^3

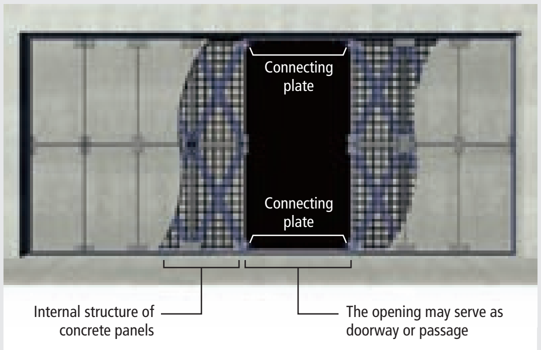
National Highway Route 47: Sagoshi District Substructual Work

Work period: June 2008 to May 2009
Reinforced concrete bridge pier construction work
Steel sheet pile groundwork
Steel sheet pile
P6 (1200mm t=14 L=44.5-45.5m) x72
P7 (1200mm t=14 L=44.5-45.5m) x72
P8 (1200mm t=14 L=44.5-45.5m) x72
Top panel concrete work: 1,080m^3
Pier construction work (P6/P7/P8)
H-shape steel installation: 50 plates
Pier-case assembly and installation: 1,199m^2
Concrete: 1,312m^3
Reinforced bar: 44.43t

Sagami Reservoir: Dredging Work of Sediment Deposition

Work period: June 2008 to March 2009
Dredging work: 205,000m^3
Temporary soil for base: 205,000m^3
Sediment removal: 110,000m^3

❶ Vertical screw press machine



❷ PCa concrete panels with built-In steel-plate braces

❶ Horizontal screw press machine

❸ Former residence of Naoya Shiga

❸ Gate to the former residence

❶ First Expanded Application of Okumura's Continuous Slurry Dewatering System to the Slurry Shield Method

Okumura devised a new application for its continuous slurry dewatering system, which was developed to dredge and dewater sedimentary soil in reservoirs. The system is now available for use in the secondary slurry processing plant for the slurry shield method. The expanded application was adapted for the project of sewage conduits for the Neyagawa basin's additional and supplementary trunk lines at the south of the airport (Phase III), which Okumura contracted with the Osaka Prefectural Government's Eastern Basin Sewage Bureau. The project has succeeded in demonstrating the system's suitability for processing of slurry materials that contain ultrafine particles produced in the process of shield construction.

Compared with the filter press machines typically employed in secondary sludge processing plants, screw press machines (vertical and horizontal types) used for the system offer advantages such as (1) smaller space required for the installation, (2) manpower-saving and lower costs due to continuous operating capabilities, and (3) higher quality and reduced volume of dewatered soil.

❷ The Method Using PCa Concrete Panels with Built-In Steel-Plate Braces Is Certified by the General Building Research Corporation of Japan for Building Technological Performance

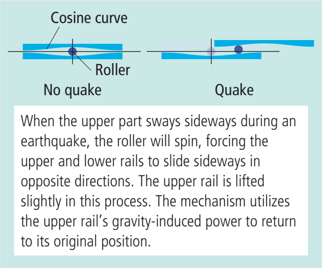
The retrofit method to boost earthquake resistance using PCa concrete panels with built-in steel-plate braces for existing RC and SRC buildings has been enhanced further with the development of a new version featuring an opening, which may serve as a passage and others, on the earthquake-resistant wall to be retrofitted. For the new version, Okumura obtained a certificate of building technology from the General Building Research Corporation of Japan on September 2, 2008.

The method does not require use of anchors to connect the earthquake-resistant wall to the existing frame, and it entails less noise, vibration and dust. Accordingly, it is ideal for quake-resistant retrofitting carried out while a building remains in operation. The new development, which allows greater flexibility in design, has effectively expanded the range of solutions Okumura can provide to clients for antiseismic reinforcement, whose demand is expected to grow in the future.

❸ Restoration Work on the Residence of Renowned Author Naoya Shiga

The residence of the celebrated Japanese writer Naoya Shiga located in the city of Nara's Takabatakecho district has been restored to its original state by Okumura. Shiga (1883–1971), a renowned novelist and short-story writer whose major works included "A Dark Night's Passing" and "At Kinosaki," lived in the house during the early years of the Showa Period. Given responsibility for the restoration work as well as its design, Okumura worked together with specialists and painstakingly noted every detail requiring repair or restoration work by observing photos of the house taken in earlier years, to ensure faithful restoration to the original form. Currently, all rooms on the second floor of the house are open to the public, including Shiga's study, where it is believed A Dark Night's Passing was written.

❹ The Second Tomei Expressway Kanaya Tunnel



❺ Mechanism of the cosine rail bearing

❺ Mizunoko Shima Lighthouse (Oita Prefecture)

❺ Seismic isolation device for Class 3 lighthouse lens

❻ Exterior of the Kumano Kodo Center (corridor section)

❻ Exterior of the Kumano Kodo Center (night view)

❹ Okumura Was Awarded 2007 JSCE AWARD in Three Categories: The Outstanding Civil Engineering Achievement Award, the Thesis Award and the Technical Service Award

On May 30, 2008, Okumura was presented with 2007 Japan Society of Civil Engineers (JSCE) Prizes in three categories and commended at the society's annual meeting. The construction work by Okumura at the Second Tomei Expressway Kanaya Tunnel was cited for the Outstanding Civil Engineering Achievement Award, while the experimental study on the pile-head joint using steel pipes received the Thesis Award. In addition, our civil engineer received the Technical Service Award.

Awards were presented in recognition of the following:

JSCE Outstanding Civil Engineering Achievement Award (Group I)
Excavation of vehicular tunnels of extra-long distance and extra-large cross-sectional area through a mountain noted for fragile ground conditions at the Second Tomei Expressway Kanaya Tunnel.

JSCE Thesis Award
Experimental study concerning the pile-head joint using steel pipes.

