Annual Report 2010

Okumura Corporation

奥村組
OKUMURA CORPORATION

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

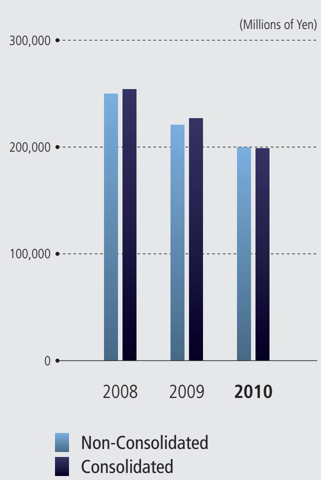
Contents

Financial Highlights

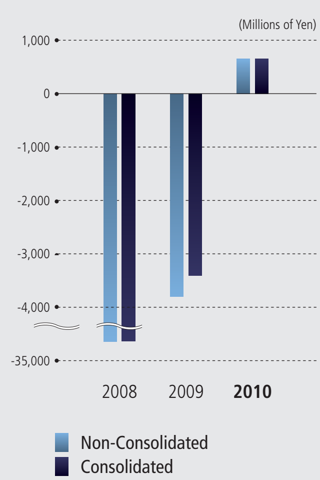
For the years ended March 31	2008	2009	**2010**	**2010**
Consolidated:		Millions of yen		Thousands of U.S. dollars
Net sales	¥254,090	¥226,974	**¥198,494**	**$2,133,421**
Operating income (loss)	(14,618)	4,399	**864**	**9,287**
Net income (loss)	(32,476)	(3,406)	**652**	**7,004**
Total assets	332,711	293,677	**241,759**	**2,598,441**
Total equity	128,820	115,155	**115,469**	**1,241,065**
Per Share:		Yen		U.S. dollars
Basic net income (loss)	¥(162.32)	¥(17.03)	**¥3.26**	**$0.04**
Non-Consolidated:		Millions of yen		Thousands of U.S. dollars
Net sales	¥249,844	¥220,760	**¥199,562**	**$2,144,905**
Operating income (loss)	(14,631)	4,310	**1,461**	**15,703**
Net income (loss)	(32,515)	(3,800)	**649**	**6,981**
Total assets	328,082	288,492	**236,533**	**2,542,271**
Total equity	127,006	113,034	**113,319**	**1,217,965**
Per Share:		Yen		U.S. dollars
Basic net income (loss)	¥(162.51)	¥(19.00)	**¥3.24**	**$0.03**

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, 2010, of ¥93=U.S.$1.

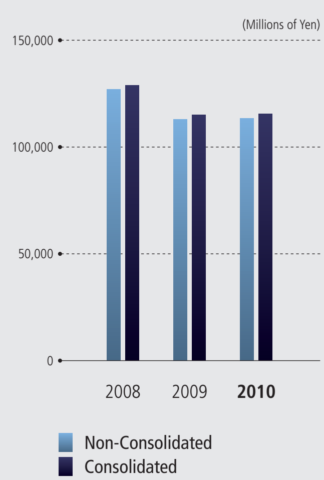
Net Sales



Net Income



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 we wish each of them the greatest success in their own range of endeavors.

A general overview of business performance for the period to March 2010 (April 1, 2009 to March 31, 2010) is provided in the following sections.

Fiscal 2010 Results

During the period under review, the Japanese economy saw signs of recovery in exports and production in some sectors. However, the construction industry found itself in an even more challenging business environment, hit by a slowdown in orders received due to declining capital investment in the private sector.

In these circumstances, the Company's consolidated net sales fell 12.5% year on year, to ¥198,494 million, and consolidated gross profit dipped 27.1%, to ¥15,912 million due to the deterioration of construction profitability. On the other hand, consolidated operating income, at ¥864 million, exceeded the targets set out in the Five-Year Medium-Term Business Plan since April 2008 for the second consecutive year. The Company posted net income of ¥652 million, the first positive result in three years, by more than making up for ¥1,353 million due to loss on fire accident and ¥1,022 million due to provision of allowance for doubtful accounts as extraordinary losses.

