

# Brief Financial Report for the First Half of FY2008

November 15, 2007

Listed Company Name: **OKUMURA CORPORATION**

Stock Exchange Listings: Tokyo and Osaka

Code Number: 1833

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

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(Amounts less than one million yen have been omitted)

## 1. Consolidated financial results for the first half of FY2008 (April 1, 2007 to September 30, 2007)

### (1) Consolidated operating results

(% indicates changes from the corresponding period of the previous fiscal year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half of FY2008	89,810	16.3	(9,490)	—	(8,601)	—	(26,667)	—
First half of FY2007	77,246	21.3	(3,093)	—	(2,286)	—	329	—
FY2007	227,769	—	1,415	—	2,710	—	4,123	—

	Net income (loss) per share	Net income per share (diluted)
	Yen	Yen
First half of FY2008	(133.26)	—
First half of FY2007	1.63	—
FY2007	20.51	—

### (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 FY2008	376,565	146,208	38.4	723.11
First half of FY2007	404,903	178,774	43.8	884.87
FY2007	415,647	182,903	43.6	905.75

### (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 FY2008	(4,305)	10,832	(4,078)	42,077
First half of FY2007	5,536	(2,857)	(3,437)	45,312
FY2007	(6,999)	4,270	(3,698)	39,637

## 2. Dividends

	Cash dividends per share	
	Year-end	Total for the year
(Record date)	Yen	Yen
FY2007	20.00	20.00
FY2008 (Forecast)	9.00	9.00

Note: The year-end dividends for FY2007 consist of ordinary dividends of 10.00 yen and the 100th anniversary commemorative dividends of 10.00 yen.

## 3. Forecast of consolidated operating results for FY2008 (April 1, 2007 to March 31, 2008)

(% indicates changes from the previous fiscal year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)		Net income (loss) per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2008	253,600	11.3	(10,200)	—	(8,720)	—	(26,400)	—	(131.97)

#### 4. Other

- (1) Changes in significant subsidiaries for the period (Changes in scope of consolidation): Not applicable
- (2) Changes in accounting principles, procedures, presentation method, etc. for the consolidated interim financial statements (Items indicated in “Changes in the basis of presenting consolidated interim financial statements”)
- 1) Changes due to the revision of the accounting standards: Applicable
- 2) Changes other than 1): Not applicable
- (3) Number of shares of common stock issued and outstanding
- 1) Number of shares issued at end of period (including treasury stock):
- First half of FY2008: 228,326,133 shares      First half of FY2007: 228,326,133 shares      FY2007: 228,326,133 shares
- 2) Number of treasury stock at end of period:
- First half of FY2008: 28,273,986 shares      First half of FY2007: 28,108,162 shares      FY2007: 28,165,388 shares

#### (Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated financial results for the first half of FY2008 (April 1, 2007 to September 30, 2007)

(1) Non-consolidated operating results

(% indicates changes from the corresponding period of the previous fiscal year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half of FY2008	87,734	14.9	(9,478)	—	(8,535)	—	(26,724)	—
First half of FY2007	76,380	21.4	(2,931)	—	(2,126)	—	407	—
FY2007	225,217	—	1,534	—	2,844	—	4,114	—

	Net income (loss) per share
	Yen
First half of FY2008	(133.55)
First half of FY2007	2.02
FY2007	20.47

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First half of FY2008	372,497	142,789	38.3	713.76
First half of FY2007	402,075	175,468	43.6	876.39
FY2007	412,258	179,493	43.5	896.75

2. Forecast of non-consolidated operating results for FY2008 (April 1, 2007 to March 31, 2008)

(% indicates changes from the previous fiscal year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)		Net income (loss) per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
FY2008	249,200	10.6	(10,300)	—	(8,700)	—	(26,500)	—	(132.47)	

#### \*Note to appropriate use of forecasts

(Cautionary note concerning forward-looking statements)

- Since the operating results forecasts and certain other statements contained in this report have been made based on information currently available, actual results may differ from these forecasts due to various factors.
- In view of the results for the first half of FY2008, and the future outlook, downward revisions have been made to operating results forecasts for FY2008 (consolidated and non-consolidated).

## Consolidated Financial Statements

### Consolidated Balance Sheets

Item	FY2007 As of March 31, 2007		First half of FY2008 As of September 30, 2007		Change Increase (Decrease)	First half of FY2007 As of September 30, 2006	
	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	45,523		42,803		(2,719)	48,957	
Trade notes and accounts receivable	70,630		46,164		(24,466)	33,078	
Short-term investments	6,211		3,205		(3,005)	15,322	
Accumulated costs of uncompleted contracts	120,495		141,539		21,044	137,160	
Other inventories	9,046		12,835		3,788	8,983	
Deferred income taxes	11,309		—		(11,309)	13,508	
Other accounts receivable	26,246		15,787		(10,458)	22,413	
Others	3,141		2,163		(977)	3,088	
Less: Allowance for doubtful accounts	(3,844)		(3,685)		158	(2,711)	
Total current assets	288,760	69.5	260,814	69.3	(27,945)	279,801	69.1
<b>Fixed assets:</b>							
Property and equipment:							
Buildings	4,168		5,337		1,169	4,234	
Machinery and equipment	882		881		(0)	917	
Land	16,416		16,589		172	15,225	
Construction in progress	829		951		122	205	
Total property and equipment	22,297		23,760		1,463	20,581	
Intangible fixed assets	1,038		950		(87)	1,100	
Investments and other assets:							
Investments in securities	96,944		85,899		(11,044)	96,993	
Long-term receivables	2,755		2,604		(150)	2,430	
Others	3,890		2,670		(1,219)	4,025	
Less: Allowance for doubtful accounts	(38)		(134)		(95)	(28)	
Total investments and other assets	103,551		91,040		(12,510)	103,419	
Total fixed assets	126,886	30.5	115,751	30.7	(11,135)	125,101	30.9
<b>Total assets</b>	<b>415,647</b>	<b>100</b>	<b>376,565</b>	<b>100</b>	<b>(39,081)</b>	<b>404,903</b>	<b>100</b>