JSCE Technical Service Award
The Technical Service Award was presented in the category of "construction and inspection." Other categories are "education, research and awareness elevation," "surveying and planning," "design and supervision," "sites and compensation," and "management, operation, disaster prevention and maintenance."

❺ Okumura Receives the Japan Society of Seismic Isolation Award in Recognition of Its Contribution to the Development and Penetration of Seismic Isolation Technology

The seismic isolation device for lighthouse lenses developed and commercialized by Okumura was selected by the Japan Society of Seismic Isolation (JSSI) for its 9th JSSI Technology Prize. The award was presented to Okumura during the society's general meeting on May 29, 2008.

This prize-winning seismic isolation device for lighthouse lenses has been in use at 37 lighthouses across Japan. The award was presented in recognition of the many positive results the device has produced on the strength of the superb seismic isolation property of its cosine rail bearing (please see the diagram shown above), following a series of improvements and enhancements carried out by Okumura to overcome the technically demanding locational constraints, as well as the social contribution to maritime safety and the preservation of historic lighthouse structures.

❻ The Kumano Kodo Center Receives BCS Award from the Building Contractors Society

The Kumano Kodo Center of Mie Prefecture, a building constructed by Okumura, received the 49th annual BCS Award.

In making the award, the Building Contractors Society noted, "Composed of columns and beams made of locally produced Owase *hinoki* (Japanese cypress) in combination with others, the building is so designed to perfectly blend itself into its natural surroundings; at the same time, it makes visitors inside the building feel as if they were outside immersing themselves in the complete serenity of the ancient pilgrimage road."

Consolidated Balance Sheets

Okumura Corporation and Consolidated Subsidiaries
As of March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2009**	2008	**2009**
Current assets:			
Cash and cash equivalents	**¥ 30,811**	¥ 21,445	**$ 313,569**
Time deposits	**2,007**	224	**20,426**
Marketable securities (Note 3)	**122**	3,803	**1,238**
Receivables:			
Trade notes	**5,790**	7,631	**58,929**
Trade accounts	**57,404**	78,360	**584,205**
Unconsolidated subsidiaries and associated companies	**1,214**	19	**12,354**
Other	**14,469**	14,648	**147,254**
Allowance for doubtful receivables	**(4,316)**	(4,634)	**(43,926)**
Inventories (Note 4)	**116,044**	116,374	**1,180,993**
Prepaid expenses and other	**983**	2,399	**9,998**
Total current assets	**224,528**	240,269	**2,285,040**
Property, plant and equipment (Note 5):			
Land	**16,680**	16,229	**169,752**
Buildings and structures	**15,577**	15,266	**158,531**
Machinery and equipment	**4,046**	5,481	**41,173**
Furniture and fixtures	**2,240**	2,524	**22,799**
Lease assets	**9**	—	**90**
Construction in progress	**752**	328	**7,655**
Total	**39,304**	39,828	**400,000**
Accumulated depreciation	**(15,183)**	(16,610)	**(154,518)**
Net property, plant and equipment	**24,121**	23,218	**245,482**
Investments and other assets:			
Investment securities (Notes 3 and 11)	**41,443**	63,127	**421,771**
Investments in and advances to unconsolidated subsidiaries and associated companies	**793**	577	**8,067**
Long-term receivables	**1,988**	2,185	**20,229**
Other assets	**2,259**	3,497	**22,991**
Allowance for doubtful receivables	**(1,455)**	(162)	**(14,803)**
Total investments and other assets	**45,028**	69,224	**458,255**
Total	**¥293,677**	¥332,711	**$2,988,777**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 1) 2009
Current liabilities:			
Short-term bank loans including current portion of long-term debt (Note 5)	**¥ 9,498**	¥ 10,995	**$ 96,662**
Payables:			
Trade notes	**11,642**	12,100	**118,487**
Trade accounts	**63,596**	74,814	**647,220**
Other	**222**	407	**2,257**
Advances received on construction projects in progress	**60,769**	68,172	**618,455**
Income taxes payable	**241**	148	**2,448**
Allowance for warranty work on construction projects	**457**	632	**4,647**
Allowance for losses on construction contracts	**5,133**	6,905	**52,237**
Other	**12,807**	10,265	**130,341**
Total current liabilities	**164,365**	184,438	**1,672,754**
Long-term liabilities:			
Long-term debt (Note 5)	**266**	405	**2,704**
Liability for retirement benefits (Note 6)	**5,639**	5,525	**57,386**
Deferred tax liabilities (Note 8)	**6,937**	11,908	**70,597**
Negative goodwill	**1,134**	1,418	**11,544**
Other	**181**	197	**1,847**
Total long-term liabilities	**14,157**	19,453	**144,078**
Total liabilities	**178,522**	203,891	**1,816,832**
Commitments and contingent liabilities (Note 11)			
Equity (Notes 7 and 12)**:**			
Common stock			
authorized, 480,376,000 shares; issued, 228,326,133 shares	**19,839**	19,839	**201,903**
Capital surplus	**25,327**	25,329	**257,762**
Retained earnings	**73,347**	78,553	**746,462**
Unrealized gain on available-for-sale securities	**8,959**	17,360	**91,167**
Treasury stock—at cost			
28,451,549 shares in 2009 and 28,308,113 shares in 2008	**(12,317)**	(12,261)	**(125,349)**
Total equity	**115,155**	128,820	**1,171,945**
Total	**¥293,677**	¥332,711	**$2,988,777**