Despite the first positive result in three years, the Company's business remained stagnant. However, the Company decided to uphold its basic corporate policy regarding profit sharing and paid a regular dividend of ¥9.00 per share for the period ended March 31, 2010.

Looking Ahead and Key Strategies

The Japanese economy is expected to stage gradual recovery for a foreseeable future, led by external demand. However, the construction industry will likely see a reduction in public spending and a prolonged slowdown of capital expenditure in the private sector. The shrinking market is predicted to result in severe competition among construction companies.

In these circumstances, the Okumura Group, guided by its Five-Year Medium-Term Business Plan that went into force in April 2008, will remain committed to the selective order-taking approach and move ahead with structural reform. The reform includes streamlining to facilitate the Company's transformation into a business with highly profitable structure and achievement of higher managerial efficiency, while maintaining a healthy financial position.

In civil engineering operations, our specific actions will include further encouragement of targeted cost reductions, a selective approach to focused projects based on proprietary technologies and past works executed, and initiatives to develop greater organizational readiness for bidding procedures including comprehensive evaluation and to boost the accuracy of cost estimation. All of these actions aim to strengthen the engineering solutions delivered to clients and enhance the Company's price competitiveness.

In construction operations, where persistent price competition is a key factor in the bidding process and clients' needs are diversifying, the Company will seek to avoid competition based purely on price factors by adopting a selective bidding approach that places utmost priority on project profitability for each intended use category of buildings. Efforts parallel to this will seek to boost the rate of design and construction projects that fully leverage Okumura's strengths and unique added value, including technologies for advanced seismic isolation, high-rise buildings and acoustic simulation. In addition, the Company is stepping up efforts to spread its expertise across the organization under a centralized management structure for VE/CD proposals with the goal of improving profitability.

The environment surrounding real estate operations is expected to remain difficult, with a positive turnaround in business unlikely in the short term. However, the Company plans to continue to engage in leasing activities by maximizing the potential use of company-held properties to secure stable profit.

In the area of the Company's organization, attempts to improve the earnings structure are being made primarily through cost reductions, which consist of adjusting the workforce to match the business scale and downsizing of the organizational and management structure to achieve higher efficiency.

For the future, Okumura will apply all of its resources with the aim of responding quickly and flexibly to shifting trends and the changing operating environment, and thereby build a strong business foundation in accordance with its corporate philosophy, which has endured through the many years since the Company's foundation. 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 and patronage of its shareholders.

June 2010

T. Okumura

Takanori Okumura
President and Representative Director

Review of Operations

Major Projects Completed

BUILDINGS

Eastcore Hikifune 2 Bankan (S Tower)

Work period: October 2005 to November 2009
Structure: RC
Total floor area: 55,915.89m²

Komori Corporation: Tsukuba Plant (Phase III)

Work period: August 2008 to October 2009
Three plants: Steel structure
Total floor area: 24,844.84m²

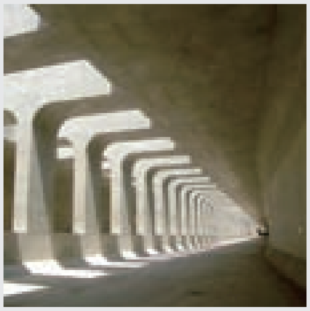
GRAND-SUITE Chikusa Tower

Work period: March 2008 to March 2010
Structure: RC (seismic isolation structure)
Total floor area: 17,121.33m²

Kisarazu-Daiichi Elementary School: Feeding Center

Work period: December 2007 to March 2010
Elementary school: RC, partially Steel structure
Total floor area: 7,321.52m²
Feeding center: Steel structure
Total floor area: 2,524.08m²

