

Brief Consolidated Financial Report for the Fiscal Year Ended March 31, 2006

May 18, 2006

English translation from the original Japanese-language document

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

Listed Company Name: **OKUMURA CORPORATION**

Code No: 1833

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

Representative: President and Representative Director: Takanori Okumura

Contact: Administration Division, Finance and Accounting Department, General Manager: Atsushi Tanaka

TEL: (06) 6621-1101

Date of Board Meeting: May 18, 2006

Adoption of U.S. GAAP: No

Prior-year comparative financial statements are not shown, since the consolidated financial statements are adopted from this fiscal year.

Stock Exchange Listings:

Tokyo and Osaka

Head Office: Osaka

1. Consolidated results for the fiscal year ended March 31, 2006 (April 1, 2005 to March 31, 2006)

(1) Consolidated business results (Amounts less than one million yen have been omitted)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 3/06	269,887	—	3,889	—	5,511	—
FY 3/05	—	—	—	—	—	—

	Net income		Net income per share	Net income per share (diluted)	Return on equity	Ordinary income to total assets	Ordinary income to net sales
	Millions of yen	%	Yen	Yen	%	%	%
FY 3/06	4,160	—	20.27	—	2.3	1.3	2.0
FY 3/05	—	—	—	—	—	—	—

Notes: 1. Equity in earnings of unconsolidated subsidiaries and affiliates FY 3/06 — million yen FY 3/05 — million yen

2. Average number of shares outstanding (consolidated) FY 3/06 203,225,151 shares FY 3/05 — shares

3. Changes in the method of accounting procedure: No

4. Changes in net sales, operating income, ordinary income and net income from the previous period are shown in percentages on a year-on-year basis.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
FY 3/06	437,155	183,689	42.0	907.83
FY 3/05	—	—	—	—

Note: Number of shares outstanding at end of year (consolidated) FY 3/06 202,291,673 shares FY 3/05 — shares

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY 3/06	(18,612)	23,215	(4,740)	46,084
FY 3/05	—	—	—	—

(4) Number of consolidated subsidiaries, and unconsolidated subsidiaries and affiliates accounted for the equity method

Consolidated subsidiaries: 2

Unconsolidated subsidiaries accounted for the equity method: 0

Affiliates accounted for the equity method: 0

(5) Changes in the number of consolidated subsidiaries, and unconsolidated subsidiaries and affiliates accounted for the equity method

Newly added consolidated subsidiaries: 2 Subsidiaries excluded from consolidation: 0

Newly added equity method companies: 0 Companies excluded from equity method: 0

2. Forecast of consolidated business results for the fiscal year ending March 31, 2007 (April 1, 2006 to March 31, 2007)

	Net sales	Ordinary income (loss)	Net income
	Millions of yen	Millions of yen	Millions of yen
First half of year	85,900	(1,570)	848
Full year	246,850	5,250	4,240

(Reference) Expected net income per share (full year) 20.96 Yen

Note: Since the forecasts described above have been made based on information available as of the announcement, actual results may differ from these forecasts due to various factors.

Consolidated Financial Statements for the Year Ended March 31, 2006

Consolidated Balance Sheet

Item	2006 (as of March 31)	
	Millions of yen	%
Assets		
Current assets:		
Cash and time deposits	53,760	
Trade notes and accounts receivable	84,342	
Short-term investments	7,819	
Accumulated costs of uncompleted contracts	113,981	
Other inventories	8,848	
Deferred income taxes	13,352	
Other accounts receivable	23,983	
Others	4,038	
Allowance for doubtful accounts	(4,742)	
Total current assets	305,383	69.9
Fixed assets:		
Property and equipment		
Buildings	4,144	
Machinery, equipment, tools, furniture and fixtures	930	
Land	15,000	
Construction in progress	113	
Total property and equipment	20,188	
Intangible fixed assets	1,065	
Investments and other assets		
Investments in securities	103,979	
Long-term receivables	2,517	
Other investments	4,060	
Allowance for doubtful accounts	(39)	
Total investments and other assets	110,517	
Total fixed assets	131,771	30.1
Total assets	437,155	100

