

Brief Non-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

Date of Commencement of Dividend Payment: Not Applicable

Application of the Unit-Shares System: Applicable (One lot: 1,000 shares)

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

(1) Non-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	76,380	21.4	(2,931)	—	(2,126)	—
First half of FY2006	62,893	(5.0)	(7,107)	—	(5,919)	—
FY2006	266,836		3,952		5,562	

	Net income (loss)		Net income (loss) per share
	Millions of yen	%	Yen
First half of FY2007	407	—	2.02
First half of FY2006	(2,359)	—	(11.56)
FY2006	4,109		20.02

Notes: 1. Average number of shares outstanding

First half of FY2007: 201,860,833 shares First half of FY2006: 204,126,118 shares FY2006: 203,225,151 shares

2. Changes in the method of accounting policies: Applicable

3. 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) 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 FY2007	402,075	175,468	43.6	876.39
First half of FY2006	428,894	164,630	38.4	813.61
FY2006	433,530	181,877	42.0	898.88

Notes: 1. Number of shares outstanding at end of period

First half of FY2007: 200,217,971 shares First half of FY2006: 202,346,637 shares FY2006: 202,291,673 shares

2. Number of treasury shares

First half of FY2007: 28,108,162 shares First half of FY2006: 25,979,496 shares FY2006: 26,034,460 shares

2. Forecast of non-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	235,000	5,100	4,200

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

3. Non-consolidated dividends

	Cash dividends per share (Yen)		
	Interim	Year-end	Total
FY2006	—	10.00	10.00
FY2007 (Result)	—	—	20.00
FY2007 (Expected)	—	20.00	

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

Non-consolidated Financial Statements

Non-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 (%)
Assets							
Current assets:							
Cash and time deposits	48,910		53,690		(4,779)	54,748	
Trade notes receivable	7,274		20,466		(13,191)	11,256	
Trade accounts receivable	24,694		61,786		(37,091)	23,548	
Short-term investments	15,322		7,819		7,503	2,135	
Real estate for sale	3,427		3,657		(230)	2,130	
Accumulated costs of uncompleted contracts	137,129		114,051		23,077	166,798	
Payment for investments in real estate	4,074		4,135		(61)	4,789	
Deferred income taxes	13,543		13,381		161	17,562	
Other accounts receivable	22,734		24,369		(1,635)	22,365	
Trust beneficiary rights	1,794		2,366		(572)	2,938	
Others	4,650		4,769		(118)	4,504	
Less: Allowance for doubtful accounts	(2,809)		(4,842)		2,032	(3,287)	
Total current assets	280,745	69.8	305,652	70.5	(24,906)	309,490	72.2
Fixed assets:							
Property and equipment:							
Buildings	4,127		4,035		92	5,224	
Machinery and vehicles	443		469		(25)	526	
Tools, furniture and fixtures	398		382		15	364	
Land	11,950		11,725		224	13,117	
Construction in progress	205		113		91	132	
Total property and equipment	17,125		16,727		398	19,366	
Intangible fixed assets	1,098		1,063		34	663	
Investments and other assets:							
Investments in securities	96,454		103,325		(6,870)	93,778	
Investments in subsidiaries and affiliates, at cost	245		245		0	245	
Long-term receivables	1,776		1,797		(21)	3,437	
Long-term loans to employees	635		700		(65)	694	
Others	4,023		4,058		(35)	2,939	
Less: Allowance for doubtful accounts	(28)		(39)		10	(1,720)	
Total investments and other assets	103,105		110,087		(6,981)	99,374	
Total fixed assets	121,329	30.2	127,877	29.5	(6,548)	119,403	27.8
Total assets	402,075	100	433,530	100	(31,455)	428,894	100