CIVIL ENGINEERING

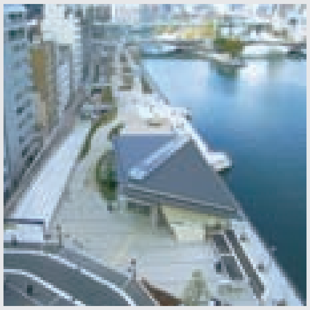


Higashi-Meihan Expressway: Shimada Construction Work

Work period: July 2005 to August 2009
Cut and cover method
Shallow trench structure
Total length: 628m
Aperture style: 546m
Box culvert: 82m

Hokkaido Odan Expressway: Tantaka Tunnel Construction Work

Work period: March 2006 to March 2010
Total construction length: 2,856m
Total tunnel length: 2,383m
Earthwork length: 445m
Bridge length: 28m



Nakanoshima New Line: Civil Engineering Works (Switchover Area to Keihan Main Line)

Work period: February 2003 to August 2009
Construction of Nakanoshima New Line: L=178.5m
Relocation of Keihan conventional railway lines: L=277m
Cut and cover method

Kyushu Shinkansen Kagoshima Route: Kitajima BL and Others

Work period: March 2006 to July 2009
Base course length: 308m
Bridge: 947m
Elevated bridge: total length of 1,255m

Orders Received

BUILDINGS

Osaka Detention House (Phase I :House of Detention - A, B & C, Control Office, Staff Dormitory - A)

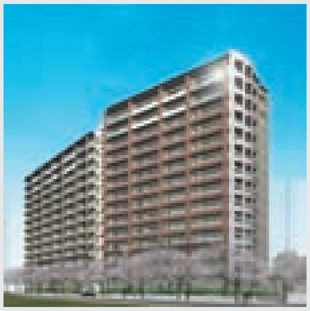
Work period: March 2010 to May 2013
Structure: Steel, RC
Total floor area: 37,994.42m^2

Abenobashi Terminal Building Development Project: Tower Building

Work period: December 2009 to March 2014
Structure: Steel, partially SRC structure
Total floor area: 211,635.78m^2

Sakai City Waste Disposal Facility

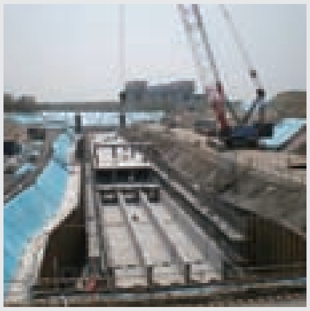
Work period: April 2010 to March 2013
Waste disposal plant: RC, Steel, SRC, structure
Total floor area: 13,643.45m^2
Slag stockyard building and others: two buildings



Nexstage Takamishichijo 2 Bankan

Work period: November 2009 to May 2011
Structure: RC
Total floor area: 12,306.77m^2

CIVIL ENGINEERING



The Ishikari River Head Works: Intake Sluice-Gate Exterior Construction Work

Work period: June 2009 to December 2010
Box culvert work:
2.5m x 3.4m x 3 unit, L=127m (83 blocks)
Flexible sluice-gate
Bridge abutment one piece

Route 42 Kiho Bypass: Kiho Tunnel Construction Work

Work period: March 2010 to March 2012
Tunnel length: 683m
Drilled length: 289m
Cross-section: 85.7m^2
Full face cutting with short bench method

The Kiso River Genroku Drainage System: Reconstruction Work of Sluice-Gate

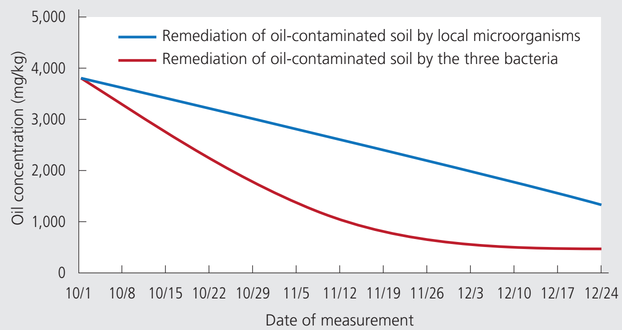
Work period: January 2010 to March 2013
Box culvert work: 1.8×1.8 L=45.6m
Shielding wall, side/surface wing wall, gate pier, transit shed, water gate: individual construction work
Demolition work
Levee/bank revetment: L=250m

