奥村組
OKUMURA CORPORATION

Okumura Corporation

Annual Report 2017

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 civil engineering projects for railways, roads, power station facilities, sewage and water works, and others. In the area of construction are projects such as houses, public facilities, medical facilities, and office buildings. 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.

Contents

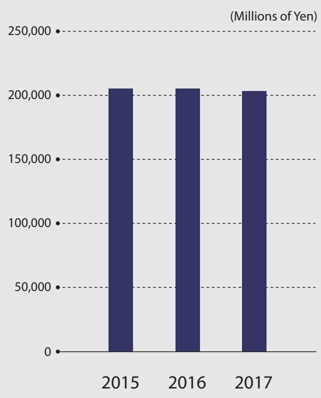
1 Financial Highlights
2 To Our Shareholders
4 Review of Operations
6 Topics
8 Consolidated Balance Sheet
10 Consolidated Statement of Income
11 Consolidated Statement of Comprehensive Income
12 Consolidated Statement of Changes in Equity
13 Consolidated Statement of Cash Flows
14 Notes to Consolidated Financial Statements
32 Independent Auditor’s Report
33 Breakdown of Orders (Nonconsolidated)
34 Network
35 Board of Directors / Investor Information

Financial Highlights

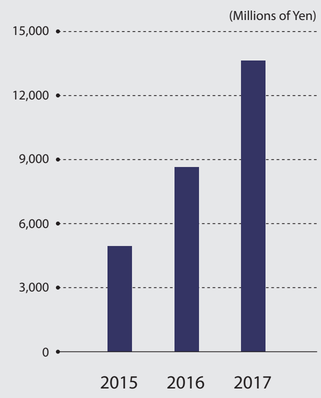
For the years ended March 31	2015	2016	2017	2017
Consolidated:		Millions of yen		Thousands of U.S. dollars
Net sales	¥205,268	¥205,291	**¥203,091**	**$1,810,080**
Operating income	4,052	8,423	**11,679**	**104,088**
Net income attributable to owners of the parent	4,922	8,626	**13,614**	**121,340**
Total assets	260,303	266,681	**289,475**	**2,579,987**
Total equity	140,655	143,279	**152,959**	**1,363,267**
Per Share:		Yen		U.S. dollars
Basic net income	¥24.66	¥43.28	**¥68.34**	**$0.61**
Cash dividends applicable to the year	12.00	21.00	**33.00**	**0.29**

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, 2017, of ¥112.20=$1.

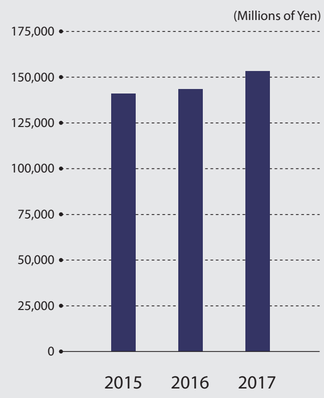
Net Sales



Net income attributable to owners of the parent



Total Equity



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.

To Our Shareholders

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

A general overview of business performance for the period to March 2017 (April 1, 2016 to March 31, 2017) is provided in the following sections.

Fiscal 2017 Results

During the period under review, the Japanese economy lacked strength at times but underwent a moderate recovery trend, as reflected in such developments as corporate production and exports showing signs of picking up. In such a climate, the operating environment surrounding the construction industry remained firm due to robust construction investments on the back of various government policies, heightened demand in the private sector, etc.

In these circumstances, the Company's consolidated net sales decreased 1.1% year on year to ¥203,091 million. Meanwhile, profits increased from the previous year again as a result of such factors as an improvement in gross profit from civil engineering projects and construction work, as consolidated gross profit increased 19.5% year on year to ¥27,063 million, operating income increased 38.6% year on year to ¥11,679 million and net income attributable to owners of the parent increased 57.8% year on year to ¥13,614 million.

The Company decided to pay a dividend of ¥33.00 per share for the period ended March 31, 2017 based on its basic policy regarding profit sharing.

Looking Ahead and Key Strategies

The Japanese economy is expected to remain on a recovery trajectory, driven by the upturn in production and exports stemming from improvements in foreign demand, etc. In the construction industry, the business environment is expected to remain firm for the time being, given that both public and private investments are expected to continue showing underlying strength, due in part to the support provided by various government policies.

Under these circumstances, the Okumura Group has been engaged in initiatives aimed at building a solid management base by strengthening the earning capacity of the construction business and expanding business domains through improvements in the productivity of the construction business, enhancements to

its brand and diversification of its earnings base in accordance with the Medium Term Business Plan, in which fiscal 2016 has been set as the first year.

Specifically, in the construction business, our efforts include promoting technology development that will lead to streamlining and labor-saving, increasing business efficiency through the accelerated adoption of Construction Information Modeling (CIM) and Building Information Modeling (BIM), reinforcing our capabilities for proposing solutions to our customers and design capabilities, promoting technology development that meets the needs of our clients and refining of our proprietary technology. In real estate operations, we are expanding the rental business by acquiring quality, revenue-generating real estate and effectively utilizing the properties in our portfolio, while carefully studying market conditions. We will also make strategic investments in new businesses in order to expand our business domains.

Of note, on December 3, 2016, a former employee of Okumura was arrested on suspicion of violating the Act on Elimination and Prevention of Involvement in Bid Rigging, etc. and Punishments for Acts by Employees that Harm Fairness of Bidding, etc. in relation to a project ordered by the Chubu Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism; however, the charges have since been dropped.

At Okumura, this situation has been treated with gravity and utmost seriousness, and we are committed to making efforts to prevent the recurrence of such a situation by further enhancing and stringently enforcing compliance.

For the future, Okumura will apply all of its resources with the aim of responding quickly and flexibly to the changing operating environment, and thereby reinforcing and diversifying its earnings base in accordance with its corporate philosophy, which has endured through the many years since the Company's founding. 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 of its shareholders.

June 2017

T. Okumura

Takanori Okumura
President and Representative Director

Review of Operations

Major Projects Completed

CIVIL ENGINEERING

Kihoku West Road Iwade Tunnel

Work period: August 2013 to February 2017
Construction length: 1,787m
Tunnel length: 1,084m
2 abutments

Integrated Operations relating to the Earthquake Reconstruction Project in Osawa Area, Yamada Town

Work period: November 2013 to March 2017
Project to fortify disaster prevention functions of fishing villages
Construction area: 212,000m^2
Cut: 270,000m^3
Embankment: 170,000m^3
Ground land improvement: 28,000m^3
Rainwater drainage: 1,100m^3

Obayashi Drainage Facility Construction in Ichinoseki Flood Control Basin

Work period: October 2013 to July 2016
Floodgate framework construction
(Concrete: Approx. 31,000m^3)
494 cast-in-place piles
Bank protection work: Approx. 2,700m^2
Streambed protection work
(Approx. 2,000 foot protecting blocks)

Kitakami Canal Disaster Restoration Work

Work period: October 2013 to September 2016
Construction length: 4,271.9m
Embankment fill: 106,300m^3
Slope pavement bank protection: 54,335m^2
4,798 sheet piles
Foot protection: 29,603m^3

BUILDINGS

Sanda Station Stationfront Block B, Type 1 Urban Redevelopment Project

Work period: January 2015 to March 2017
Heart City East
Structure: RC and Steel
Total floor space: 16,206.58m^2
Heart City West
Structure: RC
Total floor space: 13,675.42m^2

MCUD Kawasaki I (Distribution warehouse)

Work period: November 2014 to February 2017
Structure: Steel
Total floor space: 49,957.91m^2

TOKYO interior Nagoya Main Store

Work period: July 2015 to May 2016
Structure: Steel
Total floor space: 25,111.38m^2

AZ-COM MK OSAKA (Distribution warehouse)

Work period: October 2015 to October 2016
Structure: Steel
Total floor space: 30,825.61m^2

Orders Received

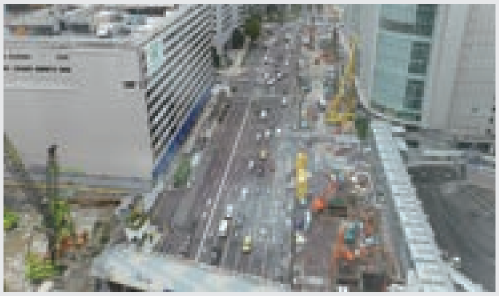
CIVIL ENGINEERING

Refill and Removal Work relating to the Landfill Disposal Project of Specified Waste (Tomioka Town, Fukushima Prefecture)

Work period: July 2016 to March 2021
Crushing incinerated ash and other waste of designated areas and designated waste
Refill and containment
Removal and transportation

