

# Brief Consolidated Financial Report for the First Half of FY2007

November 16, 2006

Listed Company Name: **OKUMURA CORPORATION**

Stock Exchange Listings: Tokyo and Osaka

Code No: 1833

Head Office: Osaka

(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 for settlement of accounts: November 16, 2006

Adoption of U.S. GAAP: No

## 1. Consolidated results for the first half of FY2007 (April 1, 2006 to September 30, 2006)

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

	Net sales		Operating income (loss)		Ordinary income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half of FY2007	77,246	21.3	(3,093)	—	(2,286)	—
First half of FY2006	63,678	—	(7,336)	—	(6,132)	—
FY2006	269,887		3,889		5,511	

  

	Net income (loss)		Net income (loss) per share	Net income per share (diluted)
	Millions of yen	%	Yen	Yen
First half of FY2007	329	—	1.63	—
First half of FY2006	(2,438)	—	(11.95)	—
FY2006	4,160		20.27	—

- Notes: 1 Equity in earnings of unconsolidated subsidiaries and affiliates  
 First half of FY2007: — million yen First half of FY2006: — million yen FY2006: — million yen
- 2 Average number of shares outstanding (consolidated)  
 First half of FY2007: 201,860,833 shares First half of FY2006: 204,126,118 shares FY2006: 203,225,151 shares
- 3 Changes in the method of accounting policies: Applicable
- 4 Percentages of net sales, operating income (loss), ordinary income (loss) and net income (loss) represent an increase (a decrease) from the corresponding period of the previous fiscal year.

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First half of FY2007	404,903	178,774	43.8	884.87
First half of FY2006	431,894	166,309	38.5	821.90
FY2006	437,155	183,689	42.0	907.83

Note: Number of shares outstanding at end of period (consolidated)  
 First half of FY2007: 200,217,971 shares First half of FY2006: 202,346,637 shares FY2006: 202,291,673 shares

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
First half of FY2007	5,536	(2,857)	(3,437)	45,312
First half of FY2006	(13,255)	14,470	(3,628)	43,760
FY2006	(18,612)	23,215	(4,740)	46,084

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

Consolidated subsidiaries: 2 Unconsolidated subsidiaries accounted for by the equity method: 0  
 Affiliates accounted for by the equity method: 0

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

Newly consolidated subsidiaries: 0 Subsidiaries excluded from consolidation: 0  
 Companies newly accounted for by the equity method: 0 Companies excluded from the equity method: 0

## 2. Forecast of consolidated business results for FY2007 (April 1, 2006 to March 31, 2007)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
FY2007	237,800	4,990	4,200

(Reference) Expected net income per share (FY2007): 20.98 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

### Consolidated Balance Sheets

Item	First half of FY2007 As of September 30, 2006		FY2006 As of March 31, 2006		Change Increase (Decrease)	First half of FY2006 As of September 30, 2005	
	Millions of yen	Composition ratio (%)	Millions of yen	Composition ratio (%)	Millions of yen	Millions of yen	Composition ratio (%)
<b>Assets</b>							
<b>Current assets:</b>							
Cash and time deposits	48,957		53,760		(4,802)	54,801	
Trade notes and accounts receivable	33,078		84,342		(51,264)	35,511	
Short-term investments	15,322		7,819		7,503	2,135	
Accumulated costs of uncompleted contracts	137,160		113,981		23,179	166,724	
Other inventories	8,983		8,848		135	8,141	
Deferred income taxes	13,508		13,352		156	17,569	
Other accounts receivable	22,413		23,983		(1,570)	22,179	
Others	3,088		4,038		(949)	4,749	
Less: Allowance for doubtful accounts	(2,711)		(4,742)		2,030	(3,198)	
Total current assets	279,801	69.1	305,383	69.9	(25,581)	308,613	71.5
<b>Fixed assets:</b>							
Property and equipment:							
Buildings	4,234		4,144		89	5,333	
Machinery and equipment	917		930		(13)	959	
Land	15,225		15,000		224	16,392	
Construction in progress	205		113		91	132	
Total property and equipment	20,581		20,188		393	22,817	
Intangible fixed assets	1,100		1,065		34	665	
Investments and other assets:							
Investments in securities	96,993		103,979		(6,985)	94,425	
Long-term receivables	2,430		2,517		(87)	4,151	
Others	4,025		4,060		(35)	2,941	
Less: Allowance for doubtful accounts	(28)		(39)		10	(1,720)	
Total investments and other assets	103,419		110,517		(7,097)	99,798	
Total fixed assets	125,101	30.9	131,771	30.1	(6,669)	123,280	28.5
<b>Total assets</b>	<b>404,903</b>	<b>100</b>	<b>437,155</b>	<b>100</b>	<b>(32,251)</b>	<b>431,894</b>	<b>100</b>