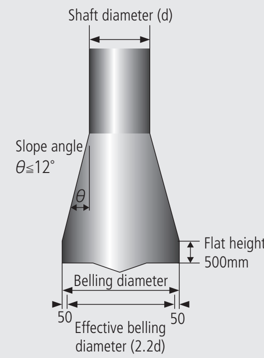
The Kuzuryu River (Downstream Section): Second Stage of Agricultural Irrigation Project, Jugo No. 2 Ditch in the Sadamune/Gohon Construction Area

Work period: September 2009 to March 2011
Earth pressure balanced shield method
External diameter of the shield machine: 4,680mm
External diameter of the segment ring: 4,550mm
Total construction length: 765.369m

Topics

❶ Difference in Speed of Oil Remediation





❷ Shape of the OMR/B pile

❷ New OMR/B excavator
(shaft diameter=2,100mm, belling diameter=4,700mm)

❸ Inside the seminar hall

❸ Panel discussion

❶ Development of Soil Remediation Technology by Introducing Bacteria into Oil-Contaminated Soil

In cooperation with IIB, Inc., the Company has discovered three bacteria with superior oil degradation capability and developed a technology to remediate oil-contaminated soil by introducing bacteria into it.

The project proposal for soil remediation using this technology—the first project in Japan for remediation of oil-contaminated soil—is in accordance with the Guidelines for Utilizing Micro-Organisms' Bio-Remediation issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry. It has already been verified as safe for humans as well as the ecosystem. The soil remediation technology for oil-contaminated soil is expected to be applied in the future to various sites such as oil tank facilities, gas stations, automobile-related plants and chemical plants.

❷ Development of Large-Diameter Bell-Pile X2.2 Technique

In a joint effort with Marugo Foundation Corp., the Company has developed the new OMR/B method (Bell-pile X2.2 technique), improving upon the previous Okumura/Marugo Bucket-type Bell-pile technique (OMR/B method). Compared to the previous method, the new OMR/B method offers a larger belling diameter (4,700mm compared with 4,100mm), a higher belling ratio (effective bell-out surface area/shaft surface area) (4.9 compared with 4.0), and finally, an improved design standard strength for concrete (45N/mm2 compared with 42N/mm2). This method received BCJ Certification (Certification #FD0255-03) from the Building Center of Japan on January 22, 2010.

The new OMR/B method allows for a larger excavation area with its pile for sites such as superhigh-rise buildings and warehouses for heavy goods with large loads. In addition, the shaft diameter is smaller than a conventional bell pile, which helps reduce the environmental load as well as the cost due to the decreased amount of excavated soil and material used.

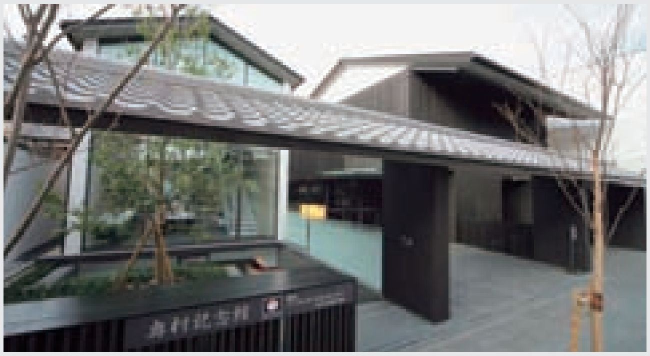
❸ Hosting of a Technical Seminar

On December 2, 2009, Okumura hosted the 21st Technical Seminar at the Tokyo International Forum in Tokyo's Chiyoda Ward. The seminar was attended by approximately 200 participants from outside the Company, such as government agencies and clients of Okumura from the private sector.