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 (%)
Liabilities							
Current liabilities:							
Trade notes payable	9,797		16,143		(6,346)	15,500	
Trade accounts payable	62,482		81,288		(18,806)	70,296	
Short-term loans including current portion of long-term debt	14,018		13,692		325	15,644	
Accrued expenses	3,343		3,454		(111)	3,511	
Accrued income taxes	460		240		219	177	
Advances received on uncompleted contracts	95,251		88,441		6,809	126,936	
Deposit payable	11,811		12,860		(1,049)	7,804	
Allowance for repairs	97		236		(138)	219	
Allowance for warranty work on construction projects	535		626		(90)	165	
Allowance for construction loss	2,888		1,944		943	2,082	
Others	1,083		4,951		(3,867)	1,669	
Total current liabilities	201,769	50.2	223,880	51.6	(22,111)	244,007	56.9
Long-term liabilities:							
Long-term debt	509		566		(57)	567	
Deferred income taxes	17,367		19,316		(1,949)	11,532	
Accrued severance indemnities	6,946		7,874		(927)	8,141	
Others	14		14		0	14	
Total long-term liabilities	24,837	6.2	27,772	6.4	(2,934)	20,256	4.7
Total liabilities	226,606	56.4	251,652	58.0	(25,046)	264,263	61.6

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
Shareholders' equity							
Common stock	—		19,838	4.6	—	19,838	4.6
Additional paid-in capital:							
Capital reserve	—		25,322		—	25,322	
Other additional paid-in capital:							
Gain on sales of treasury stock	—		4		—	3	
Total other additional paid-in Capital	—		4		—	3	
Total additional paid-in capital	—		25,326	5.8	—	25,325	5.9
Retained earnings:							
Earned reserve	—		4,959		—	4,959	
Voluntary reserve:							
Extraordinary depreciation reserve	—		112		—	112	
Reserve for accelerated depreciation	—		3,076		—	3,076	
Special appropriation to the reserve for accelerated depreciation	—		178		—	178	
Reserve for various purposes	—		98,700		—	98,700	
Total voluntary reserve	—		102,067		—	102,067	
Unappropriated retained earnings at end of year	—		4,193		—	—	
Unappropriated deficit at end of period	—		—		—	2,275	
Total retained earnings	—		111,220	25.7	—	104,751	24.4
Net unrealized gains on securities	—		36,314	8.4	—	25,499	6.0
Less: Treasury stock, at cost	—		(10,823)	(2.5)	—	(10,785)	(2.5)
Total shareholders' equity	—		181,877	42.0	—	164,630	38.4
Total liabilities and shareholders' equity	—		433,530	100	—	428,894	100
Net assets							
Shareholders' equity:							
Common stock	19,838	4.9	—		—	—	
Additional paid-in capital:							
Capital reserve	25,322		—		—	—	
Other additional paid-in capital	5		—		—	—	
Total additional paid-in capital	25,327	6.3	—		—	—	
Retained earnings:							
Earned reserve	4,959		—		—	—	
Other retained earnings:							
Extraordinary depreciation reserve	246		—		—	—	
Reserve for accelerated depreciation	3,508		—		—	—	
Special appropriation to the reserve for accelerated depreciation	324		—		—	—	
Reserve for various purposes	100,500		—		—	—	
Retained earnings brought forward	23		—		—	—	
Total other retained earnings	104,603		—		—	—	
Total retained earnings	109,563	27.2	—		—	—	
Less: Treasury stock, at cost	(12,135)	(3.0)	—		—	—	
Total shareholders' equity	142,594	35.4	—		—	—	
Valuation and translation adjustments:							
Net unrealized gains on securities	32,874	8.2	—		—	—	
Total valuation and translation adjustments	32,874	8.2	—		—	—	
Total net assets	175,468	43.6	—		—	—	
Total liabilities and net assets	402,075	100	—		—	—	