Item	First half of FY2007 As of September 30, 2006		FY2006 As of March 31, 2006		Change Increase (Decrease)	First half of FY2006 As of September 30, 2005	
	Millions of yen	Composition ratio (%)	Millions of yen	Composition ratio (%)	Millions of yen	Millions of yen	Composition ratio (%)
<b>Liabilities</b>							
<b>Current liabilities:</b>							
Trade notes and accounts payable	72,907		98,267		(25,360)	87,116	
Short-term loans including current portion of long-term debt	12,384		12,431		(46)	13,495	
Accrued income taxes	460		241		219	177	
Advances received on uncompleted contracts	95,293		88,490		6,802	127,006	
Allowance for repairs	97		236		(138)	219	
Allowance for warranty work on construction projects	563		695		(131)	264	
Allowance for construction loss	2,902		1,944		957	2,082	
Others	16,601		21,531		(4,929)	13,190	
Total current liabilities	201,211	49.7	223,837	51.2	(22,626)	243,552	56.4
<b>Long-term liabilities:</b>							
Long-term debt	525		583		(57)	584	
Deferred income taxes	17,432		19,429		(1,996)	11,642	
Accrued severance indemnities	6,946		7,877		(930)	8,143	
Others	14		14		0	14	
Total long-term liabilities	24,918	6.1	27,903	6.4	(2,985)	20,385	4.7
Total liabilities	226,129	55.8	251,741	57.6	(25,611)	263,938	61.1
<b>Minority interests</b>							
Minority interests	—		1,724	0.4	—	1,646	0.4
<b>Shareholders' equity</b>							
Common stock	—		19,838	4.5	—	19,838	4.6
Additional paid-in capital	—		25,326	5.8	—	25,325	5.9
Retained earnings	—		112,973	25.9	—	106,373	24.6
Net unrealized gains on securities	—		36,374	8.3	—	25,556	5.9
Less: Treasury stock, at cost	—		(10,823)	(2.5)	—	(10,785)	(2.5)
Total shareholders' equity	—		183,689	42.0	—	166,309	38.5
<b>Total liabilities, minority interests and shareholders' equity</b>	—		437,155	100	—	431,894	100
<b>Net assets</b>							
<b>Shareholders' equity:</b>							
Common stock	19,838	4.9	—		—	—	
Additional paid-in capital	25,327	6.3	—		—	—	
Retained earnings	111,237	27.5	—		—	—	
Less: Treasury stock, at cost	(12,135)	(3.0)	—		—	—	
Total shareholders' equity	144,268	35.7	—		—	—	
<b>Valuation and translation adjustments:</b>							
Net unrealized gains on securities	32,898	8.1	—		—	—	
Total valuation and translation adjustments	32,898	8.1	—		—	—	
<b>Minority interests</b>	1,607	0.4	—		—	—	
Total net assets	178,774	44.2	—		—	—	
<b>Total liabilities and net assets</b>	404,903	100	—		—	—	