Consolidated Statements of Operations

Okumura Corporation and Consolidated Subsidiaries
For the year ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Net sales	**¥226,974**	¥254,090	**$2,309,928**
Cost of sales	**205,154**	247,103	**2,087,869**
Gross profit	**21,820**	6,987	**222,059**
Selling, general and administrative expenses	**17,421**	21,605	**177,289**
Operating income (loss)	**4,399**	(14,618)	**44,770**
Other income (expenses):			
Interest and dividend income	**1,520**	1,507	**15,467**
Interest expense	**(192)**	(217)	**(1,955)**
Amortization of negative goodwill	**284**	—	**2,886**
Gain on sales of property, plant and equipment	**418**	800	**4,254**
Loss on disposal of property, plant and equipment	**(109)**	(393)	**(1,107)**
Impairment losses on investment securities	**(2,730)**	(1,711)	**(27,779)**
Extra payments for early retirement	**(4,152)**	—	**(42,259)**
Write down of real estate and other	**(3,274)**	—	**(33,324)**
Other—net	**646**	492	**6,582**
Other income (expenses)—net	**(7,589)**	478	**(77,235)**
Loss before income taxes and minority interests	**(3,190)**	(14,140)	**(32,465)**
Income taxes (Note 8)**:**			
Current	**121**	213	**1,227**
Refund of income taxes for prior periods	**—**	(200)	**—**
Deferred	**95**	18,427	**967**
Total income taxes	**216**	18,440	**2,194**
Minority interests in net income	**—**	(104)	**—**
Net loss	**¥ (3,406)**	¥ (32,476)	**$ (34,659)**

Per share of common stock (Note 12)**:**	Yen		U.S. dollars (Note 1)
Basic net loss	**¥ (17.03)**	¥(162.32)	**$(0.17)**
Cash dividends applicable to the year	**9.00**	9.00	**0.09**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Okumura Corporation and Consolidated Subsidiaries
For the year ended March 31, 2009 and 2008

	Thousands								Millions of yen
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Unrealized gain on available for-sale securities	Treasury stock	Total	Minority interests	Total equity
BALANCE, MARCH31, 2007	200,161	¥19,839	¥25,328	¥115,033	¥33,268	¥(12,172)	¥181,296	¥1,607	¥182,903
Net loss	—	—	—	(32,476)	—	—	(32,476)	—	(32,476)
Cash dividends, ¥20 per share	—	—	—	(4,004)	—	—	(4,004)	—	(4,004)
Purchase of treasury stock	(150)	—	—	—	—	(92)	(92)	—	(92)
Disposal of treasury stock	7	—	1	—	—	3	4	—	4
Net change in the year	—	—	—	—	(15,908)	—	(15,908)	(1,607)	(17,515)
BALANCE, MARCH 31, 2008	200,018	¥19,839	¥25,329	¥78,553	¥17,360	¥(12,261)	¥128,820	¥ —	¥128,820
Net loss	**—**	**—**	**—**	**(3,406)**	**—**	**—**	**(3,406)**	**—**	**(3,406)**
Cash dividends, ¥9 per share	**—**	**—**	**—**	**(1,800)**	**—**	**—**	**(1,800)**	**—**	**(1,800)**
Purchase of treasury stock	**(178)**	**—**	**—**	**—**	**—**	**(71)**	**(71)**	**—**	**(71)**
Disposal of treasury stock	**35**	**—**	**(2)**	**—**	**—**	**15**	**13**	**—**	**13**
Net change in the year	**—**	**—**	**—**	**—**	**(8,401)**	**—**	**(8,401)**	**—**	**(8,401)**
BALANCE, MARCH 31, 2009	**199,875**	**¥19,839**	**¥25,327**	**¥73,347**	**¥ 8,959**	**¥(12,317)**	**¥115,155**	**¥ —**	**¥115,155**

								Thousands of U.S. dollars (Note 1)
	Common stock	Capital surplus	Retained earnings	Unrealized gain on available for-sale securities	Treasury stock	Total	Minority interests	Total equity
BALANCE, MARCH 31, 2008	$201,903	$257,779	$799,441	$176,668	$(124,779)	$1,311,012	$ —	$1,311,012
Net loss	**—**	**—**	**(34,659)**	**—**	**—**	**(34,659)**	**—**	**(34,659)**
Cash dividends, $0.09 per share	**—**	**—**	**(18,320)**	**—**	**—**	**(18,320)**	**—**	**(18,320)**
Purchase of treasury stock	**—**	**—**	**—**	**—**	**(725)**	**(725)**	**—**	**(725)**
Disposal of treasury stock	**—**	**(17)**	**—**	**—**	**155**	**138**	**—**	**138**
Net change in the year	**—**	**—**	**—**	**(85,501)**	**—**	**(85,501)**	**—**	**(85,501)**
BALANCE, MARCH 31, 2009	**$201,903**	**$257,762**	**$746,462**	**$91,167**	**$(125,349)**	**$1,171,945**	**$ —**	**$1,171,945**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Okumura Corporation and Consolidated Subsidiaries
For the year ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Cash flows from operating activities:			
Loss before income taxes and minority interests	**¥(3,190)**	¥(14,140)	**$(32,465)**
Adjustments for:			
Income taxes—paid	**(158)**	(423)	**(1,607)**
Depreciation and amortization	**944**	936	**9,606**
Amortization of negative goodwill	**(284)**	—	**(2,886)**
Provision for doubtful receivables	**991**	912	**10,084**
Loss on disposal of property, plant and equipment	**109**	177	**1,107**
Gain on sales of property, plant and equipment	**(418)**	(800)	**(4,254)**
Impairment losses on marketable and investment securities	**2,793**	1,711	**28,422**
Extra payments for early retirement	**4,152**	—	**42,259**
Write down of real estate and other	**3,274**	—	**33,324**
Changes in assets and liabilities:			
Decrease (increase) in trade notes and accounts receivable	**20,739**	(15,368)	**211,056**
Decrease (increase) in accumulated costs of construction projects in progress	**(946)**	17,904	**(9,628)**
Increase in other inventories	**(1,858)**	(4,735)	**(18,912)**
Increase (decrease) in trade notes and accounts payable	**(11,550)**	3,685	**(117,546)**
Decrease in advances received on uncompleted contracts	**(7,403)**	(10,964)	**(75,337)**
Increase (decrease) in liability for retirement benefits	**114**	(1,003)	**1,154**
Other—net	**(2,365)**	(3,982)	**(24,064)**
Total adjustments	**8,134**	(11,950)	**82,778**
Net cash used in operating activities	**4,944**	(26,090)	**50,313**
Cash flows from investing activities:			
Net decrease in time deposits	**215**	9,860	**2,203**
Payments for purchases of securities	**(276)**	(1,071)	**(2,810)**
Proceeds from sales of securities	**9,353**	4,928	**95,189**
Purchases of property, plant and equipment	**(1,972)**	(2,444)	**(20,074)**
Proceeds from sales of property, plant and equipment	**518**	1,015	**5,268**
Investment in loans receivable	**(288)**	(159)	**(2,933)**
Collection of loans receivable	**258**	150	**2,625**
Other—net	**81**	1,089	**821**
Net cash provided by investing activities	**7,889**	13,368	**80,289**
Cash flows from financing activities:			
Decrease in short-term bank loans—net	**(1,319)**	(1,194)	**(13,421)**
Repayments of long-term debt	**(158)**	(99)	**(1,607)**
Purchase of treasury stock	**(71)**	(92)	**(725)**
Disposal of treasury stock	**14**	4	**138**
Dividends paid	**(1,804)**	(3,994)	**(18,356)**
Dividends paid to minority shareholders	**—**	(9)	**—**
Other	**(1)**	—	**(13)**
Net cash used in financing activities	**(3,339)**	(5,384)	**(33,984)**
Foreign currency translation adjustments on cash and cash equivalents	**(128)**	(86)	**(1,300)**
Net increase (decrease) in cash and cash equivalents	**9,366**	(18,192)	**95,318**
Cash and cash equivalents, beginning of year	**21,445**	39,637	**218,251**
Cash and cash equivalents, end of year	**¥30,811**	¥21,445	**$313,569**