Item	FY2007 As of March 31, 2007		First half of FY2008 As of September 30, 2007		Change Increase (Decrease)	First half of FY2007 As of September 30, 2006	
	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	93,595		78,900		(14,695)	72,907	
Short-term loans including current portion of long-term debt	12,197		12,211		13	12,384	
Accrued income taxes	490		144		(345)	460	
Advances received on uncompleted contracts	79,136		93,029		13,892	95,293	
Allowance for repairs	133		142		8	97	
Allowance for warranty work on construction projects	454		402		(52)	563	
Allowance for construction loss	2,150		4,309		2,159	2,902	
Others	19,672		13,769		(5,903)	16,601	
Total current liabilities	207,831	50.0	202,909	53.9	(4,921)	201,211	49.7
<b>Long-term liabilities:</b>							
Long-term debt	494		463		(31)	525	
Deferred income taxes	17,875		20,784		2,909	17,432	
Accrued severance indemnities	6,528		5,999		(528)	6,946	
Others	14		200		186	14	
Total long-term liabilities	24,912	6.0	27,447	7.3	2,535	24,918	6.1
Total liabilities	232,743	56.0	230,356	61.2	(2,386)	226,129	55.8
<b>Net assets</b>							
<b>Shareholders' equity:</b>							
Common stock	19,838	4.8	19,838	5.3	0	19,838	4.9
Additional paid-in capital	25,328	6.1	25,329	6.7	1	25,327	6.3
Retained earnings	115,032	27.7	84,361	22.4	(30,670)	111,237	27.5
Less: Treasury stock, at cost	(12,171)	(3.0)	(12,242)	(3.3)	(70)	(12,135)	(3.0)
Total shareholders' equity	148,027	35.6	117,287	31.1	(30,740)	144,268	35.7
<b>Valuation and translation adjustments:</b>							
Net unrealized holding gains on securities	33,268	8.0	27,371	7.3	(5,896)	32,898	8.1
Total valuation and translation adjustments	33,268	8.0	27,371	7.3	(5,896)	32,898	8.1
<b>Minority interests</b>							
Total net assets	182,903	44.0	146,208	38.8	(36,694)	178,774	44.2
<b>Total liabilities and net assets</b>	415,647	100	376,565	100	(39,081)	404,903	100

## Consolidated Statements of Income

Item	First half of FY2007 April 1, 2006 to September 30, 2006		First half of FY2008 April 1, 2007 to September 30, 2007		Change Increase (Decrease)	FY2007 April 1, 2006 to March 31, 2007	
	Millions of yen	Composition ratio (%)	Millions of yen	Composition ratio (%)		Millions of yen	Composition ratio (%)
<b>Net sales:</b>							
Completed construction	74,273		85,410		11,136	217,663	
Others	2,972		4,399		1,427	10,106	
Total net sales	77,246	100	89,810	100	12,563	227,769	100
<b>Cost of sales:</b>							
Completed construction	67,436		85,333		17,897	198,270	
Others	1,463		3,059		1,596	5,780	
Total cost of sales	68,899	89.2	88,392	98.4	19,493	204,050	89.6
Gross profit:							
Completed construction	6,837		77		(6,760)	19,393	
Others	1,509		1,340		(168)	4,325	
Total gross profit	8,347	10.8	1,417	1.6	(6,929)	23,719	10.4
<b>Selling, general and administrative expenses</b>	11,440	14.8	10,908	12.2	(532)	22,303	9.8
Operating income	—		—		—	1,415	0.6
Operating loss	3,093	(4.0)	9,490	(10.6)	6,396	—	
<b>Non-operating income:</b>							
Interest income	200		341		141	421	
Dividends	667		603		(64)	963	
Amortization of negative goodwill	13		—		(13)	13	
Others	95		73		(22)	208	
Total non-operating income	977	1.2	1,017	1.1	40	1,605	0.7
<b>Non-operating expenses:</b>							
Interest expenses	99		120		20	213	
Foreign exchange loss	25		—		(25)	—	
Others	44		8		(36)	97	
Total non-operating expenses	169	0.2	129	0.1	(40)	310	0.1
Ordinary income	—		—		—	2,710	1.2
Ordinary loss	2,286	(3.0)	8,601	(9.6)	6,315	—	
<b>Extraordinary gains:</b>							
Prior-year adjustment	212		210		(1)	414	
Gain on sales of property and equipment	756		163		(593)	1,008	
Reversal of allowance for doubtful accounts	2,041		61		(1,979)	899	
Gain on sales of investments in securities	206		21		(184)	2,925	
Total extraordinary gains	3,216	4.2	457	0.5	(2,759)	5,248	2.3
<b>Extraordinary losses:</b>							
Prior-year adjustment	131		24		(106)	60	
Loss on sales of property and equipment	0		9		8	2	
Loss on disposal of property and equipment	18		188		170	44	
Devaluation of investments in securities	177		179		1	15	
Loss on deduction of carrying amounts of property and equipment	—		3		3	—	
Loss on valuation of membership	—		27		27	—	
Loss on violation of the antitrust laws	—		—		—	714	
Total extraordinary losses	328	0.4	432	0.4	104	838	0.4
Income before income taxes and minority interests	602	0.8	—		(602)	7,121	3.1
Loss before income taxes and minority interests	—		8,576	(9.5)	8,576	—	
Current income taxes	88	0.1	108	0.1	20	449	0.2
Refund of income taxes for prior periods	—		(199)	(0.2)	(199)	—	
Deferred income taxes	245	0.4	18,240	20.3	17,994	2,623	1.1
Minority interests in loss of consolidated subsidiaries	60	0.1	58	0.0	(2)	76	0.0
<b>Net income</b>	329	0.4	—		(329)	4,123	1.8
<b>Net loss</b>	—		26,667	(29.7)	26,667	—	