## Consolidated Statements of Income

Item	First half of FY2007 April 1, 2006 to September 30, 2006		First half of FY2006 April 1, 2005 to September 30, 2005		Change Increase (Decrease)	FY2006 April 1, 2005 to March 31, 2006	
	Millions of yen	Composition ratio (%)	Millions of yen	Composition ratio (%)		Millions of yen	Composition ratio (%)
<b>Net sales:</b>							
Completed construction	74,273		61,471		12,802	261,041	
Others	2,972		2,206		765	8,846	
Total net sales	77,246	100	63,678	100	13,568	269,887	100
<b>Cost of sales:</b>							
Completed construction	67,436		58,178		9,258	236,952	
Others	1,463		1,274		188	6,236	
Total cost of sales	68,899	89.2	59,452	93.4	9,446	243,188	90.1
Gross profit:							
Completed construction	6,837		3,293		3,544	24,088	
Others	1,509		932		577	2,610	
Total gross profit	8,347	10.8	4,225	6.6	4,121	26,699	9.9
<b>Selling, general and administrative expenses</b>	11,440	14.8	11,562	18.1	(121)	22,809	8.5
Operating income	—		—		—	3,889	1.4
Operating loss	3,093	(4.0)	7,336	(11.5)	(4,243)	—	
<b>Non-operating income:</b>							
Interest income	200		133		67	277	
Dividends	667		1,136		(468)	1,363	
Amortization of negative goodwill	13		—		13	—	
Amortization of consolidation differences	—		14		(14)	14	
Others	95		105		(9)	298	
Total non-operating income	977	1.2	1,389	2.2	(412)	1,954	0.7
<b>Non-operating expenses:</b>							
Interest expenses	99		149		(49)	269	
Foreign exchange loss	25		—		25	—	
Others	44		36		8	62	
Total non-operating expenses	169	0.2	185	0.3	(15)	332	0.1
Ordinary income	—		—		—	5,511	2.0
Ordinary loss	2,286	(3.0)	6,132	(9.6)	(3,846)	—	
<b>Extraordinary gains:</b>							
Prior-year adjustment	212		384		(172)	341	
Gain on sales of property and equipment	756		418		338	1,389	
Reversal of allowance for doubtful accounts	2,041		1,654		387	—	
Gain on sales of investments in securities	206		20		185	140	
Gain on redemption of investments in securities	—		—		—	825	
Total extraordinary gains	3,216	4.2	2,478	3.9	737	2,696	1.0
<b>Extraordinary losses:</b>							
Prior-year adjustment	131		104		27	200	
Loss on sales of property and equipment	0		0		(0)	2	
Loss on disposal of property and equipment	18		43		(25)	74	
Devaluation of investments in securities	177		104		73	12	
Loss on deduction of carrying amounts of property and equipment	—		—		—	411	
Total extraordinary losses	328	0.4	252	0.4	75	702	0.2
Income before income taxes and minority interests	602	0.8	—		602	7,506	2.8
Loss before income taxes and minority interests	—		3,906	(6.1)	(3,906)	—	
Current income taxes	88	0.1	88	0.1	0	216	0.1
Deferred income taxes	245	0.4	(1,488)	(2.3)	1,734	3,120	1.2
Minority interests in income of consolidated subsidiaries	—		—		—	8	0.0
Minority interests in loss of consolidated subsidiaries	60	0.1	67	0.1	(6)	—	
<b>Net income</b>	329	0.4	—		329	4,160	1.5
<b>Net loss</b>	—		2,438	(3.8)	(2,438)	—	

## Consolidated Statements of Change in Net Assets

For the first half of FY2007 (April 1, 2006 to September 30, 2006)

(Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
<b>Balance—March 31, 2006</b>	19,838	25,326	112,973	(10,823)	147,315
Changes during the period:					
Dividends from retained earnings (Note)			(2,022)		(2,022)
Bonus for directors and statutory auditors (Note)			(42)		(42)
Net income			329		329
Purchase of treasury stock				(1,313)	(1,313)
Sales of treasury stock		0		1	2
Total changes during the period	—	0	(1,735)	(1,311)	(3,046)
<b>Balance—September 30, 2006</b>	19,838	25,327	111,237	(12,135)	144,268

(Millions of yen)

	Valuation and translation adjustments		Minority interests	Total net assets
	Net unrealized gains on securities	Total valuation and translation adjustments		
<b>Balance—March 31, 2006</b>	36,374	36,374	1,724	185,414
Changes during the period:				
Dividends from retained earnings (Note)				(2,022)
Bonus for directors and statutory auditors (Note)				(42)
Net income				329
Purchase of treasury stock				(1,313)
Sales of treasury stock				2
Changes in items other than shareholders' equity during the period, net	(3,475)	(3,475)	(117)	(3,593)
Total changes during the period	(3,475)	(3,475)	(117)	(6,639)
<b>Balance—September 30, 2006</b>	32,898	32,898	1,607	178,774