Decontamination and Other Works of Katsurao Village

Work period: March 2015 to November 2017
Decontamination work
Land development, etc. for temporary waste storage area



Improvement of Hanshin Umeda Station and Expansion of the Structure of the East-West Underpass

Work period: April 2016 to March 2018
Implementation of soil contamination countermeasures (natural contaminants)
Earth retaining wall works (SMW)
Ground land improvement (high-pressure jet mixing method)
Installment of cut-off wall

Yokohama Ring Expressway North Line Shield Tunnelling

Work period: June 2008 to July 2017
Shield tunnel diameter approx. φ12m
2 tunnels with tunnel length 5,620m each
4 sections of entry/exit enlargement work
1 shaft construction work

BUILDINGS

GLP Hirakata III (Distribution warehouse)

Work period: September 2016 to September 2018
Structure: PC
(seismic isolation structure)
Total floor space: 117,193.92m^2

Chiba Newtown Distribution Warehouse

Work period: September 2016 to November 2017
Structure: Steel
Total floor space: 100,906.26m^2

International University of Health and Welfare Akasaka Campus

Work period: July 2016 to February 2018
Structure: SRC and partial Steel
Total floor space: 24,190.77m^2

SOSiLA Sagamihara (Distribution warehouse)

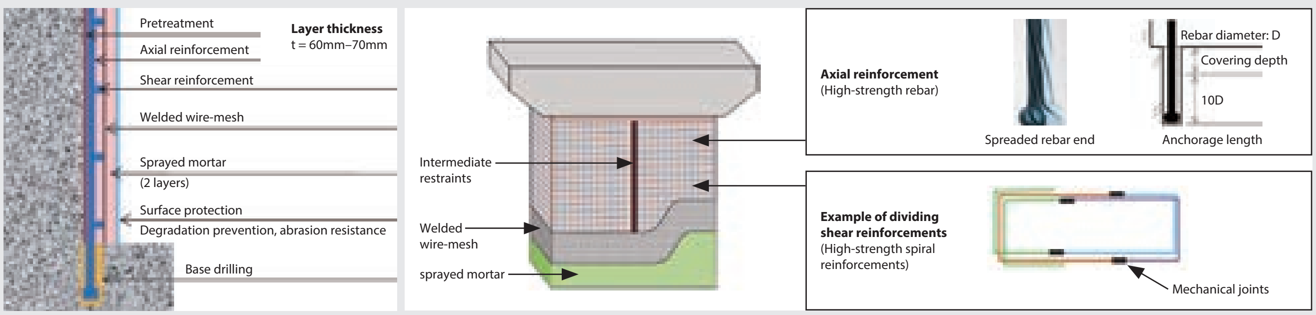
Work period: April 2017 to May 2018
Structure: Steel
Total floor space: 55,121.36m^2

Topics

❶ Inside the seminar hall

❶ Panel discussion

❷ Outside view of the Yahata Kousei Hospital Main Building



❸ Outline of flexural reinforcement method

❶ Hosting of a Technical Seminar

On November 21, 2016, Okumura hosted the 28th Technical Seminar at the Tokyo International Forum in Tokyo's Chiyoda Ward. The seminar was attended by approximately 200 participants from various fields, including clients of Okumura.

Okumura began hosting the seminar in 1988 as part of the collaboration among industrial, governmental and academic sectors related to the construction industry. This year's theme was "The Future of the Infrastructure Industry Led by Innovation: New Challenges and Hints for Success" with keynote speeches delivered by Makoto Kimura, Professor, Graduate School of Engineering, Kyoto University and Yukihiro Maru, Ph.D., President & CEO of Leave a Nest Co., Ltd. In addition, a panel discussion was held on the need for "Innovation," including further increasing the efficiency of infrastructure production systems, building reasonable maintenance systems for social capital and initiatives for new businesses, which has become increasingly required in light of prevailing concerns for securing future leaders of the infrastructure industry, dealing with aging social capital and the shrinking of the market going forward. Among these innovations, those specifically related to technical development were designated "Innovations (Technical Innovations)" and heated discussions were held on what was necessary to achieve such Innovations and what actions should be taken, from various perspectives.

❷ Yahata Kousei Hospital Main Building Is Awarded the BCS Award

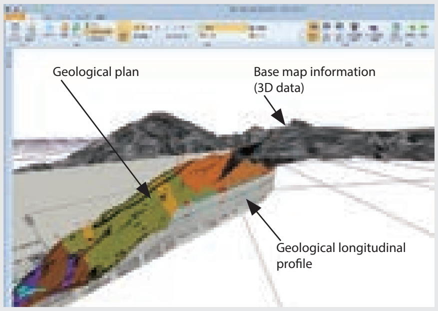
The Yahata Kousei Hospital Main Building, which was built by the Company, was awarded the 57th BCS Award of the Japan Federation of Construction Contractors.

The award praised the construction for "aiming to construct a psychiatric hospital that revolutionized conventional architectural plans for such hospitals and having realized a residence-like environment in which patients could rebuild their lives on their own." Furthermore, it noted, "the plans for the building on rugged, undulating terrain was a strong indication of the trusting relationship between the building owner, the architect and the builder."

❸ Development of a Flexural Reinforcement Method for Existing RC Columns

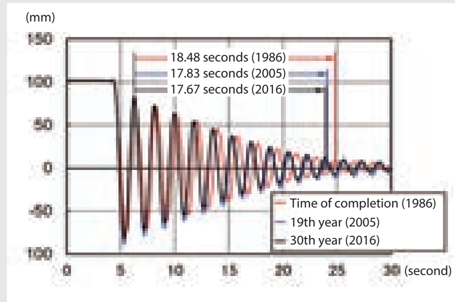
The Company developed a method of flexural reinforcement of existing RC columns, which may be applied to a wide range of seismic strengthening works of existing structures including railway bridges and road bridges.

This method was developed as a way of shear reinforcement of existing RC columns and is based on the "jacketing method using spiral reinforcements," the Company's proprietary technology with a strong track record. Added to this proprietary technology was high-strength axial reinforcement as flexural reinforcement and was finished with sprayed mortar lining. This method, which provides a thinner layer of reinforcement compared to conventional methods, is a more economical flexural reinforcement method ensuring greater ease of application.

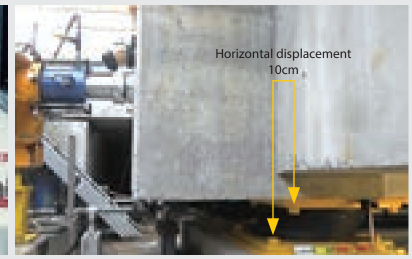


❹ Illustration of quasi-3D land model

❺ Free vibration displacement waveform



❺ Free vibration testing device



❺ Loading status

❻ Regular concrete (Slump flow 37cm)

❻ Adding high-fluidity agent and agitating

❻ High-fluidity concrete (Slump flow 55 cm)

❹ Development of Software for CIM Used in Mountain Tunnel Construction

The Company has developed a high-performance CIM software in collaboration with PASCO Corporation, which enables centralized management of construction information and the easy preparation of 3D data in mountain tunnel construction.

This software, which is based on high-speed processing of large volumes of data and a highly-responsive, basic 3D software, features ease of preparing 3D data for CIM of mountain tunnels and outstanding operability, and will dramatically reduce the burden of onsite CIM adoption and operation. Going forward, the Company will not only utilize CIM in mountain tunnel construction but also promote its adoption by the construction business as a whole, by expanding its use to a wide range of construction projects.

❺ Confirming the Performance of the Seismic Isolation Devices after 30 Years

The Company conducted a free vibration experiment, in which the building itself was swung back and forth, using the Okumura Corporation Technical Research Institute Management Building (Tsukuba-shi, Ibaraki), Japan's first practical base isolated building, which was completed in 1986, and was able to confirm that the performance of the seismic isolation device was intact even after 30 years and that safety has been fully maintained.

The experiment tests the safe performance and property fluctuations due to aging of seismic isolation devices by jacking up the building and forcing it to move horizontally for 10cm, and then letting the building freely vibrate upon releasing the pressure of the jack. In future, the Company will repeat similar free vibration experiments at approximately 10-year intervals and contribute to the development of seismic isolation technology using the latest empirical data that can only be gathered by the Company.

❻ Acquired the Building Technology Performance Evaluation Certificate for "Site-mixed, High-fluidity Concrete"

The Company developed the "Site-mixed, high-fluidity concrete," which can be prepared by rotating and agitating the drum containing regular concrete, which has been transported to the construction site in the agitator trucks, upon adding high-fluidity agents with segregation resistance, and acquired the Building Technology Performance Evaluation Certificate (GBRC 16-16) issued by the General Building Research Corporation of Japan.