See notes to consolidated financial statements.

1. Basis of Presenting Consolidated Financial Statements
The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2008 financial statements to conform to the classifications used in 2009.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Okumura Corporation (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥98 to $1, the approximate rate of exchange at March 31, 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of Significant Accounting Policies
a. Consolidation — The consolidated financial statements as of March 31, 2009 and 2008 include the accounts of the Company and its 2 significant subsidiaries (together, the "Group") ·

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in 6 unconsolidated subsidiaries and 2 associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The differences between the cost of investments and the fair value of net assets of consolidated subsidiaries and associated companies at the date of acquisition are amortized on a straight-line basis over 5 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. Cash Equivalents — Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits and certificate of deposits, all of which mature or become due within 3 months of the date of acquisition.

c. Inventories — Construction projects in progress are stated at cost determined by the specific identification method.

Real estate held for sale and development projects in progress are stated at the lower of cost determined by specific identification method or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses.

d. Marketable and Investment Securities — Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:
i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost and ii) available-for-sale securities, which are not classified as the held-to-maturity, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

Equities of limited liability partnerships for investment purpose and of other similar partnerships (defined as "securities" by Section 2 of Article 2 of the Financial Instruments and Exchange Act) are valued at the equivalent net equity based on the recently available financial statements of the partnerships corresponding to the reporting dates of the financial statements defined by the partnership agreements.

e. Property, Plant and Equipment — Property, plant and equipment are stated at cost. Depreciation is computed by the declining-balance method based on the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired after April 1, 1998 and lease assets. The range of useful lives is principally from 3 to 60 years for buildings and structures, from 4 to 17 years for machinery and equipment, and from 2 to 20 years for furniture and fixtures. The useful lives for lease assets are the terms of the respective leases.

f. Long-lived assets — The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

g. Allowance for Doubtful Receivables — The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.

h. Allowance for Warranty Work on Construction Projects — The allowance for warranty costs for completed work is provided at the amount of warranty costs based on past rate expenses.

i. Allowance for Losses on Construction Contracts — Allowance for losses on construction contracts is provided with respect to construction projects for which eventual losses are reasonably expected and estimated.

j. Employees' Retirement Benefits — The Company has a contributory funded pension plan covering substantially all of their employees.

Liability for retirement benefits for employees is recorded based on the estimated present value of projected benefit obligations and the fair value of the plan assets at the end of the fiscal year.

The unrecognized transition amount which arose from adopting the new standard during the year ended March 31, 2001 has been amortized on a straight-line basis over 15 years, and unrecognized actuarial differences are amortized subsequent to the year in which they arise on a straight-line basis over the period of 10 years which is within the employees' average remaining service years. Unrecognized prior service costs have been amortized on a straight-line over the period of 10 years which is within the employees' average remaining service years.

k. Recognition of Revenues and Related Costs — Revenues from individual construction contracts with construction periods of more than two years and contract amounts in excess of ¥5 billion (US$ 50,885 thousand) are recognized by the percentage-of-completion method.

Revenues from other construction contracts are recognized by the completed-contract method.

The revenues recognized by way of the percentage-of-completion method for the years ended March31, 2009 and 2008 were ¥37,105 million($377,624 thousand) and ¥34,679 million, respectively.

l. Leases — In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that deemed to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and did not transfer ownership of the leased property to the lessee to be accounted for as operating leases transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. The effect of this change on operating income and loss before income taxes and minority interests for the year ended March 31, 2009 was not material.

m. Income Taxes — The provision for income taxes is computed based on the pretax loss included in the consolidated statements of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

n. Per Share Information — Basic net loss per share is computed by dividing net loss available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share is not disclosed because there are no securities with dilutive effect upon exercise or conversion into common stock.

Cash dividends per share presented in the accompanying consolidated statements of operations are dividends applicable to the respective years including dividends to be paid after the end of the year.

o. New Accounting Pronouncements

Construction Contracts — Under the current Japanese GAAP, either the completed-contract method or the percentage-of-completion method is permitted to account for construction contracts. In December 27, 2007, the ASBJ issued a new accounting standard for construction contracts. Under this new accounting standard, the construction revenue and construction costs should be recognized by the percentage-of-completion method, if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for loss on construction contracts. This standard is applicable to construction contracts and software development contracts and effective for fiscal years beginning on or after April 1, 2009 with early adoption permitted for fiscal years beginning on or before March 31, 2009 but after December 27, 2007.