## Consolidated Statements of Changes 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 surplus (Note)			(2,022)		(2,022)
Bonuses for directors and statutory auditors (Note)			(42)		(42)
Net income			329		329
Acquisition of treasury stock				(1,313)	(1,313)
Disposal 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

	Valuation and translation adjustments		Minority interests	Total net assets
	Net unrealized holding 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 surplus (Note)				(2,022)
Bonuses for directors and statutory auditors (Note)				(42)
Net income				329
Acquisition of treasury stock				(1,313)
Disposal of treasury stock				2
Items other than changes in shareholders' equity	(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: Appropriations of retained earnings which was approved by the ordinary general meeting of shareholders held in June 2006.

For the first half of FY2008 (April 1, 2007 to September 30, 2007)

(Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
<b>Balance—March 31, 2007</b>	19,838	25,328	115,032	(12,171)	148,027
Changes during the period:					
Dividends from surplus			(4,003)		(4,003)
Net loss			(26,667)		(26,667)
Acquisition of treasury stock				(73)	(73)
Disposal of treasury stock		1		2	3
Total changes during the period	—	1	(30,670)	(70)	(30,740)
<b>Balance—September 30, 2007</b>	19,838	25,329	84,361	(12,242)	117,287

	Valuation and translation adjustments		Minority interests	Total net assets
	Net unrealized holding gains on securities	Total valuation and translation adjustments		
<b>Balance—March 31, 2007</b>	33,268	33,268	1,607	182,903
Changes during the period:				
Dividends from surplus				(4,003)
Net loss				(26,667)
Acquisition of treasury stock				(73)
Disposal of treasury stock				3
Items other than changes in shareholders' equity	(5,896)	(5,896)	(57)	(5,954)
Total changes during the period	(5,896)	(5,896)	(57)	(36,694)
<b>Balance—September 30, 2007</b>	27,371	27,371	1,549	146,208

For FY2007 (April 1, 2006 to March 31, 2007)

(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 year:					
Dividends from surplus (Note)			(2,022)		(2,022)
Bonuses for directors and statutory auditors (Note)			(42)		(42)
Net income			4,123		4,123
Acquisition of treasury stock				(1,351)	(1,351)
Disposal of treasury stock		1		3	5
Total changes during the year	—	1	2,058	(1,347)	712
<b>Balance—March 31, 2007</b>	19,838	25,328	115,032	(12,171)	148,027

	Valuation and translation adjustments		Minority interests	Total net assets
	Net unrealized holding 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 year:				
Dividends from surplus (Note)				(2,022)
Bonuses for directors and statutory auditors (Note)				(42)
Net income				4,123
Acquisition of treasury stock				(1,351)
Disposal of treasury stock				5
Items other than changes in shareholders' equity	(3,105)	(3,105)	(117)	(3,223)
Total changes during the year	(3,105)	(3,105)	(117)	(2,510)
<b>Balance—March 31, 2007</b>	33,268	33,268	1,607	182,903

Note: Appropriations of retained earnings which was approved by the ordinary 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 FY2008</b> April 1, 2007 to September 30, 2007	Change Increase (Decrease)	<b>FY2007</b> April 1, 2006 to March 31, 2007
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	(8,576)	(9,179)	7,121
Depreciation	340	433	93	709
Amortization of negative goodwill	(13)	—	13	(13)
Decrease in allowance for doubtful accounts	(2,041)	(63)	1,978	(899)
Decrease in accrued severance indemnities	(930)	(528)	401	(1,348)
Increase in allowance for construction loss	957	2,159	1,201	205
Dividends and interest income	(867)	(944)	(76)	(1,384)
Interest expenses	99	120	20	213
Gain on sales of property and equipment, net	(756)	(154)	601	(1,005)
Gain on sales of investments in securities	(206)	(21)	184	(2,925)
Devaluation of investments in securities	177	179	1	15
Loss on violation of the antitrust laws	—	—	—	706
Decrease in trade notes and accounts receivable	51,220	24,466	(26,753)	13,712
Increase in accumulated costs of uncompleted contracts	(23,179)	(21,044)	2,134	(6,513)
Increase in other inventories	(120)	(3,788)	(3,668)	(198)
Decrease in trade notes and accounts payable	(23,039)	(4,322)	18,716	(5,362)
Increase (decrease) in advances received on uncompleted contracts	6,802	13,892	7,089	(9,353)
Decrease in accrued consumption taxes	(1,632)	(910)	721	(721)
Increase in uncollected consumption taxes	(460)	(1,489)	(1,029)	—
Bonuses paid to directors and statutory auditors	(42)	—	42	(42)
Other, net	(1,966)	(4,271)	(2,304)	(686)
Subtotal	4,945	(4,865)	(9,810)	(7,770)
Dividends and interest received	896	957	61	1,430
Interest paid	(100)	(119)	(19)	(212)
Income taxes paid	(205)	(278)	(72)	(447)
Net cash provided by (used in) operating activities	5,536	(4,305)	(9,841)	(6,999)