Non-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	Millions of yen	Composition ratio (%)
Net sales:							
Completed construction	74,274		61,472		12,801	261,043	
Real estate and other	2,105		1,420		685	5,793	
Total net sales	76,380	100	62,893	100	13,486	266,836	100
Cost of sales:							
Completed construction	67,426		58,181		9,244	236,992	
Real estate and other	688		514		174	3,535	
Total cost of sales	68,114	89.2	58,696	93.3	9,418	240,527	90.1
Gross profit:							
Completed construction	6,848		3,291		3,557	24,050	
Real estate and other	1,417		906		510	2,257	
Total gross profit	8,265	10.8	4,197	6.7	4,068	26,308	9.9
Selling, general and administrative expenses:							
Directors' remuneration	151		168		(16)	335	
Employee salary	6,180		6,065		115	11,910	
Retirement benefits	435		516		(80)	989	
Statutory welfare	742		716		25	1,421	
Fringe benefit	253		209		44	360	
Repair and maintenance	135		117		17	395	
Office supplies	186		175		11	362	
Communication and transportation	558		576		(17)	1,149	
Utilities	71		70		1	144	
Research	443		544		(100)	1,076	
Advertising	76		81		(4)	225	
Reversal of allowance for doubtful accounts	—		—		—	397	
Entertainment	155		215		(59)	425	
Donation	38		18		19	56	
Rent	170		148		21	302	
Depreciation	194		134		59	287	
Tax and dues	501		647		(146)	663	
Insurance	12		13		(0)	27	
Miscellaneous expenses	888		886		1	1,824	
Total selling, general and administrative expenses	11,196	14.6	11,304	18.0	(107)	22,356	8.4
Operating income	—		—		—	3,952	1.5
Operating loss	2,931	(3.8)	7,107	(11.3)	(4,176)	—	

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	Millions of yen	Composition ratio (%)
Non-operating income:							
Interest income	114		78		36	179	
Interest on marketable securities	108		75		33	135	
Dividends	672		1,133		(461)	1,358	
Others	91		101		(10)	287	
Total non-operating income	986	1.2	1,388	2.2	(401)	1,960	0.7
Non-operating expenses:							
Interest expenses	109		165		(56)	298	
Foreign exchange loss	27		—		27	—	
Others	44		34		9	52	
Total non-operating expenses	182	0.2	200	0.3	(18)	351	0.1
Ordinary income	—		—		—	5,562	2.1
Ordinary loss	2,126	(2.8)	5,919	(9.4)	(3,792)	—	
Extraordinary gains:							
Prior-year adjustment	212		383		(171)	260	
Gain on sales of property and equipment	728		401		327	1,350	
Reversal of allowance for doubtful accounts	2,043		1,634		408	—	
Gain on sales of investments in securities	206		20		185	140	
Gain on redemption of investments in securities	—		—		—	825	
Total extraordinary gains	3,190	4.2	2,440	3.9	749	2,576	1.0
Extraordinary losses:							
Prior-year adjustment	131		103		27	199	
Loss on sales of property and equipment	0		0		(0)	2	
Loss on disposal of property and equipment	18		43		(25)	73	
Devaluation of investments in securities	177		104		73	12	
Loss on deduction of carrying amounts of property and equipment	—		—		—	411	
Total extraordinary losses	327	0.4	252	0.4	75	700	0.3
Income before income taxes	736	1.0	—		736	7,438	2.8
Loss before income taxes	—		3,730	(5.9)	(3,730)	—	
Current income taxes	88	0.1	88	0.1	0	216	0.1
Deferred income taxes	240	0.4	(1,459)	(2.2)	1,699	3,112	1.2
Net income	407	0.5	—		407	4,109	1.5
Net loss	—		2,359	(3.8)	(2,359)	—	
Unappropriated retained earnings brought forward	—		83		—	83	
Unappropriated retaining earnings at end of year	—		—		—	4,193	
Unappropriated deficit at end of period	—		2,275		—	—	

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

(Millions of yen)

	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			
Balance—March 31, 2006	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 retained earnings (Note)						(2,022)	(2,022)		(2,022)
Bonus for directors and statutory auditors (Note)						(42)	(42)		(42)
Net income						407	407		407
Purchase of treasury stock							—	(1,313)	(1,313)
Sales 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)
Balance—September 30, 2006	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 gains on securities	Total valuation and translation adjustments	
Balance—March 31, 2006	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 retained earnings (Note)			(2,022)
Bonus for directors and statutory auditors (Note)			(42)
Net income			407
Purchase of treasury stock			(1,313)
Sales 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			—
Changes in items other than shareholders' equity during the period, net	(3,440)	(3,440)	(3,440)
Total changes during the period	(3,440)	(3,440)	(6,408)
Balance—September 30, 2006	32,874	32,874	175,468