Asset Retirement Obligations — On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No.18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

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3. Marketable and Investment Securities

Marketable and investment securities as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Current:			
Government and corporate bonds	**¥ 1**	¥ 3,602	**$ 10**
Other	**121**	201	**1,228**
Total	**¥ 122**	¥ 3,803	**$ 1,238**
Non-current:			
Marketable equity securities	**¥37,810**	¥55,138	**$384,793**
Government and corporate bonds	**—**	21	**—**
Trust fund investments and other	**3,633**	7,968	**36,978**
Total	**¥41,443**	¥63,127	**$421,771**

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2009 and 2008 were as follows:

	Millions of yen			
March 31, 2009	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Equity securities	¥24,066	¥14,721	¥ 977	¥37,810
Debt securities	2,200	—	155	2,045
March 31, 2008				
Securities classified as:				
Available-for-sale:				
Equity securities	¥27,673	¥28,510	¥1,045	¥55,138
Debt securities	6,700	1	422	6,279
Held-to-maturity	3,602	6	2	3,606

	Thousands of U.S. dollars			
March 31, 2009	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Equity securities	$244,921	$149,817	$9,945	$384,793
Debt securities	22,390	—	1,575	20,815

Available-for-sale securities and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2009 and 2008 were as follows:

	Carrying amount		
	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Available-for-sale:			
Equity securities	**¥1,709**	¥1,890	**$17,391**
Held-to-maturity	**1**	21	**10**
Total	**¥1,710**	¥1,911	**$17,401**

Proceeds from sales of available-for-sale securities for the years ended March 31, 2009 and 2008 were ¥3,742 million ($38,084 thousand) and ¥152 million, respectively.

Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥685 million ($6,976 thousand) and ¥640 million ($6,509 thousand), respectively, for the year ended March 31, 2009 and ¥21 million and nil, respectively, for the year ended March 31, 2008.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars	
	Available for sale	Held to maturity	Available for sale	Held to maturity
Due in one year or less	¥ 121	¥1	$ 1,227	$10
Due after one year through five years	1	—	10	—
Due after five years through ten years	—	—	—	—
Due after ten years	2,045	—	20,815	—
Total	¥2,167	¥1	$22,052	$10

4. Inventories

Inventories at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Construction projects in progress	**¥103,538**	¥102,592	**$1,053,712**
Real estate held for sale	**1,876**	1,573	**19,092**
Development projects in progress	**9,380**	11,383	**95,467**
Other	**1,250**	826	**12,722**
Total	**¥116,044**	¥116,374	**$1,180,993**

5. Short-term Bank Loans and Long-term Debt

Short-term bank loans at March 31, 2009 and 2008 consisted of notes to banks and bank overdrafts. The annual interest rates applicable to the short-term bank loans ranged from 1.475% to 2.060% and 1.373% to 1.875% at March 31, 2009 and 2008, respectively.

Long-term debt at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Loans from banks and other financial institutions, due serially to 2031 with interest rates ranging from 1.23% to 6.40%			
Collateralized	**¥ 74**	¥108	**$ 752**
Unsecured	**209**	333	**2,129**
Obligations under finance leases	**8**	—	**82**
Total	**291**	441	**2,963**
Less current portion	**(25)**	(36)	**(260)**
Long-term debt, less current portion	**¥266**	¥405	**$2,703**

Annual maturities of long-term debt, excluding finance leases (See Note 10) at March 31, 2009, were as follows:

Year Ending March 31	Millions of yen	Thousands of U.S. dollars
2010	¥ 24	$ 240
2011	21	218
2012	21	215
2013	21	211
2014	21	211
2015 and thereafter	175	1,786
Total	¥283	$2,881

The carrying amounts of assets pledged as collateral for the above collateralized long-term debt at March 31, 2009 were as follows:

	Millions of yen	Thousands of U.S. dollars
Property, plant and equipment — net of accumulated depreciation	¥93	$951

As is customary in Japan, the Company maintains substantial deposit balances with banks with which it has borrowings. Such deposit balances are not legally or contractually restricted as to withdrawal.

General agreements with respective banks provide, as is customary in Japan, that additional collateral must be provided under certain circumstances if requested by such banks and that certain banks have the right to offset cash deposited with them against any long-term or short-term debt or obligation that becomes due and, in case of default and certain other specified events, against all other debt payable to the banks. The Company has never been requested to provide any additional collateral.

6. Employees' Retirement Benefits

Most of the employees of the Company are covered by a contributory trusted pension plan.

The Company has lump-sum retirement benefit plans and a cash balance plan (pension plan linked to the market interest rates) based on the Defined Benefit Corporate Pension Law.

The liability for employees' retirement benefits at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Projected benefit obligation	**¥32,208**	¥41,319	**$327,781**
Fair value of plan assets	**(26,822)**	(38,054)	**(272,969)**
Unrecognized actuarial differences	**(268)**	1,875	**(2,727)**
Unrecognized transitional obligation	**330**	385	**3,360**
Unrecognized prior service cost	**191**	—	**1,941**
Net liability	**¥ 5,639**	¥ 5,525	**$ 57,386**

The components of net periodic benefit costs for the years ended March 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Service cost	**¥1,364**	¥1,417	**$13,882**
Interest cost	**826**	872	**8,405**
Expected return on plan assets	**(571)**	(579)	**(5,809)**
Recognized actuarial loss	**(162)**	(325)	**(1,654)**
Amortization of transitional obligation	**(56)**	(55)	**(560)**
Amortization of prior service cost	**(21)**	—	**(216)**
Net periodic benefit costs	**¥1,380**	¥1,330	**$14,048**

Assumptions used for the years ended March 31, 2009 and 2008 are set forth as follows:

	2009	2008
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**1.5%**	1.4%
Amortization of prior service cost	**10 years**	—
Recognition period of actuarial gain / loss	**10 years**	10 years
Amortization period of transitional obligation	**15 years**	15 years

7. Equity

Since May 1, 2006, Japanese companies have been subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases / decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights, are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

8. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 40.6% for the years ended March 31, 2009 and 2008.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Deferred tax assets:			
Tax loss carryforwards	**¥11,824**	¥ 8,733	**$120,335**
Write-down of inventories	**3,579**	4,182	**36,426**
Impairment losses on securities	**3,137**	3,089	**31,924**
Allowance for doubtful accounts	**2,391**	1,416	**24,337**
Liability for retirement benefits	**2,290**	2,243	**23,299**
Allowance for losses on construction contracts	**2,094**	2,806	**21,311**
Accrued expenses	**805**	861	**8,188**
Write-off of bad debt	**775**	1,135	**7,889**
Allowance for bonuses	**329**	429	**3,346**
Other	**391**	471	**3,981**
Less valuation allowances	**(27,615)**	(25,353)	**(281,036)**
Total	**—**	12	**—**
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	**(4,616)**	(9,671)	**(46,980)**
Retained earnings appropriated for special allowance	**(2,321)**	(2,237)	**(23,617)**
Total	**(6,937)**	(11,908)	**(70,597)**
Net deferred tax liabilities	**¥ (6,937)**	¥(11,896)	**$ (70,597)**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of operations was not presented because of the net loss for the years ended March 31, 2009 and 2008.

9. Research and Development Costs

Research and development costs charged to income were ¥706 million ($7,187 thousand) and ¥933 million for the years ended March 31, 2009 and 2008, respectively.

10. Leases

(1) Finance leases

The Group leases certain machinery and equipment, office space and other assets.

Total lease payments under finance lease for the years ended March 31, 2009 and 2008 were ¥49 million ($502 thousand) and ¥60 million, respectively.

As discussed in Note 2 l, the Company accounts for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. Pro forma information of such leases existing at the transition date, such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense, interest expense and other information, on an "as if capitalized" basis for the years ended March 31, 2009 and 2008 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
	Machinery and equipment	Machinery and equipment	Machinery and equipment
Acquisition cost	**¥207**	¥254	**$2,108**
Accumulated depreciation	**151**	149	**1,539**
Net leased property	**¥ 56**	¥105	**$ 569**

Obligations under finance leases:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Due within one year	**¥33**	¥ 49	**$340**
Due after one year	**23**	56	**229**
Total	**¥56**	¥105	**$569**

The amount of acquisition cost and obligations under finance leases includes the imputed interest expense portion.

Depreciation expenses, which are not reflected in the accompanying statements of operations, computed by the straight-line method were ¥49 million ($502 thousand) and ¥60 million for the years ended March 31, 2009 and 2008, respectively.

(2) Operating leases

Future minimum lease receivables or payments under non-cancellable operating leases subsequent to March 31, 2009 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
As a lessor:		
Due within one year	¥ 1,766	$ 17,973
Due after one year	22,050	224,402
Total	¥23,816	$242,375
As a lessee:		
Due within one year	¥ 26	$ 264
Due after one year	140	1,429
Total	¥ 166	$ 1,693

11. Commitments and Contingent Liabilities

The Group guarantees deposits made by condominium purchasers amounting to ¥107 million ($ 1,087 thousand) at March 31, 2009 in connection with sales contracts of condominiums which were constructed by the Group.

Investments in securities in the amount of ¥62 million ($ 631 thousand) are pledged as collateral for the loans of an affiliate at March 31, 2009 and time deposits in the amount of ¥7 million ($ 72 thousand) are pledged for construction projects at March 31, 2009.

12. Subsequent Events

Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2009 was approved at the Company's shareholders meeting held on June 26, 2009.

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥9 ($0.09) per share	¥1,799	$18,307

13. Segment Information

Information about industry segments of the Company and subsidiaries for the years ended March 31, 2009 and 2008, is as follows:

Industry segments

Major components of each business segment are as follows:

Construction: Civil engineering, buildings and other construction projects

Real estate: Sale and lease of real estate

Other: Manufacturing and distribution of construction materials and equipment, etc.

a. Sales and operating income

	Millions of yen				
	2009				
	Construction	Real estate	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥214,836	¥6,074	¥6,063	¥ —	¥226,973
Intersegment sales	645	62	985	(1,692)	—
Total sales	215,481	6,136	7,048	(1,692)	226,973
Operating expenses	213,634	3,464	6,868	(1,392)	222,574
Operating income	¥ 1,847	¥2,672	¥ 180	¥ (300)	¥ 4,399

b. Total assets, depreciation, and capital expenditures

	Millions of yen				
	2009				
	Construction	Real estate	Other	Eliminations/ Corporate	Consolidated
Total assets	¥263,930	¥24,775	¥5,964	¥ (992)	¥293,677
Depreciation	766	136	42	—	944
Capital expenditures	589	1,192	88	—	1,869

a. Sales and operating income

	Thousands of U.S. dollars				
	2009				
	Construction	Real estate	Other	Eliminations/ Corporate	Consolidated
Sales to customers	$2,186,402	$61,822	$61,704	$ —	$2,309,928
Intersegment sales	6,567	629	10,029	(17,225)	—
Total sales	2,192,969	62,451	71,733	(17,225)	2,309,928
Operating expenses	2,174,175	35,254	69,897	(14,168)	2,265,158
Operating income	$ 18,794	$27,197	$ 1,836	$ (3,057)	$ 44,770

b. Total assets, depreciation, and capital expenditures

	Thousands of U.S. dollars				
	2009				
	Construction	Real estate	Other	Eliminations/ Corporate	Consolidated
Total assets	$2,686,044	$252,134	$60,697	$(10,098)	$2,988,777
Depreciation	7,795	1,384	427	—	9,606
Capital expenditures	5,994	12,138	892	—	19,024

a. Sales and operating income

	Millions of yen				
	2008				
	Construction	Real estate	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥245,659	¥4,619	¥3,812	¥ —	¥254,090
Intersegment sales	836	104	1,185	(2,125)	—
Total sales	246,495	4,723	4,997	(2,125)	254,090
Operating expenses	262,821	2,805	5,222	(2,140)	268,708
Operating income	¥ (16,326)	¥1,918	¥ (225)	¥ 15	¥ (14,618)

b. Total assets, depreciation and capital expenditures

	Millions of yen				
	2008				
	Construction	Real estate	Other	Eliminations/ Corporate	Consolidated
Total assets	¥301,390	¥27,201	¥5,577	¥(1,457)	¥332,711
Depreciation	815	89	32	—	936
Capital expenditures	1,262	950	48	—	2,260