	<b>First half of FY2007</b> April 1, 2006 to September 30, 2006	<b>First half of FY2008</b> April 1, 2007 to September 30, 2007	<b>Change Increase (Decrease)</b>	<b>FY2007</b> April 1, 2006 to March 31, 2007
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)	9,357	12,324	791
Payments for purchases of securities	(4,090)	(766)	3,324	(5,772)
Proceeds from sales of securities	3,362	3,309	(53)	9,947
Payments for purchases of tangible and intangible fixed assets	(842)	(1,840)	(998)	(2,879)
Proceeds from sales of tangible and intangible fixed assets	948	166	(781)	1,031
Issuance of loans receivable	—	(13)	(13)	(390)
Collection of loans receivable	105	54	(51)	193
Other, net	625	565	(60)	1,347
Net cash provided by (used in) investing activities	(2,857)	10,832	13,690	4,270
<b>Cash flows from financing activities:</b>				
Net (decrease) increase in short-term loans	(42)	15	57	(226)
Repayment of long-term debt	(61)	(32)	29	(95)
Payments for acquisition of treasury stock	(1,313)	(73)	1,240	(1,351)
Proceeds from disposal of treasury stock	2	3	0	5
Dividends paid	(2,013)	(3,982)	(1,969)	(2,021)
Dividends paid to minority shareholders	(8)	(8)	0	(8)
Net cash used in financing activities	(3,437)	(4,078)	(641)	(3,698)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(13)	(8)	4	(18)
<b>Net (decrease) increase in cash and cash equivalents</b>	(771)	2,440	3,211	(6,447)
<b>Cash and cash equivalents at beginning of period</b>	46,084	39,637	(6,447)	46,084
<b>Cash and cash equivalents at end of period</b>	45,312	42,077	(3,235)	39,637

## Non-consolidated Financial Statements

### Non-consolidated Balance Sheets

Item	FY2007 As of March 31, 2007		First half of FY2008 As of September 30, 2007		Change Increase (Decrease)	First half of FY2007 As of September 30, 2006	
	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	45,485		42,743		(2,741)	48,910	
Trade notes receivable	14,453		4,586		(9,867)	7,274	
Trade accounts receivable	54,615		39,929		(14,685)	24,694	
Short-term investments	6,211		3,205		(3,005)	15,322	
Real estate for sale	953		860		(93)	3,427	
Accumulated costs of uncompleted contracts	120,393		141,497		21,104	137,129	
Payment for investments in real estate	4,166		7,065		2,898	4,074	
Short-term receivables	7,117		7,823		705	—	
Deferred income taxes	11,388		—		(11,388)	13,543	
Other accounts receivable	26,590		16,033		(10,556)	22,734	
Trust beneficiary rights	1,222		650		(572)	1,794	
Others	1,849		1,331		(517)	4,650	
Less: Allowance for doubtful accounts	(4,055)		(3,912)		142	(2,809)	
Total current assets	290,392	70.4	261,814	70.3	(28,577)	280,745	69.8
<b>Fixed assets:</b>							
Property and equipment:							
Buildings	4,065		5,231		1,166	4,127	
Machinery and vehicles	413		367		(45)	443	
Tools, furniture and fixtures	395		425		29	398	
Land	11,951		12,129		177	11,950	
Construction in progress	822		943		120	205	
Total property and equipment	17,648		19,097		1,449	17,125	
Intangible fixed assets	1,032		944		(88)	1,098	
Investments and other assets:							
Investments in securities	96,331		85,253		(11,077)	96,454	
Investments in subsidiaries and affiliates, at cost	266		266		0	245	
Long-term receivables	2,145		2,069		(76)	1,776	
Long-term loans to employees	592		519		(72)	635	
Others	3,887		2,665		(1,222)	4,023	
Less: Allowance for doubtful accounts	(38)		(133)		(95)	(28)	
Total investments and other assets	103,184		90,640		(12,543)	103,105	
Total fixed assets	121,866	29.6	110,682	29.7	(11,183)	121,329	30.2
<b>Total assets</b>	<b>412,258</b>	<b>100</b>	<b>372,497</b>	<b>100</b>	<b>(39,760)</b>	<b>402,075</b>	<b>100</b>