The newly-developed concrete has the same level of fluidity as conventional, high-strength concrete while preventing cracks with less cement, when used in works involving tightly-reinforced parts, which are difficult to fill with concrete. Additionally, as the concrete is easily made on the construction site, its use is expected to expand to a wide range of locations. Furthermore, as the concrete maintains stable fluidity even when the drum, a source of noise pollution, is rotated slowly (patent application completed), it can also be used in urban areas where consideration is required for the neighboring environment.

Consolidated Balance Sheet

Okumura Corporation and Consolidated Subsidiaries
March 31, 2017

ASSETS	Millions of yen 2017	2016	Thousands of U.S. dollars (Note 1) 2017
Current assets:			
Cash and cash equivalents (Note 12)	**¥ 55,959**	¥ 25,379	**$ 498,743**
Time deposits (Notes 12 and 14)	**1,663**	475	**14,818**
Receivables:			
Trade notes (Note 12)	**1,485**	4,430	**13,232**
Trade accounts (Note 12)	**94,941**	104,379	**846,173**
Unconsolidated subsidiaries and associated companies (Note 12)	**855**	4,386	**7,619**
Other	**10,586**	9,748	**94,348**
Allowance for doubtful receivables (Note 12)	**(950)**	(1,666)	**(8,467)**
Inventories (Note 4)	**10,763**	8,617	**95,930**
Deferred tax assets (Note 9)	**1,838**	41	**16,385**
Prepaid expenses and other	**538**	455	**4,804**
Total current assets	**177,678**	156,244	**1,583,585**
Property, plant and equipment (Notes 5 and 6)**:**			
Land (Note 14)	**30,736**	30,114	**273,938**
Buildings and structures (Note 14)	**20,828**	19,260	**185,633**
Machinery and equipment	**2,983**	2,995	**26,584**
Furniture and fixtures	**2,017**	1,970	**17,975**
Lease assets (Note 11)	**84**	114	**753**
Construction in progress	**367**	1,163	**3,269**
Total	**57,015**	55,616	**508,152**
Accumulated depreciation	**(14,363)**	(14,403)	**(128,014)**
Net property, plant and equipment	**42,652**	41,213	**380,138**
Investments and other assets:			
Investment securities (Notes 3, 6, 12 and 14)	**65,964**	66,023	**587,918**
Investments in and advances to unconsolidated subsidiaries and associated companies (Notes 12 and 14)	**333**	323	**2,966**
Long-term loans receivable (Note 12)	**74**	86	**659**
Asset for retirement benefits (Note 7)	**2,114**	2,157	**18,846**
Other assets	**2,802**	2,828	**24,966**
Allowance for doubtful receivables (Note 12)	**(2,142)**	(2,193)	**(19,091)**
Total investments and other assets	**69,145**	69,224	**616,264**
Total	**¥289,475**	¥266,681	**$2,579,987**

See notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
LIABILITIES AND EQUITY	**2017**	2016	**2017**
Current liabilities:			
Short-term bank loans including current portion of long-term debt (Notes 6, 11, 12 and 13)	**¥ 13,104**	¥ 15,801	**$ 116,789**
Payables:			
Trade notes (Note 12)	**4,759**	5,381	**42,417**
Trade accounts (Note 12)	**53,472**	48,653	**476,576**
Other	**306**	648	**2,725**
Advances received on construction projects in progress	**14,900**	6,719	**132,800**
Income taxes payable	**1,348**	565	**12,019**
Allowance for warranty work on construction projects	**639**	696	**5,696**
Allowance for losses on construction contracts	**3,367**	4,450	**30,013**
Other (Note 14)	**30,316**	21,927	**270,187**
Total current liabilities	**122,211**	104,840	**1,089,222**
Long-term liabilities:			
Long-term debt (Notes 6, 11, and 12)	**1,166**	5,192	**10,393**
Deferred tax liabilities (Note 9)	**13,012**	13,244	**115,971**
Other	**127**	126	**1,134**
Total long-term liabilities	**14,305**	18,562	**127,498**
Total liabilities	**136,516**	123,402	**1,216,720**
Commitments and contingent liabilities (Notes 11 and 14)			
Equity (Notes 8, 15 and 16)**:**			
Common stock			
authorized, 480,376,000 shares; issued, 228,326,133 shares	**19,839**	19,839	**176,817**
Capital surplus	**25,329**	25,329	**225,752**
Retained earnings	**89,676**	80,246	**799,248**
Treasury stock—at cost			
29,121,719 shares in 2017 and 29,089,225 shares in 2016	**(12,654)**	(12,634)	**(112,781)**
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	**28,747**	28,329	**256,209**
Defined retirement benefit plans	**2,022**	2,170	**18,022**
Total	**30,769**	30,499	**274,231**
Total equity	**152,959**	143,279	**1,363,267**
Total	**¥289,475**	¥266,681	**$2,579,987**

Consolidated Statement of Income

Okumura Corporation and Consolidated Subsidiaries
Year Ended March 31, 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	**2017**
Net sales	**¥203,091**	¥205,291	**$1,810,080**
Cost of sales	**176,028**	182,641	**1,568,878**
Gross profit	**27,063**	22,650	**241,202**
Selling, general and administrative expenses (Note 10)	**15,384**	14,227	**137,114**
Operating income	**11,679**	8,423	**104,088**
Other income (expenses):			
Interest and dividend income	**1,098**	1,115	**9,787**
Interest expense	**(155)**	(168)	**(1,383)**
Other—net	**664**	(42)	**5,926**
Other income —net	**1,607**	905	**14,330**
Income before income taxes	**13,286**	9,328	**118,418**
Income taxes (Note 9)**:**			
Current	**1,432**	798	**12,764**
Deferred	**(1,760)**	(96)	**(15,686)**
Total income taxes	**(328)**	702	**(2,922)**
Net income	**13,614**	8,626	**121,340**
Net income attributable to owners of the parent	**¥ 13,614**	¥ 8,626	**$ 121,340**

	Yen		U.S. dollars (Note 1)
Per share of common stock (Notes 2.p and 16)**:**			
Basic net income	**¥ 68.34**	¥ 43.28	**$ 0.61**
Cash dividends applicable to the year	**33.00**	21.00	**0.29**

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Okumura Corporation and Consolidated Subsidiaries
Year Ended March 31, 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	**2017**
Net income	**¥13,614**	¥ 8,626	**$121,340**
Other comprehensive income (loss) (Note 15)**:**			
Unrealized gain (loss) on available-for-sale securities	**417**	(3,540)	**3,720**
Defined retirement benefit plans	**(148)**	16	**(1,322)**
Total other comprehensive income (loss)	**269**	(3,524)	**2,398**
Comprehensive income	**¥13,883**	¥ 5,102	**$123,738**
Total comprehensive income attributable to:			
Owners of the parent	**¥13,883**	¥ 5,102	**$123,738**
Noncontrolling interests	**—**	—	**—**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Okumura Corporation and Consolidated Subsidiaries
Year Ended March 31, 2017

	Thousands							Millions of yen
						Accumulated other comprehensive income		
	Number of shares of common stock outstanding	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gain on available-for-sale securities	Defined retirement benefit plans	Total equity
BALANCE, APRIL 1, 2015	199,375	¥19,839	¥25,328	¥74,012	¥(12,547)	¥31,869	¥2,154	¥140,655
Net income attributable to owners of the parent	—	—	—	8,626	—	—	—	8,626
Cash dividends, ¥12 per share	—	—	—	(2,392)	—	—	—	(2,392)
Purchase of treasury stock	(146)	—	—	—	(91)	—	—	(91)
Disposal of treasury stock	8	—	1	—	4	—	—	5
Net change in the year	—	—	—	—	—	(3,540)	16	(3,524)
BALANCE, MARCH 31, 2016	199,237	19,839	25,329	80,246	(12,634)	28,329	2,170	143,279
Net income attributable to owners of the parent	**—**	**—**	**—**	**13,614**	**—**	**—**	**—**	**13,614**
Cash dividends, ¥21 per share	**—**	**—**	**—**	**(4,184)**	**—**	**—**	**—**	**(4,184)**
Purchase of treasury stock	**(33)**	**—**	**—**	**—**	**(20)**	**—**	**—**	**(20)**
Disposal of treasury stock	**0**	**—**	**0**	**—**	**0**	**—**	**—**	**0**
Net change in the year	**—**	**—**	**—**	**—**	**—**	**418**	**(148)**	**270**
BALANCE, MARCH 31, 2017	**199,204**	**¥19,839**	**¥25,329**	**¥89,676**	**¥(12,654)**	**¥28,747**	**¥2,022**	**¥152,959**