Okumura began hosting the seminar in 1988 as part of the collaboration among industrial, governmental and academic sectors. In line with the theme" Towards reducing environmental risk—Soil contamination: Current situation and future measures," Tatemasa Hirata, director of Wakayama University, delivered the keynote speech. Thereafter, a panel discussion was held on topics including a summary of proposed revision of the Soil Contamination Countermeasures Act, the latest technical trends related to contamination investigation and contamination countermeasures, methods for approaching contamination risks, and land value after contamination.

❹ Recipients of the Okumura Environmental Construction Technology Foundation Grant for the Fiscal Year Ended March 31, 2009 Are Announced

In 2007, the Company established a charitable trust fund, the Okumura Environmental Construction Technology Foundation Grant, whose objective is to further promote the preservation and improvement of Japan's environment by providing funds to various research projects on construction technologies that



❺ Exterior of the Okumura Commemorative Museum (seismic isolation structure)

❺ Seismic isolation simulator

❻ Toyoshima Ohashi Bridge

❻ Sewer tunnel construction for the supplementary lines at an airport (south) near the Neyagawa River (Section 3)

❻ Flood-control dam construction at the Iwaigawa River

reduce the environmental load.

The steering committee—comprising experts such as university professors—met on July 7, 2009 to select the recipients and determine the amount of the grant awarded for the fiscal year ended March 31, 2009. The foundation has ensured that all those chosen for the fiscal year have received the grant.

Research themes of the recipients are as follows:
- Research on engineering property of soil mixed with waste glass as banking material
- Development of technology for conducting environmental assessment that takes environmental renewal into account
- Development of a formula for calculating soil remediation concentration based on evaluation of health risks

❺ Okumura Receives the Japan Society of Seismic Isolation (JSSI) Award for the Okumura Commemorative Museum

The Okumura Commemorative Museum, designed and built by Okumura, was selected for the 10th JSSI Project Award in recognition of its contribution toward promoting seismic isolation technologies. The award was presented to Okumura during the society's general meeting on June 4, 2009.

This award is given to a" building or person/people that contribute to the progress as well as the development and promotion of seismic isolation technologies." The Company also received the Technology Award in 2008 for its seismic isolation device for lighthouse lenses, making this year the second consecutive year that Okumura has received the award. The award-winning museum, with its seismic isolation models, seismic isolation simulator, and seismic isolation device viewing area, was recognized for its" significant contribution toward promoting and introducing seismic isolation technologies to the general public."

❻ Okumura Receives the Tanaka Award and Kansai Region Technology Award from the Japan Society of Civil Engineering (JSCE) for Fiscal 2008 and the Japan Society of Dam Engineering (JSDE) Technology Award

Toyoshima Ohashi Bridge (the Company was responsible for the lower section work) received the fiscal 2008 JSCE Tanaka Award (project category), while the sewer tunnel construction for the supplementary lines at an airport (south) near Neyagawa River (Section 3) received the JSCE Kansai Region Technology Award and the construction of the Iwaigawa River flood-control dam was given the Technology Award by JSDE.

Awards and Prizes
- JSCE Tanaka Award (Project category)
  Toyoshima Ohashi Bridge (Kure City, Hiroshima Prefecture)
- JSCE Kansai Region Technology Award
  Large sectional shield tunneling in densely populated area and its environmental conservation measures
  —Sewer tunnel construction for the supplementary lines at an airport (south) near the Neyagawa River (Section 3) (Yao City, Osaka Prefecture)
- JSDE Technology Award
  Construction of a flood-control dam at the Iwaigawa River (Nara City)