Item	FY2007 As of March 31, 2007		First half of FY2008 As of September 30, 2007		Change Increase (Decrease)	First half of FY2007 As of September 30, 2006	
	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 payable	11,021		11,133		111	9,797	
Trade accounts payable	81,507		66,416		(15,091)	62,482	
Short-term loans including current portion of long-term debt	13,884		13,629		(254)	14,018	
Accrued expenses	3,186		2,763		(423)	3,343	
Accrued income taxes	465		122		(343)	460	
Advances received on uncompleted contracts	79,086		92,981		13,894	95,251	
Deposit payable	13,693		8,611		(5,082)	11,811	
Allowance for repairs	133		142		8	97	
Allowance for warranty work on construction projects	413		361		(52)	535	
Allowance for construction loss	2,148		4,288		2,140	2,888	
Others	2,414		1,930		(483)	1,083	
Total current liabilities	207,955	50.5	202,380	54.3	(5,575)	201,769	50.2
<b>Long-term liabilities:</b>							
Long-term debt	479		449		(30)	509	
Deferred income taxes	17,786		20,682		2,895	17,367	
Accrued severance indemnities	6,528		5,999		(528)	6,946	
Others	14		196		182	14	
Total long-term liabilities	24,809	6.0	27,328	7.4	2,519	24,837	6.2
Total liabilities	232,764	56.5	229,708	61.7	(3,056)	226,606	56.4
<b>Net assets</b>							
<b>Shareholders' equity:</b>							
Common stock	19,838	4.8	19,838	5.3	0	19,838	4.9
Additional paid-in capital:							
Capital reserve	25,322		25,322		0	25,322	
Other additional paid-in capital	6		7		1	5	
Total additional paid-in capital	25,328	6.1	25,329	6.8	1	25,327	6.3
Retained earnings:							
Earned reserve	4,959		4,959		0	4,959	
Other retained earnings:							
Extraordinary depreciation reserve	59		49		(10)	246	
Reserve for accelerated depreciation	2,494		2,473		(20)	3,508	
Special appropriation to the reserve for accelerated depreciation	340		415		75	324	
Reserve for various purposes	100,500		101,400		900	100,500	
Retained earnings brought forward	4,916		(26,755)		(31,671)	23	
Total other retained earnings	108,310		77,582		(30,728)	104,603	
Total retained earnings	113,270	27.5	82,542	22.2	(30,728)	109,563	27.2
Less: Treasury stock, at cost	(12,171)	(2.9)	(12,242)	(3.3)	(70)	(12,135)	(3.0)
Total shareholders' equity	146,266	35.5	115,468	31.0	(30,797)	142,594	35.4
<b>Valuation and translation adjustments:</b>							
Net unrealized holding gains on securities	33,227	8.0	27,321	7.3	(5,906)	32,874	8.2
Total valuation and translation adjustments	33,227	8.0	27,321	7.3	(5,906)	32,874	8.2
Total net assets	179,493	43.5	142,789	38.3	(36,704)	175,468	43.6
<b>Total liabilities and net assets</b>	<b>412,258</b>	<b>100</b>	<b>372,497</b>	<b>100</b>	<b>(39,760)</b>	<b>402,075</b>	<b>100</b>

## Non-consolidated Statements of Income

Item	First half of FY2007 April 1, 2006 to September 30, 2006		First half of FY2008 April 1, 2007 to September 30, 2007		Change Increase (Decrease)	FY2007 April 1, 2006 to March 31, 2007	
	Millions of yen	Composition ratio (%)	Millions of yen	Composition ratio (%)	Millions of yen	Millions of yen	Composition ratio (%)
<b>Net sales:</b>							
Completed construction	74,274		86,245		11,971	217,665	
Real estate and other	2,105		1,488		(617)	7,552	
Total net sales	76,380	100	87,734	100	11,353	225,217	100
<b>Cost of sales:</b>							
Completed construction	67,426		86,075		18,648	198,234	
Real estate and other	688		474		(214)	3,595	
Total cost of sales	68,114	89.2	86,549	98.6	18,434	201,829	89.6
Gross profit:							
Completed construction	6,848		170		(6,677)	19,430	
Real estate and other	1,417		1,013		(403)	3,957	
Total gross profit	8,265	10.8	1,184	1.4	(7,080)	23,387	10.4
<b>Selling, general and administrative expenses:</b>							
Directors' remuneration	151		134		(17)	284	
Employee salary	6,180		5,841		(339)	12,289	
Retirement benefits	435		376		(59)	850	
Statutory welfare	742		722		(20)	1,466	
Fringe benefit	253		264		10	367	
Repair and maintenance	135		204		69	307	
Office supplies	186		150		(36)	344	
Communication and transportation	558		546		(12)	1,107	
Utilities	71		74		2	144	
Research	443		430		(13)	998	
Adverting	76		83		7	225	
Entertainment	155		100		(54)	324	
Donation	38		25		(12)	146	
Rent	170		182		11	342	
Depreciation	194		262		68	403	
Tax and dues	501		445		(55)	493	
Insurance	12		11		(0)	26	
Miscellaneous expenses	888		805		(82)	1,732	
Total selling, general and administrative expenses	11,196	14.6	10,662	12.2	(533)	21,853	9.7
Operating income	—		—		—	1,534	0.7
Operating loss	2,931	(3.8)	9,478	(10.8)	6,547	—	