							Thousands of U.S. dollars (Note 1)
					Accumulated other comprehensive income		
	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gain on available-for-sale securities	Defined retirement benefit plans	Total equity
BALANCE, MARCH 31, 2016	$176,817	$225,751	$715,199	$(112,604)	$252,489	$19,344	$1,276,996
Net income attributable to owners of the parent	**—**	**—**	**121,340**	**—**	**—**	**—**	**121,340**
Cash dividends, $0.19 per share	**—**	**—**	**(37,291)**	**—**	**—**	**—**	**(37,291)**
Purchase of treasury stock	**—**	**—**	**—**	**(180)**	**—**	**—**	**(180)**
Disposal of treasury stock	**—**	**1**	**—**	**3**	**—**	**—**	**4**
Net change in the year	**—**	**—**	**—**	**—**	**3,720**	**(1,322)**	**2,398**
BALANCE, MARCH 31, 2017	**$176,817**	**$225,752**	**$799,248**	**$(112,781)**	**$256,209**	**$18,022**	**$1,363,267**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Okumura Corporation and Consolidated Subsidiaries
Year Ended March 31, 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	**2017**
Operating activities:			
Income before income taxes	**¥ 13,286**	¥ 9,328	**$ 118,418**
Adjustments for:			
Income taxes—paid	**(870)**	(818)	**(7,755)**
Depreciation and amortization	**938**	864	**8,364**
Changes in assets and liabilities:			
Decrease (increase) in trade notes and accounts receivable	**15,780**	(11,354)	**140,644**
Decrease (increase) in accumulated costs of construction projects in progress	**(1,813)**	255	**(16,158)**
Decrease (increase) in other inventories	**(334)**	204	**(2,974)**
Increase in trade notes and accounts payable	**221**	1,138	**1,965**
Increase (decrease) in advances received on construction projects in progress	**8,181**	(197)	**72,917**
Increase in asset for retirement benefits	**(119)**	(321)	**(1,060)**
Other—net	**9,839**	1,935	**87,678**
Total adjustments	**31,823**	(8,294)	**283,621**
Net cash provided by operating activities	**45,109**	1,034	**402,039**
Investing activities:			
Net increase in time deposits	**(1,103)**	(279)	**(9,832)**
Payments for purchases of securities	**(313)**	(385)	**(2,788)**
Proceeds from sales of securities	**499**	807	**4,452**
Purchases of property, plant and equipment	**(2,658)**	(2,887)	**(23,686)**
Proceeds from sales of property, plant and equipment	**142**	5	**1,268**
Investment in loans receivable	**(25)**	(18)	**(223)**
Collection of loans receivable	**33**	87	**296**
Other—net	**(248)**	(214)	**(2,218)**
Net cash used in investing activities	**(3,673)**	(2,884)	**(32,731)**
Financing activities:			
Increase (decrease) in short-term bank loans—net	**(5,585)**	1,020	**(49,781)**
Repayments of long-term debt	**(1,116)**	(11)	**(9,946)**
Purchase of treasury stock	**(20)**	(91)	**(181)**
Disposal of treasury stock	**0**	5	**4**
Dividends paid	**(4,175)**	(2,392)	**(37,212)**
Other	**(22)**	1,066	**(195)**
Net cash used in financing activities	**(10,918)**	(403)	**(97,311)**
Foreign currency translation adjustments on cash and cash equivalents	**62**	(96)	**552**
Net increase (decrease) in cash and cash equivalents	**30,580**	(2,349)	**272,549**
Cash and cash equivalents, beginning of year	**25,379**	27,728	**226,194**
Cash and cash equivalents, end of year	**¥ 55,959**	¥ 25,379	**$ 498,743**

See notes to consolidated financial statements.

1. Basis of Presentation of 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 accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the 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 2016 consolidated financial statements to conform to the classifications used in 2017.

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 ¥112.20 to $1, the rate of exchange at March 31, 2017. 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, 2017, include the accounts of the Company and its 2 (2 in 2016) significant subsidiaries (together, the "Group").

Under the control and influence concepts, 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 9 (9 in 2016) unconsolidated subsidiaries and 3 (3 in 2016) 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.

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 also eliminated.

b. Business Combinations — Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. The acquirer recognizes any bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

c. 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 certificates of deposit, all of which mature or become due within 3 months of the date of acquisition.

d. 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 the specific identification method, or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses.

e. Marketable and Investment Securities — Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

(1) held-to-maturity debt securities, for which there is a positive intent and ability to hold to maturity, are reported at amortized cost; and

(2) available-for-sale securities, which are not classified as held-to-maturity, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Nonmarketable 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.

Investments in limited partnerships, which are considered securities under Article 2, Clause 2 of the Japanese Financial Instruments and Exchange Act, are recorded under the equity method and based on the latest consolidated financial statements available on the reportable date ruled by the partnership contracts.

f. Property, Plant and Equipment — Property, plant and equipment are stated at cost. Depreciation, except for lease assets, 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 on or after April 1, 1998 and building improvements and structures acquired on or after April 1, 2016, 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. Lease assets under finance lease arrangements are depreciated using the straight-line method over the terms of the respective leases without any salvage value.

Pursuant to an amendment to the Corporate Tax Act, the Company adopted Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force No. 32, "Practical Solution on a change in depreciation method due to Tax Reform 2016", and changed the depreciation method for building improvements and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

The impact on operating income and income before income taxes for the year ended March 31, 2017 was immaterial.

g. 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 is 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.

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

i. 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 loss experience.

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

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

The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and are recognized in profit or loss over 10 years no longer than the expected average remaining service period of the employees.

l. Asset Retirement Obligations —An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development and 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 the 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 adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

m. Construction Contracts — Construction revenue and construction costs are 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 is deemed to 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 the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on such construction contracts.

The revenues recognized by the percentage-of-completion method for the years ended March 31, 2017 and 2016 were ¥188,945 million ($1,684,000 thousand) and ¥190,041 million, respectively.

n. Income Taxes — The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. 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 income tax rates to the temporary differences.

The Company applied ASBJ Guidance No. 26, “Guidance on Recoverability of Deferred Tax Assets,” effective April 1, 2016. There was no impact from this for the year ended March 31, 2017.

o. Derivatives and Hedging Activities — The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Currency and interest rate swaps are utilized by the Group to reduce foreign currency exchange and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

Currency and interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income, and hedge items denominated in a foreign currency are translated at the contracted rates.

p. Per Share Information — Basic net income per share is computed by dividing net income attributable 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 a dilutive effect upon exercise or conversion into common stock.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

q. Accounting Changes and Error Corrections — Under ASBJ Statement No. 24, “Accounting Standard for Accounting Changes and Error Corrections,” and ASBJ Guidance No. 24, “Guidance on Accounting Standard for Accounting Changes and Error Corrections,” accounting treatments are required as follows:

(1) Changes in Accounting Policies:
When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.
(2) Changes in Presentation:
When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.
(3) Changes in Accounting Estimates:
A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.
(4) Corrections of Prior-Period Errors:
When an error in prior-period financial statements is discovered, those statements are restated.

3. Marketable and Investment Securities

Marketable and investment securities as of March 31, 2017 and 2016, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Non-current:			
Marketable equity securities	**¥64,451**	¥64,696	**$574,429**
Government and corporate bonds	**118**	117	**1,055**
Non-marketable equity securities and other	**1,395**	1,210	**12,434**
Total	**¥65,964**	¥66,023	**$587,918**

The costs and aggregate fair values of marketable and investment securities at March 31, 2017 and 2016, were as follows:

				Millions of yen
March 31, 2017	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥24,971	¥39,528	¥ 48	¥64,451
Held-to-maturity:				
Debt securities	118	7	—	125
March 31, 2016				
Securities classified as:				
Available-for-sale:				
Equity securities	¥25,377	¥39,580	¥261	¥64,696
Held-to-maturity:				
Debt securities	117	9	—	126

				Thousands of U.S. dollars
March 31, 2017	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$222,559	$352,301	$431	$574,429
Held-to-maturity:				
Debt securities	1,055	58	—	1,113

The information for available-for-sale securities which were sold during the years ended March 31, 2017 and 2016 is as follows:

	Millions of yen		
March 31, 2017	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥498	¥37	¥56

	Millions of yen		
March 31, 2016	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥805	¥334	¥—

	Thousands of U.S. dollars		
March 31, 2017	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	$4,435	$326	$501

No impairment loss was recognized on securities for the year ended March 31, 2017.
The impairment losses on available-for-sale equity securities for the year ended March 31, 2016, was ¥10 million.