Item	2006 (as of March 31)	
	Millions of yen	%
Liabilities, Minority Interests, and Shareholders' Equity		
Current liabilities:		
Trade notes and accounts payable	98,267	
Short-term borrowings	12,431	
Accrued income taxes	241	
Advances received on uncompleted contracts	88,490	
Allowance for repairs	236	
Allowance for warranty work on construction projects	695	
Allowance for construction loss	1,944	
Others	21,531	
Total current liabilities	223,837	51.2
Long-term liabilities:		
Long-term debt	583	
Deferred income taxes	19,429	
Accrued severance indemnities	7,877	
Others	14	
Total long-term liabilities	27,903	6.4
Total liabilities	251,741	57.6
Minority interests	1,724	0.4
Shareholders' equity:		
Common stock	19,838	4.5
Capital reserve	25,326	5.8
Retained earnings	112,973	25.9
Net unrealized gains on securities	36,374	8.3
Less treasury stock, at cost	(10,823)	(2.5)
Total shareholders' equity	183,689	42.0
Total liabilities, minority interests, and shareholders' equity	437,155	100

Consolidated Statement of Income

Item	2006 (For the year ended March 31)	
	Millions of yen	%
Net sales:		
Completed construction	261,041	
Others	8,846	
Total net sales	269,887	100
Cost of sales:		
Completed construction	236,952	
Others	6,236	
Total cost of sales	243,188	90.1
Gross profit		
Completed construction	24,088	
Others	2,610	
Total gross profit	26,699	9.9
Selling, general and administrative expenses	22,809	8.5
Operating income	3,889	1.4
Other income:		
Interest income	277	
Dividend income	1,363	
Amortization of consolidation differences	14	
Others	298	
Total other income	1,954	0.7
Other expenses:		
Interest expenses	269	
Others	62	
Total other expenses	332	0.1
Ordinary income	5,511	2.0
Extraordinary gains:		
Prior-year adjustment	341	
Gain on sales of property and equipment	1,389	
Gain on sales of investments in securities	140	
Gain on redemption of investments in securities	825	
Total extraordinary gains	2,696	1.0
Extraordinary losses:		
Prior-year adjustment	200	
Loss on sales of property and equipment	2	
Loss on disposal of property and equipment	74	
Devaluation of investments in securities	12	
Loss on deduction of carrying amounts of property and equipment	411	
Total extraordinary losses	702	0.2
Income before income taxes and minority interests	7,506	2.8
Current income taxes	216	0.1
Deferred income taxes	3,120	1.2
Minority interests	8	0.0
Net income	4,160	1.5

Consolidated Statement of Cash Flows

Item	2006
	(For the year ended March 31)
	Millions of yen
Cash flows from operating activities:	
Income before income taxes and minority interests	7,506
Depreciation	558
Amortization of consolidation differences	(14)
Decrease in allowance for doubtful accounts	(513)
Decrease in accrued severance indemnities	(624)
Increase in allowance for construction loss	1,944
Dividends and interest income	(1,641)
Interest expenses	269
Gain on sales of property and equipment	(1,386)
Loss on deduction of carrying amounts of property and equipment	411
Gain on sales of marketable securities and investments in securities	(140)
Gain on redemption of investments in securities	(825)
Devaluation of marketable securities and investments in securities	12
Increase in trade notes and accounts receivable	(16,864)
Decrease in accumulated costs of uncompleted contracts	8,511
Decrease in other inventories	1,136
Decrease in trade notes and accounts payable	(12,424)
Decrease in advances received on uncompleted contracts	(6,949)
Increase in accrued consumption taxes	912
Bonuses paid to directors and corporate auditors	(42)
Other, net	213
Subtotal	(19,950)
Dividends and interest received	1,763
Interest paid	(264)
Income taxes paid	(160)
Net cash used in operating activities	(18,612)
Cash flows from investing activities:	
Net increase in time deposits	13,204
Payments for purchases of marketable securities and investments in securities	(8,907)
Proceeds from sales of marketable securities and investments in securities	18,144
Payments for purchases of tangible and intangible fixed assets	(799)
Proceeds from sales of tangible and intangible fixed assets	1,672
Issuance of loans receivable	(1,517)
Collection of loans receivable	176
Other, net	1,243
Net cash provided by investing activities	23,215
Cash flows from financing activities:	
Net decrease in short-term borrowings	(1,428)
Proceeds from long-term debt	67
Repayments of long-term debt	(74)
Payments for purchases of treasury stock	(1,468)
Proceeds from sales of treasury stock	4
Dividends paid	(1,840)
Net cash used in financing activities	(4,740)
Effect of exchange rate changes on cash and cash equivalents	40
Net decrease in cash and cash equivalents	(95)
Cash and cash equivalents at beginning of year	46,180
Cash and cash equivalents at end of year	46,084