Item	First half of FY2007 April 1, 2006 to September 30, 2006		First half of FY2008 April 1, 2007 to September 30, 2007		Change Increase (Decrease)	FY2007 April 1, 2006 to March 31, 2007	
	Millions of yen	Composition ratio (%)	Millions of yen	Composition ratio (%)	Millions of yen	Millions of yen	Composition ratio (%)
<b>Non-operating income:</b>							
Interest income	114		246		131	262	
Interest on marketable securities	108		161		52	213	
Dividends	672		609		(63)	965	
Others	91		75		(16)	197	
Total non-operating income	986	1.2	1,091	1.3	104	1,638	0.7
<b>Non-operating expenses:</b>							
Interest expenses	109		138		28	237	
Foreign exchange loss	27		—		(27)	—	
Others	44		10		(34)	91	
Total non-operating expenses	182	0.2	149	0.2	(33)	328	0.1
Ordinary income	—		—		—	2,844	1.3
Ordinary loss	2,126	(2.8)	8,535	(9.7)	6,409	—	
<b>Extraordinary gains:</b>							
Prior-year adjustment	212		215		3	412	
Gain on sales of property and equipment	728		158		(569)	978	
Reversal of allowance for doubtful accounts	2,043		47		(1,995)	787	
Gain on sales of investments in securities	206		21		(184)	2,925	
Total extraordinary gains	3,190	4.2	443	0.5	(2,746)	5,104	2.3
<b>Extraordinary losses:</b>							
Prior-year adjustment	131		22		(108)	59	
Loss on sales of property and equipment	0		7		7	1	
Loss on disposal of property and equipment	18		183		165	43	
Devaluation of investments in securities	177		179		1	15	
Loss on deduction of carrying amounts of property and equipment	—		3		3	—	
Loss on valuation of membership	—		27		27	—	
Loss on violation of the antitrust laws	—		—		—	714	
Total extraordinary losses	327	0.4	424	0.5	96	835	0.4
Income before income taxes	736	1.0	—		(736)	7,113	3.2
Loss before income taxes	—		8,516	(9.7)	8,516	—	
Current income taxes	88	0.1	87	0.1	(1)	426	0.2
Refund of income taxes for prior periods	—		(199)	(0.2)	(199)	—	
Deferred income taxes	240	0.4	18,321	20.9	18,081	2,572	1.2
<b>Net income</b>	407	0.5	—		(407)	4,114	1.8
<b>Net loss</b>	—		26,724	(30.5)	26,724	—	

**Non-consolidated Statements of Changes 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		
		Capital reserve	Other additional paid-in capital	Total additional paid-in capital
<b>Balance—March 31, 2006</b>	19,838	25,322	4	25,326
Changes during the period:				
Disposal of treasury stock			0	0
Total changes during the period	—	—	0	0
<b>Balance—September 30, 2006</b>	19,838	25,322	5	25,327

	Shareholders' equity								
	Retained earnings						Total retained earnings	Treasury stock, at cost	Total Shareholders' equity
	Earned reserve	Other retained earnings							
		Extra-ordinary depreciation reserve	Reserve for accelerated depreciation	Special appropriation to the reserve for accelerated depreciation	Reserve for various purposes	Retained earnings brought forward			
<b>Balance—March 31, 2006</b>	4,959	112	3,076	178	98,700	4,193	111,220	(10,823)	145,562
Changes during the period:									
Transfer to extraordinary depreciation reserve (Note)		3				(3)	—		—
Reversal of extraordinary depreciation reserve (Note)		(33)				33	—		—
Transfer to reserve for accelerated depreciation (Note)			507			(507)	—		—
Reversal of reserve for accelerated depreciation (Note)			(56)			56	—		—
Reversal of special appropriation to the reserve for accelerated depreciation (Note)				(178)		178	—		—
Transfer to reserve for various purposes (Note)					1,800	(1,800)	—		—
Dividends from surplus (Note)						(2,022)	(2,022)		(2,022)
Bonuses for directors and statutory auditors (Note)						(42)	(42)		(42)
Net income						407	407		407
Acquisition of treasury stock							—	(1,313)	(1,313)
Disposal of treasury stock							—	1	2
Transfer to extraordinary depreciation reserve		178				(178)	—		—
Reversal of extraordinary depreciation reserve		(14)				14	—		—
Reversal of reserve for accelerated depreciation			(19)			19	—		—
Transfer to special appropriation to the reserve for accelerated depreciation				324		(324)	—		—
Total changes during the period	—	134	431	146	1,800	(4,169)	(1,657)	(1,311)	(2,967)
<b>Balance—September 30, 2006</b>	4,959	246	3,508	324	100,500	23	109,563	(12,135)	142,594

(Millions of yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized holding gains on securities	Total valuation and translation adjustments	
<b>Balance—March 31, 2006</b>	36,314	36,314	181,877
Changes during the period:			
Transfer to extraordinary depreciation reserve (Note)			—
Reversal of extraordinary depreciation reserve (Note)			—
Transfer to reserve for accelerated depreciation (Note)			—
Reversal of reserve for accelerated depreciation (Note)			—
Reversal of special appropriation to the reserve for accelerated depreciation (Note)			—
Transfer to reserve for various purposes (Note)			—
Dividends from surplus (Note)			(2,022)
Bonuses for directors and statutory auditors (Note)			(42)
Net income			407
Acquisition of treasury stock			(1,313)
Disposal of treasury stock			2
Transfer to extraordinary depreciation reserve			—
Reversal of extraordinary depreciation reserve			—
Reversal of reserve for accelerated depreciation			—
Transfer to special appropriation to the reserve for accelerated depreciation			—
Items other than changes in shareholders' equity	(3,440)	(3,440)	(3,440)
Total changes during the period	(3,440)	(3,440)	(6,408)
<b>Balance—September 30, 2006</b>	32,874	32,874	175,468