4. Inventories

Inventories at March 31, 2017 and 2016, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Construction projects in progress	**¥6,520**	¥4,707	**$58,107**
Real estate held for sale	**322**	564	**2,873**
Development projects in progress	**3,391**	2,823	**30,225**
Other	**530**	523	**4,725**
Total	**¥10,763**	¥8,617	**$95,930**

5. Investment Property

The Group owns certain rental properties such as residential buildings, warehouses, and land in Osaka and other areas. Some rental warehouses leased to third parties, of which the Company utilizes a part, are classified as rental properties in part.

The net of rental income and operating expenses for those rental properties was ¥2,905 million ($25,887 thousand) and ¥2,736 million for the years ended March 31, 2017 and 2016, respectively.

In addition, the carrying amounts, changes in such balances and market prices of such properties were as follows:

Millions of yen

	Carrying Amount			Fair Value
	April 1, 2016	Increase/ Decrease	March 31, 2017	March 31, 2017
Rental properties	¥31,443	¥766	¥32,209	¥56,882
Rental properties in part	829	(492)	337	1,126
Total	¥32,272	¥274	¥32,546	¥58,008

Millions of yen

	Carrying Amount			Fair Value
	April 1, 2015	Increase/ Decrease	March 31, 2016	March 31, 2016
Rental properties	¥30,800	¥643	¥31,443	¥51,416
Rental properties in part	844	(15)	829	6,602
Total	¥31,644	¥628	¥32,272	¥58,018

Thousands of U.S. dollars

	Carrying Amount			Fair Value
	April 1, 2016	Increase/ Decrease	March 31, 2017	March 31, 2017
Rental properties	$280,241	$6,825	$287,066	$506,971
Rental properties in part	7,385	(4,376)	3,009	10,038
Total	$287,626	$2,449	$290,075	$517,009

Notes:

(1) Carrying amount recognized in the consolidated balance sheets is net of accumulated depreciation and accumulated impairment losses, if any.

(2) Fair value of properties as of March 31, 2017 and 2016 is measured in accordance with real-estate appraisal performed by real-estate appraisers for primary properties. The amount measured by the Group is in accordance with its Real-Estate Appraisal Standard for other properties (including those measured using indicators).

6. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans at March 31, 2017 and 2016, consisted of notes to banks and bank overdrafts. The annual interest rates applicable to the short-term bank loans ranged from 0.7% to 1.5% at March 31, 2017 and 0.5% to 1.5% at March 31, 2016.

Long-term debt at March 31, 2017 and 2016, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Loans from banks and other financial institutions, due serially to 2031 with interest rates ranging from 0.5% to 3.5%			
Collateralized	**¥2,001**	¥2,007	**$17,834**
Unsecured	**3,164**	4,274	**28,205**
Obligations under finance leases	**24**	45	**213**
Total	**5,189**	6,326	**46,252**
Less current portion	**(4,023)**	(1,134)	**(35,859)**
Long-term debt, less current portion	**¥1,166**	¥5,192	**$10,393**

Annual maturities of long-term debt, excluding finance leases (see Note 11), at March 31, 2017, were as follows:

Year Ending March 31	Millions of yen	Thousands of U.S. dollars
2018	¥4,010	$35,735
2019	8	76
2020	8	73
2021	1,108	9,873
2022	6	55
2023 and thereafter	25	227
Total	¥5,165	$46,039

The carrying amounts of assets pledged as collateral for short-term bank loans of ¥2,000 million ($17,825 thousand) and the above collateralized long-term debt at March 31, 2017, were as follows:

	Millions of yen	Thousands of U.S. dollars
Property, plant and equipment—net of accumulated depreciation	¥ 156	$ 1,387
Investment securities	2,326	20,733
Total	¥2,482	$22,120

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 Group has never been requested to provide any additional collateral.

7. Employees' Retirement Benefits

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

The Company has a cash balance plan (pension plan linked to the market interest rates) based on the Defined Benefit Corporate Pension Law.

(1) The changes in defined benefit obligations for the years ended March 31, 2017 and 2016, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Balance at beginning of year	**¥22,399**	¥23,667	**$199,635**
Current service cost	**1,083**	1,086	**9,653**
Interest cost	**112**	118	**998**
Actuarial gains	**52**	(258)	**462**
Benefits paid	**(1,916)**	(2,214)	**(17,080)**
Balance at end of year	**¥21,730**	¥22,399	**$193,668**

(2) The changes in plan assets for the years ended March 31, 2017 and 2016, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Balance at beginning of year	**¥24,556**	¥25,377	**$218,858**
Expected return on plan assets	**221**	229	**1,969**
Actuarial gains	**44**	160	**394**
Contributions from the employer	**939**	1,004	**8,373**
Benefits paid	**(1,916)**	(2,214)	**(17,080)**
Balance at end of year	**¥23,844**	¥24,556	**$212,514**

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets was as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Defined benefit obligation	**¥21,730**	¥22,399	**$193,668**
Plan assets	**(23,844)**	(24,556)	**(212,514)**
Total	**(2,114)**	(2,157)	**(18,846)**
Unfunded defined benefit obligation	**—**	—	**—**
Net asset arising from defined benefit obligation	**¥(2,114)**	¥(2,157)	**$(18,846)**

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Asset for retirement benefits	**¥(2,114)**	¥(2,157)	**$(18,846)**
Net asset arising from defined benefit obligation	**¥(2,114)**	¥(2,157)	**$(18,846)**

(4) The components of net periodic benefit costs for the years ended March 31, 2017 and 2016, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Service cost	**¥1,083**	¥1,086	**$9,653**
Interest cost	**112**	118	**998**
Expected return on plan assets	**(221)**	(229)	**(1,969)**
Recognized actuarial gains	**(133)**	(271)	**(1,180)**
Amortization of past service costs	**(21)**	(21)	**(189)**
Net periodic benefit costs	**¥ 820**	¥ 683	**$7,313**

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2017 and 2016, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Actuarial (gains) losses	**¥(140)**	¥147	**$(1,248)**
Past service costs	**(21)**	(21)	**(189)**
Total	**¥(161)**	¥126	**$(1,437)**

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2017 and 2016, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Unrecognized actuarial gains	**¥(2,648)**	¥(2,788)	**$(23,599)**
Unrecognized past service costs	**(21)**	(42)	**(189)**
Total	**¥(2,669)**	¥(2,830)	**$(23,788)**

(7) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2017 and 2016, consisted of the following:

	2017	2016
Debt investments	**45%**	45%
Equity investments	**10**	9
Life insurance general account assets	**32**	32
Others	**13**	14
Total	**100%**	100%

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering allocation of plan assets which are expected currently and in the future and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2017 and 2016, are set forth as follows:

	2017	2016
Discount rate	**0.5%**	0.5%
Expected rate of return on plan assets	**0.9**	0.9

8. Equity

Japanese companies are 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. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year 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 does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash 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 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 within equity 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 a 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.

9. Income Taxes

The Group is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.8% and 33.0% for the years ended March 31, 2017 and 2016, respectively.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2017 and 2016, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Deferred tax assets:			
Impairment losses on securities	**¥ 2,169**	¥ 2,171	**$ 19,335**
Tax loss carryforwards	**1,863**	4,011	**16,606**
Allowance for bonuses	**1,358**	969	**12,103**
Write-down of inventories	**1,296**	1,349	**11,548**
Allowance for losses on construction contracts	**1,036**	1,370	**9,231**
Allowance for doubtful accounts	**953**	1,160	**8,491**
Accrued expenses	**384**	517	**3,419**
Other	**432**	423	**3,858**
Less valuation allowance	**(7,653)**	(11,929)	**(68,206)**
Total	**1,838**	41	**16,385**
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	**(10,719)**	(10,975)	**(95,531)**
Retained earnings appropriated for special allowance	**(1,646)**	(1,609)	**(14,673)**
Asset for retirement benefits	**(647)**	(660)	**(5,767)**
Total	**(13,012)**	(13,244)	**(115,971)**
Net deferred tax liabilities	**¥(11,174)**	¥(13,203)	**$ (99,586)**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2017, with the corresponding figures for 2016, is as follows:

	2017	2016
Normal effective statutory tax rate	**30.8 %**	33.0%
Expenses not deductible for income tax purposes	**0.5**	0.7
Non-taxable income	**(0.5)**	(0.8)
Inhabitant tax per capita	**0.9**	1.5
Special income tax credits	**(1.5)**	(1.3)
Valuation allowance	**(32.6)**	(25.1)
Effect of tax rate reduction	**—**	(0.9)
Other—net	**(0.1)**	0.4
Actual effective tax rate	**(2.5)%**	7.5%

10. Research and Development Costs

Research and development costs charged to income were ¥866 million ($7,717 thousand) and ¥788 million for the years ended March 31, 2017 and 2016, respectively.