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

Breakdown of Orders (Non-consolidated) for the First Half of FY2007

(Millions of yen)

			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	%				
Construction orders awarded	Civil engineering	Domestic public sector	13,733	34.3	44.3	27,865	75.3	38.8	(14,131)	(50.7)	55,776	66.2	34.5	
		Domestic private sector	14,127	35.3		8,596	23.2		5,530	64.3	27,257	32.4		
		Overseas	12,145	30.4		546	1.5		11,598	2,120.7	1,187	1.4		
		Subtotal	40,006	100		37,008	100		2,997	8.1	84,220	100		
	Architectural construction	Domestic public sector	6,674	13.3	55.7	13,985	24.0	61.2	(7,311)	(52.3)	18,078	11.3	65.5	
		Domestic private sector	43,633	86.7		44,305	76.0		(671)	(1.5)	141,797	88.7		
		Subtotal	50,307	100		58,290	100		(7,983)	(13.7)	159,876	100		
	Total	Domestic public sector	20,408	22.6	100	41,851	43.9	100	(21,442)	(51.2)	73,855	30.2	100	
		Domestic private sector	57,760	64.0		52,901	55.5		4,859	9.2	169,054	69.3		
		Overseas	12,145	13.4		546	0.6		11,598	2,120.7	1,187	0.5		
		Total	90,314	100		95,299	100		(4,985)	(5.2)	244,097	100		
	Net sales	Projects completed	Civil engineering	Domestic public sector	16,483	57.5	[38.6]	10,477	62.5	[27.3]	6,006	57.3	70,634	72.5
Domestic private sector				12,207	42.5	6,298		37.5	5,908		93.8	24,280	24.9	
Overseas				—	—	—		—	—		—	2,478	2.6	
Subtotal				28,691	100	16,775		100	11,915		71.0	97,393	100	
Architectural construction		Domestic public sector	3,816	8.4	[61.4]	4,894	11.0	[72.7]	(1,078)	(22.0)	17,300	10.6	[62.7]	
		Domestic private sector	41,767	91.6		39,802	89.0		1,965	4.9	146,349	89.4		
		Subtotal	45,583	100		44,697	100		886	2.0	163,649	100		
Subtotal		Domestic public sector	20,299	27.3	[100]	15,372	25.0	[100]	4,927	32.1	87,935	33.7	[100]	
		Domestic private sector	53,974	72.7		46,100	75.0		7,873	17.1	170,629	65.4		
		Overseas	—	—		—	—		—	—	2,478	0.9		
	Subtotal	74,274	100	61,472		100	12,801		20.8	261,043	100			
Real estate and other			2,105	2.8	1,420		2.3	685	48.2	5,793	2.2			
Total			76,380	100	62,893		100	13,486	21.4	266,836	100			
Period-end backlog	Civil engineering	Domestic public sector	117,449	58.4	49.8	152,446	68.3	50.9	(34,996)	(23.0)	120,199	63.3	48.9	
		Domestic private sector	58,781	29.3		56,182	25.2		2,598	4.6	56,861	30.0		
		Overseas	24,789	12.3		14,482	6.5		10,307	71.2	12,644	6.7		
		Subtotal	201,020	100		223,110	100		(22,090)	(9.9)	189,705	100		
	Architectural construction	Domestic public sector	28,771	14.2	50.2	34,226	15.9	49.1	(5,454)	(15.9)	25,913	13.1	51.1	
		Domestic private sector	173,816	85.8		181,004	84.1		(7,188)	(4.0)	171,950	86.9		
		Subtotal	202,588	100		215,230	100		(12,642)	(5.9)	197,863	100		
	Total	Domestic public sector	146,221	36.2	100	186,672	42.6	100	(40,450)	(21.7)	146,112	37.7	100	
		Domestic private sector	232,597	57.6		237,187	54.1		(4,589)	(1.9)	228,811	59.0		
		Overseas	24,789	6.2		14,482	3.3		10,307	71.2	12,644	3.3		
Total		403,608	100	438,341		100	(34,733)		(7.9)	387,568	100			