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Okumura Corporation:

We have audited the accompanying consolidated balance sheets of Okumura Corporation (the "Company") and consolidated subsidiaries (together, the "Group") as of March 31, 2009 and 2008, and the related consolidated statements of operations, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Okumura Corporation and consolidated subsidiaries as of 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.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 26, 2009

Member of
Deloitte Touche Tohmatsu

Non-Consolidated Balance Sheets

Okumura Corporation
As of March 31, 2009 and 2008

ASSETS	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars 2009
Current assets:			
Cash and cash equivalents	**¥ 30,626**	¥ 21,270	**$ 311,681**
Time deposits	**2,007**	224	**20,426**
Marketable securities	**122**	3,803	**1,238**
Receivables:			
Trade notes	**5,394**	7,326	**54,901**
Trade accounts	**56,257**	76,546	**572,531**
Other	**18,955**	22,987	**192,902**
Allowance for doubtful receivables	**(4,299)**	(4,848)	**(43,755)**
Inventories	**113,121**	110,885	**1,151,246**
Prepaid expenses and other	**1,128**	2,380	**11,485**
Total current assets	**223,311**	240,573	**2,272,655**
Property, plant and equipment:			
Land	**12,220**	11,768	**124,364**
Buildings and structures	**14,971**	14,660	**152,356**
Machinery and equipment	**3,433**	4,924	**34,937**
Furniture and fixtures	**2,175**	2,461	**22,138**
Lease assets	**7**	—	**74**
Construction in progress	**5**	277	**51**
Total	**32,811**	34,090	**333,920**
Accumulated depreciation	**(14,125)**	(15,566)	**(143,756)**
Net property, plant and equipment	**18,686**	18,524	**190,164**
Investments and other assets:			
Investment securities	**41,223**	62,801	**419,533**
Investments in and advances to subsidiaries and associated companies	**4,131**	697	**42,044**
Long-term receivables	**1,921**	2,166	**19,548**
Other assets	**2,250**	3,483	**22,897**
Allowance for doubtful receivables	**(3,030)**	(162)	**(30,833)**
Total investments and other assets	**46,495**	68,985	**473,189**
Total	**¥288,492**	¥328,082	**$2,936,008**

LIABILITIES AND EQUITY	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars 2009
Current liabilities:			
Short-term bank loans including current portion of long-term debt	**¥ 9,498**	¥ 11,561	**$ 96,659**
Payables:			
Trade notes	**10,372**	11,221	**105,554**
Trade accounts	**63,466**	74,389	**645,895**
Other	**207**	371	**2,104**
Advances received on construction projects in progress	**60,740**	68,137	**618,153**
Income taxes payable	**239**	116	**2,438**
Allowance for warranty work on construction projects	**409**	592	**4,167**
Allowance for losses on construction contracts	**5,065**	6,801	**51,544**
Other	**12,476**	9,916	**126,971**
Total current liabilities	**162,472**	183,104	**1,653,485**
Long-term liabilities:			
Long-term debt	**264**	397	**2,693**
Liability for retirement benefits	**5,639**	5,525	**57,386**
Deferred tax liabilities	**6,905**	11,857	**70,269**
Other	**178**	193	**1,815**
Total long-term liabilities	**12,986**	17,972	**132,163**
Total liabilities	**175,458**	201,076	**1,785,648**
Commitments and contingent liabilities			
Equity:			
Common stock			
authorized, 480,376,000 shares; issued, 228,326,133shares	**19,839**	19,839	**201,903**
Capital surplus	**25,327**	25,329	**257,762**
Retained earnings	**71,153**	76,753	**724,127**
Unrealized gain on available-for-sale securities	**9,032**	17,346	**91,917**
Treasury stock—at cost			
28,451,549 shares in 2009 and 28,308,113 shares in 2008	**(12,317)**	(12,261)	**(125,349)**
Total equity	**113,034**	127,006	**1,150,360**
Total	**¥288,492**	¥328,082	**$2,936,008**

Non-Consolidated Statements of Operations

Okumura Corporation
For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Net sales	**¥220,760**	¥249,844	**$2,246,695**
Cost of sales	**199,652**	243,302	**2,031,872**
Gross profit	**21,108**	6,542	**214,823**
Selling, general and administrative expenses	**16,798**	21,173	**170,955**
Operating income (loss)	**4,310**	(14,631)	**43,868**
Other income (expenses):			
Interest and dividend income	**1,683**	1,668	**17,127**
Interest expense	**(208)**	(247)	**(2,113)**
Gain on sales of property, plant and equipment	**414**	784	**4,211**
Loss on disposal of property, plant and equipment	**(105)**	(386)	**(1,066)**
Impairment losses on investment securities	**(2,730)**	(1,711)	**(27,779)**
Extra payments for early retirement	**(4,152)**	—	**(42,259)**
Write down of real estate and other	**(1,700)**	—	**(17,305)**
Other—net	**(1,082)**	497	**(11,013)**
Other income (expenses)—net	**(7,880)**	605	**(80,197)**
Loss before income taxes	**(3,570)**	(14,026)	**(36,329)**
Income taxes:			
Current	**147**	170	**1,496**
Refund of income taxes for prior periods	**—**	(199)	**—**
Deferred	**83**	18,518	**847**
Total income taxes	**230**	18,489	**2,343**
Net loss	**¥ (3,800)**	¥ (32,515)	**$ (38,672)**