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



	Shareholders' equity			
	Common stock	Additional paid-in capital		
		Capital reserve	Other additional paid-in capital	Total additional paid-in capital
<b>Balance—March 31, 2007</b>	19,838	25,322	6	25,328
Changes during the period:				
Disposal of treasury stock			1	1
Total changes during the period	—	—	1	1
<b>Balance—September 30, 2007</b>	19,838	25,322	7	25,329

	Shareholders' equity								
	Retained earnings							Treasury stock, at cost	Total Shareholders' equity
	Earned reserve	Other retained earnings					Total retained earnings		
		Extra-ordinary depreciation reserve	Reserve for accelerated depreciation	Special appropriation to the reserve for accelerated depreciation	Reserve for various purposes	Retained earnings brought forward			
<b>Balance—March 31, 2007</b>	4,959	59	2,494	340	100,500	4,916	113,270	(12,171)	146,266
Changes during the period:									
Transfer to reserve for various purposes					900	(900)	—		—
Dividends from surplus						(4,003)	(4,003)		(4,003)
Net loss						(26,724)	(26,724)		(26,724)
Acquisition of treasury stock							—	(73)	(73)
Disposal of treasury stock							—	2	3
Transfer to extraordinary depreciation reserve		1				(1)	—		—
Reversal of extraordinary depreciation reserve		(12)				12	—		—
Reversal of reserve for accelerated depreciation			(20)			20	—		—
Transfer to special appropriation to the reserve for accelerated depreciation				75		(75)	—		—
Total changes during the period	—	(10)	(20)	75	900	(31,671)	(30,728)	(70)	(30,797)
<b>Balance—September 30, 2007</b>	4,959	49	2,473	415	101,400	(26,755)	82,542	(12,242)	115,468

(Millions of yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized holding gains on securities	Total valuation and translation adjustments	
<b>Balance—March 31, 2007</b>	33,227	33,227	179,493
Changes during the period:			
Transfer to reserve for various purposes			—
Dividends from surplus			(4,003)
Net loss			(26,724)
Acquisition of treasury stock			(73)
Disposal of treasury stock			3
Transfer to extraordinary depreciation reserve			—
Reversal of extraordinary depreciation reserve			—
Reversal of reserve for accelerated depreciation			—
Transfer to special appropriation to the reserve for accelerated depreciation			—
Items other than changes in shareholders' equity	(5,906)	(5,906)	(5,906)
Total changes during the period	(5,906)	(5,906)	(36,704)
<b>Balance—September 30, 2007</b>	27,321	27,321	142,789

	Shareholders' equity			
	Common stock	Additional paid-in capital		
		Capital reserve	Other additional paid-in capital	Total additional paid-in capital
<b>Balance—March 31, 2006</b>	19,838	25,322	4	25,326
Changes during the year:				
Disposal of treasury stock			1	1
Total changes during the year	—	—	1	1
<b>Balance—March 31, 2007</b>	19,838	25,322	6	25,328

	Shareholders' equity								
	Retained earnings							Treasury stock, at cost	Total Shareholders' equity
	Earned reserve	Other retained earnings					Total retained earnings		
		Extra-ordinary depreciation reserve	Reserve for accelerated depreciation	Special appropriation to the reserve for accelerated depreciation	Reserve for various purposes	Retained earnings brought forward			
<b>Balance—March 31, 2006</b>	4,959	112	3,076	178	98,700	4,193	111,220	(10,823)	145,562
Changes during the year:									
Transfer to extraordinary depreciation reserve (Note)		3				(3)	—		—
Reversal of extraordinary depreciation reserve (Note)		(33)				33	—		—
Transfer to reserve for accelerated depreciation (Note)			507			(507)	—		—
Reversal of reserve for accelerated depreciation (Note)			(56)			56	—		—
Reversal of special appropriation to the reserve for accelerated depreciation (Note)				(178)		178	—		—
Transfer to reserve for various purposes (Note)					1,800	(1,800)	—		—
Dividends from surplus (Note)						(2,022)	(2,022)		(2,022)
Bonuses for directors and statutory auditors (Note)						(42)	(42)		(42)
Net income						4,114	4,114		4,114
Acquisition of treasury stock								(1,351)	(1,351)
Disposal of treasury stock								3	5
Transfer to extraordinary depreciation reserve		5				(5)	—		—
Reversal of extraordinary depreciation reserve		(28)				28	—		—
Transfer to reserve for accelerated depreciation			123			(123)	—		—
Reversal of reserve for accelerated depreciation			(1,156)			1,156	—		—
Transfer to special appropriation to the reserve for accelerated depreciation				340		(340)	—		—
Total changes during the year	—	(52)	(582)	162	1,800	722	2,049	(1,347)	703
<b>Balance—March 31, 2007</b>	4,959	59	2,494	340	100,500	4,916	113,270	(12,171)	146,266