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

## Consolidated Statements of Cash Flows

	<b>First half of FY2007</b> April 1, 2006 to September 30, 2006	<b>First half of FY2006</b> April 1, 2005 to September 30, 2005	Change Increase (Decrease)	<b>FY2006</b> April 1, 2005 to March 31, 2006
Item	Millions of yen	Millions of yen	Millions of yen	Millions of yen
<b>Cash flows from operating activities:</b>				
Income (loss) before income taxes and minority interests	602	(3,906)	4,509	7,506
Depreciation	340	263	77	558
Amortization of negative goodwill	(13)	—	(13)	—
Amortization of consolidation differences	—	(14)	14	(14)
Decrease in allowance for doubtful accounts	(2,041)	(2,007)	(34)	(513)
Decrease in accrued severance indemnities	(930)	(357)	(573)	(624)
Increase in allowance for construction loss	957	2,082	(1,124)	1,944
Dividends and interest income	(867)	(1,269)	401	(1,641)
Interest expenses	99	149	(49)	269
Gain on sales of property and equipment	(756)	(418)	(338)	(1,386)
Loss on deduction of carrying amounts of property and equipment	—	—	—	411
Gain on sales of securities	(206)	(20)	(185)	(140)
Gain on redemption of investments in securities	—	—	—	(825)
Devaluation of securities	177	104	73	12
Decrease (increase) in trade notes and accounts receivable	51,220	31,966	19,253	(16,864)
Decrease (increase) in accumulated costs of uncompleted contracts	(23,179)	(44,230)	21,051	8,511
Decrease (increase) in other inventories	(120)	(185)	65	1,136
Decrease in trade notes and accounts payable	(23,039)	(19,811)	(3,227)	(12,424)
Increase (decrease) in advances received on uncompleted contracts	6,802	31,566	(24,763)	(6,949)
Increase (decrease) in accrued consumption taxes	(1,632)	(720)	(912)	912
Increase in uncollected consumption taxes	(460)	(1,940)	1,479	—
Bonus paid to directors and statutory auditors	(42)	(42)	0	(42)
Other, net	(1,966)	(5,224)	3,257	213
Subtotal	4,945	(14,018)	18,963	(19,950)
Dividends and interest received	896	1,241	(344)	1,763
Interest paid	(100)	(148)	48	(264)
Income taxes paid	(205)	(330)	124	(160)
Net cash provided by (used in) operating activities	5,536	(13,255)	18,791	(18,612)

	<b>First half of FY2007</b> April 1, 2006 to September 30, 2006	<b>First half of FY2006</b> April 1, 2005 to September 30, 2005	Change Increase (Decrease)	<b>FY2006</b> April 1, 2005 to March 31, 2006
Item	Millions of yen	Millions of yen	Millions of yen	Millions of yen
<b>Cash flows from investing activities:</b>				
Net (increase) decrease in time deposits	(2,967)	13,034	(16,001)	13,204
Payments for purchases of marketable securities and investments in securities	(4,090)	(4,586)	495	(8,907)
Proceeds from sales of marketable securities and investments in securities	3,362	6,462	(3,100)	18,144
Payments for purchases of tangible and intangible fixed assets	(842)	(385)	(456)	(799)
Proceeds from sales of tangible and intangible fixed assets	948	728	220	1,672
Issuance of loans receivable	—	(1,480)	1,480	(1,517)
Collection of loans receivable	105	71	34	176
Other, net	625	625	(0)	1,243
Net cash provided by (used in) investing activities	(2,857)	14,470	(17,328)	23,215
<b>Cash flows from financing activities:</b>				
Net decrease in short-term borrowings	(42)	(363)	321	(1,428)
Proceeds from long-term debt	—	37	(37)	67
Repayments of long-term debt	(61)	(44)	(17)	(74)
Payments for purchases of treasury stock	(1,313)	(1,428)	115	(1,468)
Proceeds from sales of treasury stock	2	1	1	4
Dividends paid	(2,013)	(1,830)	(182)	(1,840)
Dividends paid to minority shareholders	(8)	—	(8)	—
Net cash used in financing activities	(3,437)	(3,628)	190	(4,740)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(13)	(7)	(5)	40
<b>Net decrease in cash and cash equivalents</b>	(771)	(2,420)	1,648	(95)
<b>Cash and cash equivalents at beginning of period</b>	46,084	46,180	(95)	46,180
<b>Cash and cash equivalents at end of period</b>	45,312	43,760	1,552	46,084