Per share of common stock:	Yen		U.S. dollars
Basic net loss	**¥ (19.00)**	¥ (162.51)	**$ (0.19)**
Cash dividends applicable to the year	**9.00**	9.00	**0.09**

Breakdown of Orders (Non-Consolidated)

Okumura Corporation
For the years ended March 31, 2009 and 2008

Construction Orders Awarded

	2009		2008		2009
	Millions of yen	Composition ratio	Millions of yen	Composition ratio	Thousands of U.S. dollars
Civil engineering:					
Domestic:					
Public sector	**¥ 51,499**		¥ 34,521		**$ 524,114**
Private sector	**20,445**		19,677		**208,072**
Overseas	**(1,312)**		(4)		**(13,362)**
Subtotal	**70,632**	**42.2%**	54,194	31.0%	**718,824**
Architectural construction:					
Domestic:					
Public sector	**16,426**		9,973		**167,167**
Private sector	**80,276**		110,921		**816,973**
Overseas	**184**		—		**1,880**
Subtotal	**96,886**	**57.8**	120,894	69.0	**986,020**
Total:					
Domestic:					
Public sector	**67,925**		44,494		**691,282**
Private sector	**100,721**		130,598		**1,025,045**
Overseas	**(1,128)**		(4)		**(11,483)**
Total	**¥167,518**	**100 %**	¥175,088	100 %	**$1,704,844**

Net Sales

	2009		2008		2009
	Millions of yen	Composition ratio	Millions of yen	Composition ratio	Thousands of U.S. dollars
Projects completed:					
Civil engineering:					
Domestic:					
Public sector	**¥ 35,130**		¥ 45,811		**$ 357,523**
Private sector	**38,977**		23,225		**396,670**
Overseas	**8,032**		9,194		**81,741**
Subtotal	**82,139**	**37.2%**	78,230	31.3%	**835,934**
Architectural construction:					
Domestic:					
Public sector	**12,414**		9,417		**126,341**
Private sector	**120,743**		158,848		**1,228,815**
Overseas	**185**				**1,879**
Subtotal	**133,342**	**60.4**	168,265	67.4	**1,357,035**
Subtotal:					
Domestic:					
Public sector	**47,544**		55,228		**483,864**
Private sector	**159,720**		182,073		**1,625,485**
Overseas	**8,217**		9,194		**83,620**
Subtotal	**215,481**	**97.6**	246,495	98.7	**2,192,969**
Real estate and other	**5,279**	**2.4**	3,349	1.3	**53,726**
Total	**¥220,760**	**100 %**	¥249,844	100 %	**$2,246,695**

Year-end Backlog

	2009		2008		2009
	Millions of yen	Composition ratio	Millions of yen	Composition ratio	Thousands of U.S. dollars
Civil engineering:					
Domestic:					
Public sector	**¥103,228**		¥ 86,858		**$1,050,557**
Private sector	**29,942**		48,474		**304,726**
Overseas	**15,923**		25,268		**162,049**
Subtotal	**149,093**	**50.5%**	160,600	46.8%	**1,517,332**
Architectural construction:					
Domestic:					
Public sector	**28,525**		24,513		**290,299**
Private sector	**117,792**		158,260		**1,198,779**
Subtotal	**146,317**	**49.5**	182,773	53.2	**1,489,078**
Total:					
Domestic:					
Public sector	**131,753**		111,371		**1,340,856**
Private sector	**147,734**		206,734		**1,503,504**
Overseas	**15,923**		25,268		**162,049**
Total	**¥295,410**	**100 %**	¥343,373	100 %	**$3,006,409**

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Board of Directors

(As of June 26, 2009)

Directors and Auditors

President & Representative Director
Takanori Okumura

Representative Directors
Yuichi Kanbara
Shigeru Nishinaka

Directors
Yoshihiko Kunii
Takaiku Hirako
Toshio Yamaguchi
Kazuo Takami
Kozo Aoki
Makoto Tsuchiya

Standing Statutory Auditors
Shojiro Sumikura
Yusaku Nishigami

Auditors
Teruyasu Kawamata
Shinji Ito
Nobuhiko Dejima

Note: Teruyasu Kawamata, Shinji Ito, and Nobuhiko Dejima are outside auditors.

Executive Officers

Executive Vice Presidents
Yuichi Kanbara*
Shigeru Nishinaka*

Senior Managing Officer
Yoshihiko Kunii*

Managing Officers
Tadashi Hashimoto
Yoshikuni Ogi
Masamichi Shirahase
Takaiku Hirako*
Toshio Yamaguchi*
Kazuo Takami*
Kozo Aoki*

Executive Officers
Kozo Tsukamoto
Akiyoshi Hida
Kenichiro Minami
Hiroyuki Ito
Toshiharu Shimizu
Koji Esumi
Toshio Kobayashi
Makoto Tsuchiya*
Hirokazu Oishi

Note: Those officers marked with an asterisk (*) work as directors.

Investor Information

(As of March 31, 2009)

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Established
February 22, 1907

Capital
¥19.8 billion

Group Employees
2,037

Stock Information

Stock Exchange Listings
Tokyo and Osaka

Transfer Agent
The Sumitomo Trust and Banking Co., Ltd.

Major Shareholders

Shareholder	Shares held (thousands)	Percentage of total
Okumura Corporation (Treasury stock)	28,451	12.46%
Northern Trust Co. (AVFC) Sub A/C American Clients	15,032	6.58
State Street Bank and Trust Company	10,106	4.43
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	9,015	3.95
Japan Trustee Services Bank, Ltd. (Trust Account)	6,639	2.91
Okumura Employees' Shareholding Association	6,478	2.84
Resona Bank, Limited.	6,074	2.66
Sumitomo Realty & Development Co., Ltd.	6,050	2.65
BBH/Blackrock Global Allocation Fund, Inc.	6,040	2.65
Northern Trust Co. AVFC Re U.S. Tax Exempted Pension Funds	5,728	2.51
Sumitomo Mitsui Banking Corporation	5,568	2.44

奥村組
OKUMURA CORPORATION

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