(Millions of yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized holding gains on securities	Total valuation and translation adjustments	
<b>Balance—March 31, 2006</b>	36,314	36,314	181,877
Changes during the year:			
Transfer to extraordinary depreciation reserve (Note)			—
Reversal of extraordinary depreciation reserve (Note)			—
Transfer to reserve for accelerated depreciation (Note)			—
Reversal of reserve for accelerated depreciation (Note)			—
Reversal of special appropriation to the reserve for accelerated depreciation (Note)			—
Transfer to reserve for various purposes (Note)			—
Dividends from surplus (Note)			(2,022)
Bonuses for directors and statutory auditors (Note)			(42)
Net income			4,114
Acquisition of treasury stock			(1,351)
Disposal of treasury stock			5
Transfer to extraordinary depreciation reserve			—
Reversal of extraordinary depreciation reserve			—
Transfer to reserve for accelerated depreciation			—
Reversal of reserve for accelerated depreciation			—
Transfer to special appropriation to the reserve for accelerated depreciation			—
Items other than changes in shareholders' equity	(3,087)	(3,087)	(3,087)
Total changes during the year	(3,087)	(3,087)	(2,383)
<b>Balance—March 31, 2007</b>	33,227	33,227	179,493

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

## Breakdown of Orders (Non-consolidated)

(Millions of yen)

			First half of FY2007 April 1, 2006 to September 30, 2006			First half of FY2008 April 1, 2007 to September 30, 2007			Change Increase (Decrease)		FY2007 April 1, 2006 to March 31, 2007			
				%	%		%	%		%		%	%	
Construction orders awarded	Civil engineering	Domestic public sector	13,733	34.3	44.3	7,677	50.3	24.3	(6,056)	(44.1)	36,327	41.1	36.1	
		Domestic private sector	14,127	35.3		7,726	50.6		(6,401)	(45.3)	30,246	34.2		
		Overseas	12,145	30.4		(129)	(0.9)		(12,274)	(101.1)	21,821	24.7		
		Subtotal	40,006	100		15,274	100		(24,732)	(61.8)	88,395	100		
	Architectural construction	Domestic public sector	6,674	13.3	55.7	2,898	6.1	75.7	(3,775)	(56.6)	13,448	8.6	63.9	
		Domestic private sector	43,633	86.7		44,584	93.9		950	2.2	143,031	91.4		
		Subtotal	50,307	100		47,482	100		(2,825)	(5.6)	156,480	100		
	Total	Domestic public sector	20,408	22.6	100	10,576	16.8	100	(9,832)	(48.2)	49,776	20.3	100	
		Domestic private sector	57,760	64.0		52,310	83.4		(5,450)	(9.4)	173,277	70.8		
		Overseas	12,145	13.4		(129)	(0.2)		(12,274)	(101.1)	21,821	8.9		
		Total	90,314	100		62,757	100		(27,557)	(30.5)	244,876	100		
	Net sales	Projects completed	Civil engineering	Domestic public sector	16,483	57.5	[38.6]	15,032	62.9	[27.7]	(1,451)	(8.8)	58,379	62.5
Domestic private sector				12,207	42.5	8,876		37.1	(3,331)		(27.3)	35,084	37.5	
Overseas				—	—	—		—	—		—	—	—	
Subtotal				28,691	100	23,908		100	(4,782)		(16.7)	93,464	100	
Architectural construction		Domestic public sector	3,816	8.4	[61.4]	3,415	5.5	[72.3]	(400)	(10.5)	15,404	12.4	[57.1]	
		Domestic private sector	41,767	91.6		58,921	94.5		17,154	41.1	108,796	87.6		
		Subtotal	45,583	100		62,336	100		16,753	36.8	124,200	100		
Subtotal		Domestic public sector	20,299	27.3	[100]	18,447	21.4	[100]	(1,851)	(9.1)	73,784	33.9	[100]	
		Domestic private sector	53,974	72.7		67,797	78.6		13,823	25.6	143,881	66.1		
		Overseas	—	—		—	—		—	—	—	—		
		Subtotal	74,274	100		86,245	100		11,971	16.1	217,665	100		
Real estate and other			2,105	2.8		1,488	1.7		(617)	(29.3)	7,552	3.4		
Total			76,380	100		87,734	100		11,353	14.9	225,217	100		
Period-end backlog	Civil engineering	Domestic public sector	117,449	58.4	49.8	90,793	51.6	45.0	(26,656)	(22.7)	98,148	53.1	44.5	
		Domestic private sector	58,781	29.3		50,872	28.9		(7,908)	(13.5)	52,022	28.2		
		Overseas	24,789	12.3		34,336	19.5		9,547	38.5	34,465	18.7		
		Subtotal	201,020	100		176,002	100		(25,018)	(12.4)	184,636	100		
	Architectural construction	Domestic public sector	28,771	14.2	50.2	23,440	10.9	55.0	(5,331)	(18.5)	23,957	10.4	55.5	
		Domestic private sector	173,816	85.8		191,848	89.1		18,031	10.4	206,185	89.6		
		Subtotal	202,588	100		215,288	100		12,700	6.3	230,143	100		
	Total	Domestic public sector	146,221	36.2	100	114,233	29.2	100	(31,987)	(21.9)	122,105	29.4	100	
		Domestic private sector	232,597	57.6		242,720	62.0		10,123	4.4	258,208	62.3		
		Overseas	24,789	6.2		34,336	8.8		9,547	38.5	34,465	8.3		
		Total	403,608	100		391,291	100		(12,317)	(3.1)	414,779	100		