11. Leases

(1) Finance leases

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

Total rental expenses including lease payments under finance leases for the years ended March 31, 2017 and 2016, were ¥20 million ($176 thousand) and ¥25 million, respectively.

Obligations under finance leases at March 31, 2017 and 2016, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Due within one year	**¥14**	¥22	**$124**
Due after one year	**10**	23	**89**
Total	**¥24**	¥45	**$213**

(2) Operating leases

Future minimum lease receivables or payments under noncancelable operating leases at March 31, 2017 and 2016, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
As a lessor:			
Due within one year	**¥ 2,242**	¥ 2,214	**$ 19,986**
Due after one year	**15,602**	17,416	**139,053**
Total	**¥17,844**	¥19,630	**$159,039**
As a lessee:			
Due within one year	**¥ 95**	¥ 101	**$ 841**
Due after one year	**752**	847	**6,705**
Total	**¥ 847**	¥ 948	**$ 7,546**

12. Financial Instruments and Related Disclosures

(1) Group policy for financial instruments

At the Group level, cash surpluses, if any, are invested in low-risk financial assets. Short-term bank loans are used to fund its ongoing operations. Derivatives are used, not for speculative purposes, but to manage its exposure to fluctuations in foreign currency exchange and interest rates.

(2) Nature and extent of risks arising from financial instruments

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Marketable and investment securities, mainly held-to-maturity securities and equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are mostly less than one year.

(3) Risk management for financial instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include continuously determining customers' circumstances from the phase of accepting orders to that of collection of the receivables, along with monitoring of payment term and balances of each transaction.

Market risk management (foreign exchange risk and interest rate risk)

Marketable and investment securities are managed by monitoring market values and financial position of issuers on a regular basis. Also, the Group continuously reviews its possession of those securities, except for held-to-maturity securities.

Long-term debt denominated in foreign currencies is exposed to fluctuations in market interest rates and foreign exchange rates. The Group utilizes derivative instruments (currency and interest rate swaps contracts) as hedging instruments to manage these market risks. The hedge accounting method is described in Note 2.o.

Please see Note 13 for more details about derivatives.

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk by making the appropriate cash schedule on a monthly basis.

(4) Fair values of financial instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead.

(a) Fair value of financial instruments

			Millions of yen
March 31, 2017	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents and time deposits	¥ 57,622	¥ 57,622	¥—
Receivables—trade notes and accounts	97,275		
Allowance for doubtful receivables	(863)		
Net	96,412	96,412	—
Investment securities	64,569	64,576	7
Long-term loans receivable	115		
Allowance for doubtful long-term loans receivable	(1)		
Net	114	115	1
Total	¥218,717	¥218,725	¥ 8
Short-term bank loans	¥ 13,080	¥ 13,080	¥—
Long-term bank loans	1,100	1,107	7
Payables—trade notes and accounts	58,231	58,231	—
Long-term debt—lease obligation including current portion	24	23	(1)
Total	¥ 72,435	¥ 72,441	¥ 6
Derivatives	¥ —	¥ —	¥—

			Millions of yen
March 31, 2016	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents and time deposits	¥ 25,854	¥ 25,854	¥—
Receivables—trade notes and accounts	113,191		
Allowance for doubtful receivables	(1,591)		
Net	111,600	111,600	—
Investment securities	64,813	64,822	9
Long-term loans receivable	101		
Allowance for doubtful long-term loans receivable	(1)		
Net	100	105	5
Total	¥202,367	¥202,381	¥14
Short-term bank loans	¥ 15,766	¥ 15,766	¥—
Long-term bank loans	5,100	5,119	19
Payables—trade notes and accounts	54,034	54,034	—
Long-term debt—lease obligation including current portion	45	44	(1)
Total	¥ 74,945	¥ 74,963	¥18
Derivatives	¥ —	¥ —	¥—

March 31, 2017	Thousands of U.S. dollars Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents and time deposits	$ 513,561	$ 513,561	$—
Receivables—trade notes and accounts	866,982		
Allowance for doubtful receivables	(7,692)		
Net	859,290	859,290	—
Investment securities	575,484	575,542	58
Long-term loans receivable	1,022		
Allowance for doubtful long-term loans receivable	(8)		
Net	1,014	1,029	15
Total	$1,949,349	$1,949,422	$73
Short-term bank loans	$ 116,581	$ 116,581	$—
Long-term bank loans	9,803	9,865	62
Payables—trade notes and accounts	518,993	518,993	—
Long-term debt—lease obligation including current portion	213	209	(4)
Total	$ 645,590	$ 645,648	$58
Derivatives	$ —	$ —	$—

Amounts due from unconsolidated subsidiaries and associated companies are included in receivables—trade notes and accounts and long-term loans receivable.

Cash and cash equivalents and time deposits

The carrying values of cash and cash equivalents and time deposits approximate fair value because of their short maturities.

Marketable securities and investment securities

The fair values of marketable securities and investment securities are measured at the quoted market price of the stock exchange for the equity instruments and at the quoted price obtained from the financial institution for certain debt instruments. Fair value information for the marketable securities and the investment securities by classification is included in Note 3.

Receivables—trade notes and accounts and long-term loans receivable

The fair values of receivables—trade notes and accounts and long-term loans receivable are measured at the amount to be received at maturity, discounted at the Group's assumed corporate discount rate, such as the rate of national bonds to the maturity. Also, the amounts of the allowance for doubtful receivables are deducted from the fair values.

Payables—trade notes and accounts and short-term bank loans

The carrying values of payables—trade notes and accounts and short-term bank loans approximate fair value because of their short maturities.

Long-term debt—lease obligation

The fair values of long-term debt—lease obligation are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate.

Long-term bank loans

The fair values of long-term bank loans are determined by the present value calculated by discounting the total amount of the principal and interest expense at the interest rate considering the remaining maturities of the loans and credit risk of the Company. The carrying values of bank loans with floating interest rates approximate fair value because they reflect market interest rates and the credit position of the Company does not change significantly after the execution.

Derivatives

Fair value information for derivatives is included in Note 13.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Investments in equity instruments that do not have a quoted market price in an active market	**¥1,437**	¥1,438	**$12,809**
Investments in limited partnerships	**186**	—	**1,657**

(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of yen			
March 31, 2017	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents and time deposits	¥ 57,622	¥ —	¥—	¥—
Receivables—trade notes and accounts	92,217	5,058	—	—
Investment securities				
Available-for-sale securities with contractual maturities	—	124	—	—
Long-term loans receivable	—	64	81	34
Total	¥149,839	¥5,246	¥81	¥34

	Thousands of U.S. dollars			
March 31, 2017	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents and time deposits	$ 513,561	$ —	$ —	$ —
Receivables—trade notes and accounts	821,898	45,084	—	—
Investment securities				
Available-for-sale securities with contractual maturities	—	1,106	—	—
Long-term loans receivable	—	567	720	305
Total	$1,335,459	$46,757	$720	$305

Please see Note 6 for annual maturities of long-term debt and Note 11 for obligations under finance leases.

13. Derivatives

The Group enters into derivatives, in the normal course of business, to reduce the exposure to fluctuations in foreign exchange and interest rates. The primary classes of derivatives used by the Group are foreign currency forward contracts, currency and interest rate swaps.

The Group does not hold or issue derivatives for trading purposes.

Because the counterparties to these derivatives are limited to major financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

Derivative transactions to which hedge accounting is not applied:
There were no derivative transactions to which hedge accounting is not applied at March 31, 2017 and 2016.

Derivative transactions to which hedge accounting is applied:

	Millions of yen			
March 31, 2017	Hedged item	Contract amount	Contract amount due after one year	Fair value
Currency and interest rate swaps Floating-rate receipt, fixed-rate payment Receipt in U.S. dollars, payment in yen	Short-term bank loans	¥2,000	¥—	Note

	Millions of yen			
March 31, 2016	Hedged item	Contract amount	Contract amount due after one year	Fair value
Currency and interest rate swaps Floating-rate receipt, fixed-rate payment Receipt in U.S. dollars, payment in yen	Long-term debt	¥2,000	¥2,000	Note

	Thousands of U.S. dollars			
March 31, 2017	Hedged item	Contract amount	Contract amount due after one year	Fair value
Currency and interest rate swaps Floating-rate receipt, fixed-rate payment Receipt in U.S. dollars, payment in yen	Short-term bank loans	$17,825	$—	Note

Note:
Currency and interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreement is recognized and included in interest expense or income. The fair value of such currency and interest rate swaps is included in those of the hedged items (i.e., short-term bank loans) in Note 12.

14. Commitments and Contingent Liabilities

Land in the amount of ¥21 million ($185 thousand) is pledged for a deposit received from a lessee related to a fixed-term land leasehold at March 31, 2017. Land in the amount of ¥1,458 million ($12,997 thousand) and buildings in the amount of ¥1,261 million ($11,241 thousand) are pledged as construction assistance funds pursuant to building lease contracts at March 31, 2017. Time deposits in the amount of ¥51 million ($459 thousand) are pledged for the guarantee against defect of construction contracts at March 31, 2017. Investment securities in the amounts of ¥118 million ($1,055 thousand), ¥16 million ($141 thousand) and ¥107 million ($949 thousand) are pledged as collateral for the guarantee against defect of the house construction, contract performance obligation of the private finance initiative (PFI) business, and the loans of an affiliate, respectively, at March 31, 2017.

15. Other Comprehensive Income (Loss)

The components of other comprehensive income (loss) for the years ended March 31, 2017 and 2016, were as follows:

	Millions of yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Unrealized gain (loss) on available-for-sale securities			
Gain (loss) arising during the year	**¥ 141**	¥(5,104)	**$ 1,260**
Reclassification adjustments to profit or loss	**20**	(264)	**175**
Amount before income tax effect	**161**	(5,368)	**1,435**
Income tax effect	**256**	1,828	**2,285**
Total	**¥ 417**	¥(3,540)	**$ 3,720**
Defined retirement benefit plans			
Adjustments arising during the year	**¥ (8)**	¥ 418	**$ (69)**
Reclassification adjustments to profit or loss	**(153)**	(292)	**(1,368)**
Amount before income tax effect	**(161)**	126	**(1,437)**
Income tax effect	**13**	(110)	**115**
Total	**¥(148)**	¥ 16	**$(1,322)**
Total other comprehensive income (loss)	**¥ 269**	¥(3,524)	**$ 2,398**

16. Subsequent Events

a. Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2017, was approved at the Company's shareholders' meeting held on June 29, 2017:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥33 ($0.29) per share	¥6,574	$58,590

b. Consolidation of shares

At the Board of Directors' meeting held on May 12, 2017, the Company resolved to submit a proposal on consolidation of shares at the 80th annual shareholders' meeting on June 29, 2017, the proposal was approved at the said shareholders' meeting. Accordingly, the Company will implement the consolidation of shares at the rate of one share for five shares of the Company's common stock effective October 1, 2017. At the same time, the Company intends to change the number of share units from 1,000 shares to 100 shares per unit effective on the same date.

Per share information for the year ended March 31, 2017 would have been as follows if the share consolidation had been implemented on April 1, 2016:

Net assets per share: ¥3,839.24 ($34.22)
Net income per share: ¥ 341.69 ($ 3.05)

17. Segment Information

1. Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group's reportable segments consist of "Civil engineering," "Architectural construction," and "Real estate."

2. Methods of measurement for the amounts of sales, profit, assets, liabilities and other items for each reportable segment
   The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

3. Information about sales, profit, assets, liabilities and other items is as follows:

Millions of yen

2017

	Reportable segment: Civil engineering	Reportable segment: Architectural construction	Reportable segment: Real estate	Reportable segment: Total	Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
Sales								
Sales to external customers	¥76,728	¥116,475	¥4,460	¥197,663	¥5,428	¥203,091	¥ —	¥203,091
Intersegment sales or transfers	—	—	31	31	210	241	(241)	—
Total	76,728	116,475	4,491	197,694	5,638	203,332	(241)	203,091
Segment profit	4,437	4,152	2,649	11,238	431	11,669	10	11,679
Other:								
Depreciation	¥ 229	¥ 321	¥ 372	¥ 922	¥ 23	¥ 945	¥ (7)	¥ 938

Millions of yen

2016

	Reportable segment: Civil engineering	Reportable segment: Architectural construction	Reportable segment: Real estate	Reportable segment: Total	Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
Sales								
Sales to external customers	¥80,258	¥114,920	¥5,194	¥200,372	¥4,919	¥205,291	¥ —	¥205,291
Intersegment sales or transfers	—	—	27	27	655	682	(682)	—
Total	80,258	114,920	5,221	200,399	5,574	205,973	(682)	205,291
Segment profit	1,947	3,248	3,111	8,306	107	8,413	10	8,423
Other:								
Depreciation	¥ 207	¥ 257	¥ 391	¥ 855	¥ 16	¥ 871	¥ (7)	¥ 864

Thousands of U.S. dollars

2017

	Reportable segment: Civil engineering	Reportable segment: Architectural construction	Reportable segment: Real estate	Reportable segment: Total	Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
Sales								
Sales to external customers	$683,847	$1,038,103	$39,750	$1,761,700	$48,380	$1,810,080	$ —	$1,810,080
Intersegment sales or transfers	—	—	276	276	1,873	2,149	(2,149)	—
Total	683,847	1,038,103	40,026	1,761,976	50,253	1,812,229	(2,149)	1,810,080
Segment profit	39,542	37,006	23,609	100,157	3,845	104,002	86	104,088
Other:								
Depreciation	$ 2,045	$ 2,862	$ 3,313	$ 8,220	$ 207	$ 8,427	$ (63)	$ 8,364

Notes:
1. "Other" is a business segment which is not included in any reportable segment and includes business related to manufacturing and sale of construction machinery and materials.
2. Reconciliations to segment profit in the amount of ¥10 million ($86 thousand) and ¥10 million for the years ended March 31, 2017 and 2016, respectively, include eliminations of intersegment transactions.
3. The consolidated amounts of segment profit above correspond to the amounts of operating income in the consolidated statements of income.

Deloitte.

Deloitte Touche Tohmatsu LLC
Yodoyabashi Mitsui Building
4-1-1, Imabashi, Chuo-ku
Osaka 541-0042
Japan

Tel: +81 (6) 4560 6000
Fax: +81 (6) 4560 6001
www.deloitte.com/jp

INDEPENDENT AUDITOR’S REPORT

To the Board of Directors of Okumura Corporation:

We have audited the accompanying consolidated balance sheet of Okumura Corporation and its consolidated subsidiaries as of March 31, 2017, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management’s Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 its consolidated subsidiaries as of March 31, 2017, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation
Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 29, 2017

Member of
Deloitte Touche Tohmatsu Limited

Breakdown of Orders (Nonconsolidated)

Okumura Corporation
Year Ended March 31, 2017

Construction Orders Awarded

	2017		2016		2017
	Millions of yen	Composition ratio	Millions of yen	Composition ratio	Thousands of U.S. dollars
Civil engineering:					
Domestic:					
Public sector	**¥ 93,210**		¥ 73,126		**$ 830,748**
Private sector	**22,140**		22,854		**197,324**
Overseas	**4,446**		390		**39,630**
Subtotal	**119,796**	**49.3%**	96,370	43.3%	**1,067,702**
Architectural construction:					
Domestic:					
Public sector	**15,663**		41,167		**139,596**
Private sector	**107,471**		85,094		**957,853**
Overseas	**(48)**		3		**(426)**
Subtotal	**123,086**	**50.7**	126,264	56.7	**1,097,023**
Total:					
Domestic:					
Public sector	**108,873**		114,293		**970,344**
Private sector	**129,611**		107,948		**1,155,177**
Overseas	**4,398**		393		**39,204**
Total	**¥242,882**	**100 %**	¥222,634	100 %	**$2,164,725**

Net Sales

	2017		2016		2017
	Millions of yen	Composition ratio	Millions of yen	Composition ratio	Thousands of U.S. dollars
Projects completed:					
Civil engineering:					
Domestic:					
Public sector	**¥ 60,139**		¥ 60,833		**$ 535,998**
Private sector	**16,457**		19,413		**146,677**
Overseas	**132**		12		**1,172**
Subtotal	**76,728**	**38.7%**	80,258	39.9%	**683,847**
Architectural construction:					
Domestic:					
Public sector	**38,440**		35,370		**342,602**
Private sector	**77,985**		79,085		**695,054**
Overseas	**50**		465		**447**
Subtotal	**116,475**	**58.7**	114,920	57.2	**1,038,103**
Subtotal:					
Domestic:					
Public sector	**98,579**		96,203		**878,600**
Private sector	**94,442**		98,498		**841,731**
Overseas	**182**		477		**1,619**
Subtotal	**193,203**	**97.4**	195,178	97.1	**1,721,950**
Real estate and other	**5,081**	**2.6**	5,929	2.9	**45,289**
Total	**¥198,284**	**100 %**	¥201,107	100 %	**$1,767,239**

Year-end Backlog

	2017		2016		2017
	Millions of yen	Composition ratio	Millions of yen	Composition ratio	Thousands of U.S. dollars
Civil engineering:					
Domestic:					
Public sector	**¥129,576**		¥ 96,505		**$1,154,869**
Private sector	**29,884**		24,202		**266,346**
Overseas	**4,720**		405		**42,066**
Subtotal	**164,180**	**54.4%**	121,112	48.0%	**1,463,281**
Architectural construction:					
Domestic:					
Public sector	**41,965**		64,742		**374,017**
Private sector	**95,698**		66,212		**852,926**
Overseas	**—**		98		**—**
Subtotal	**137,663**	**45.6**	131,052	52.0	**1,226,943**
Total:					
Domestic:					
Public sector	**171,541**		161,247		**1,528,886**
Private sector	**125,582**		90,414		**1,119,272**
Overseas	**4,720**		503		**42,066**
Total	**¥301,843**	**100 %**	¥252,164	100 %	**$2,690,224**

Head and Branch Offices

Head Office
2-2-2, Matsuzaki-cho, Abeno-ku,
Osaka 545-8555, Japan
TEL: +81-6-6621-1101 FAX: +81-6-6627-5295

Tokyo Head Office
5-6-1, Shiba, Minato-ku,
Tokyo 108-8381, Japan
TEL: +81-3-3454-8111 FAX: +81-3-5427-8103

Technical Research Institute
387, Ohsuna, Tsukuba 300-2612, Japan
TEL: +81-29-865-1521 FAX: +81-29-865-1522

East Japan Branch Office
5-6-1, Shiba, Minato-ku,
Tokyo 108-8381, Japan
TEL: +81-3-3454-8111 FAX: +81-3-5427-8111

West Japan Branch Office
2-2-2, Matsuzaki-cho, Abeno-ku,
Osaka 545-8555, Japan
TEL: +81-6-6621-1101 FAX: +81-6-6623-7692

West Japan Branch Office (HARUKAS Office)
26F ABENO HARUKAS,1-1-43 Abenosuji,
Abeno-ku, Osaka 545-6026, Japan
TEL: +81-6-6621-1101 FAX: +81-6-6621-1921

Sapporo Branch
2-1-18, Kita Shijo Nishi,
Chuo-ku, Sapporo 060-0004, Japan
TEL: +81-11-261-9261 FAX: +81-11-251-5345

Tohoku Branch
2-25, Tsutsumi dori, Amamiya-machi,
Aoba-ku, Sendai 981-8525, Japan
TEL: +81-22-274-1231 FAX: +81-22-273-9805

Tokyo Branch
5-6-1, Shiba, Minato-ku,
Tokyo 108-8381, Japan
TEL: +81-3-3454-8111 FAX: +81-3-5427-8116

Higashikanto Office
18-14, Shinmachi, Chuo-ku,
Chiba 260-0028, Japan
TEL: +81-43-241-2255 FAX: +81-43-244-5911

Yokohama Office
60, Nihon Ohdori, Naka-ku,
Yokohama 231-0021, Japan
TEL: +81-45-662-1361 FAX: +81-45-641-3502

Hokuriku Office
2-3-26, Higashi Ohdori, Chuo-ku,
Niigata 950-0087, Japan
TEL: +81-25-241-6160 FAX: +81-25-241-6364

Nagoya Branch
29-8, Takebashi-cho, Nakamura-ku,
Nagoya 453-8555, Japan
TEL: +81-52-451-1101 FAX: +81-52-452-4331

Kansai Branch
26F ABENO HARUKAS,1-1-43 Abenosuji,
Abeno-ku, Osaka 545-6026, Japan
TEL: +81-6-6621-1101 FAX: +81-6-6621-1921

Nara Office
38-3, Takama-cho, Nara 630-8241, Japan
TEL: +81-742-22-5001 FAX: +81-742-27-0192

Kobe Office
2-2-16, Isobe dori, Chuo-ku,
Kobe 651-0084, Japan
TEL: +81-78-221-9355 FAX: +81-78-251-3374

Hiroshima Branch
5-2-22, Otemachi, Naka-ku,
Hiroshima 730-0051, Japan
TEL: +81-82-241-2246 FAX: +81-82-243-1416

Shikoku Branch
2-3-11, Kotobuki-cho,
Takamatsu 760-0023, Japan
TEL: +81-87-851-9008 FAX: +81-87-822-9286

Kyushu Branch
2-19-1, Sanno, Yahata Higashi-ku,
Kitakyushu 805-8531, Japan
TEL: +81-93-671-3131 FAX: +81-93-661-1543

Fukuoka Office
1-13-8, Yakuin, Chuo-ku,
Fukuoka 810-0022, Japan
TEL: +81-92-741-4431 FAX: +81-92-741-4740

Taiwan Branch
7F., No.82, Sungchiang.Rd.,
Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)
TEL: +886-2-2567-5010 FAX: +886-2-2567-5171

Singapore Rep. Office
175A Bencoolen Street, #05-06 Burlington
Square, Singapore 189650
TEL: +65-6884-6830 FAX: +65-6884-6831

Consolidated Subsidiaries

Okumura Machinery Corporation
3-5-26, Himejima, Nishiyodogawa-ku,
Osaka 555-0033, Japan
TEL: +81-6-6472-3461 FAX: +81-6-6477-6801
Business line:Design, manufacture, sales, and repair of construction/industrial machines and devices

Taihei Real Estate Corporation
[Head Office]
5-6-1, Shiba, Minato-ku,
Tokyo 108-8381, Japan
TEL: +81-3-5439-5401 FAX: +81-3-5439-5402
[Osaka Branch]
2-2-2, Matsuzaki-cho, Abeno-ku,
Osaka 545-8555, Japan
TEL: +81-6-6625-3959 FAX: +81-6-6629-3938
Business line: Real estate, land and building management

Board of Directors

(As of June 29, 2017)

Directors

President and Representative Director
Takanori Okumura

Representative Director
Atsushi Tanaka

Directors
Seiichi Fujioka
Yuichi Mizuno
Keiji Yamaguchi
Yutaka Maruyama
Kenji Kotera

Director (Full-time Audit and Supervisory Committee Member)
Hironobu Kozai

Directors (Audit and Supervisory Committee Member)
Kiyoshi Saito
Kazuo Tsuji
Shuji Abe
Hiroyo Yashiro

Note: Kiyoshi Saito, Kazuo Tsuji, Shuji Abe and Hiroyo Yashiro are outside directors.

Executive Officers

Executive Vice Presidents
Wataru Watanabe

Senior Managing Executive Officers
Hiroomi Iida
Seiichi Fujioka*
Yuichi Mizuno*
Keiji Yamaguchi*

Managing Executive Officers
Yutaka Maruyama*
Hitoshi Miyamoto
Kenji Kotera*
Atsushi Tanaka*

Executive Officers
Takanori Hayashi
Noriyuki Machida
Osamu Harada
Shunso Iijima
Hiromu Miyazaki
Akira Tanaka
Masaaki Iwakura
Kaoru Kuniyuki
Hiroyuki Hayashi
Akira Okada
Naoki Magoori
Hirohide Taniguchi

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

Investor Information

(As of March 31, 2017)

Corporate Data

Head Office
OKUMURA CORPORATION
2-2-2, Matsuzaki-cho, Abeno-ku, Osaka 545-8555, Japan
TEL: +81-6-6621-1101 FAX: +81-6-6627-5295

Established
February 22, 1907

Capital
¥19.8 billion

Group Employees
2,020

Stock Information

Stock Exchange Listings
Tokyo

Transfer Agent
Sumitomo Mitsui Trust Bank, Limited

Major Shareholders

Shareholder	Shares held (thousands)	Percentage of total
Okumura Corporation (Treasury stock)	29,121	12.75%
Japan Trustee Services Bank, Ltd. (Trust Account)	12,204	5.34
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,528	4.61
Okumura Employees' Shareholding Association	7,469	3.27
Resona Bank, Limited.	6,074	2.66
Sumitomo Realty & Development Co., Ltd.	6,050	2.65
Sumitomo Mitsui Banking Corporation	5,568	2.44
Northern Trust Co. (AVFC) Re Silchester International Investors International Value Equity Trust	4,025	1.76
BBH Boston Custodian For Blackrock Global Allocation Fund, Inc. 620313	3,517	1.54
Japan Trustee Services Bank, Ltd. (Trust Account 5)	3,388	1.48
Nippon Life Insurance Company	3,215	1.41

奥村組
OKUMURA CORPORATION

OKUMURA CORPORATION

2-2-2, Matsuzaki-cho, Abeno-ku, Osaka 545-8555, Japan
TEL: +81-6-6621-1101 FAX: +81-6-6627-5295

http://www.okumuragumi.co.jp

Printed in Japan