Consolidated Balance Sheets

Okumura Corporation and Consolidated Subsidiaries
As of March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2010**	2009	**2010**
Current assets:			
Cash and cash equivalents (Note 12)	**¥ 27,831**	¥ 30,811	**$ 299,133**
Time deposits (Notes 12 and 13)	**468**	2,007	**5,025**
Marketable securities (Notes 3 and 12)	**56**	122	**607**
Receivables:			
Trade notes (Note 12)	**6,305**	5,790	**67,762**
Trade accounts (Note 12)	**56,744**	57,404	**609,893**
Unconsolidated subsidiaries and associated companies (Note 12)	**157**	1,214	**1,693**
Other	**10,803**	14,469	**116,110**
Allowance for doubtful receivables	**(3,802)**	(4,316)	**(40,867)**
Inventories (Note 4)	**73,739**	116,044	**792,548**
Prepaid expenses and other	**639**	983	**6,867**
Total current assets	**172,940**	224,528	**1,858,771**
Property, plant and equipment (Notes 5 and 6):			
Land	**16,680**	16,680	**179,277**
Buildings and structures	**16,161**	15,577	**173,701**
Machinery and equipment	**3,355**	4,046	**36,062**
Furniture and fixtures	**2,160**	2,240	**23,213**
Lease assets (Note 11)	**27**	9	**288**
Construction in progress	**40**	752	**426**
Total	**38,423**	39,304	**412,967**
Accumulated depreciation	**(14,285)**	(15,183)	**(153,536)**
Net property, plant and equipment	**24,138**	24,121	**259,431**
Investments and other assets:			
Investment securities (Notes 3, 12 and 13)	**42,496**	41,443	**456,745**
Investments in and advances to unconsolidated subsidiaries and associated companies (Note 12)	**1,138**	793	**12,226**
Long-term loans receivable (Note 12)	**450**	1,988	**4,833**
Other assets	**4,049**	2,259	**43,535**
Allowance for doubtful receivables	**(3,452)**	(1,455)	**(37,100)**
Total investments and other assets	**44,681**	45,028	**480,239**
Total	**¥241,759**	¥293,677	**$2,598,441**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 1) 2010
Current liabilities:			
Short-term bank loans including current portion of long-term debt (Notes 6, 11 and 12)	**¥ 10,319**	¥ 9,498	**$ 110,905**
Payables:			
Trade notes (Note 12)	**4,843**	11,642	**52,054**
Trade accounts (Note 12)	**35,302**	63,596	**379,432**
Other	**195**	222	**2,099**
Advances received on construction projects in progress	**40,796**	60,769	**438,482**
Income taxes payable	**248**	241	**2,667**
Allowance for warranty work on construction projects	**408**	457	**4,382**
Allowance for losses on construction contracts	**5,752**	5,133	**61,821**
Other	**13,615**	12,807	**146,328**
Total current liabilities	**111,478**	164,365	**1,198,170**
Long-term liabilities:			
Long-term debt (Notes 6, 11 and 12)	**247**	266	**2,659**
Liability for retirement benefits (Note 7)	**5,785**	5,639	**62,174**
Deferred tax liabilities (Note 9)	**7,806**	6,937	**83,895**
Negative goodwill	**851**	1,134	**9,144**
Other	**123**	181	**1,334**
Total long-term liabilities	**14,812**	14,157	**159,206**
Total liabilities	**126,290**	178,522	**1,357,376**
Commitments and contingent liabilities (Notes 11 and 13)			
Equity (Notes 8 and 14)**:**			
Common stock			
authorized, 480,376,000 shares; issued, 228,326,133 shares	**19,839**	19,839	**213,230**
Capital surplus	**25,327**	25,327	**272,219**
Retained earnings	**72,200**	73,347	**776,012**
Unrealized gain on available-for-sale securities	**10,435**	8,959	**112,152**
Treasury stock—at cost			
28,496,086 shares in 2010 and 28,451,549 shares in 2009	**(12,332)**	(12,317)	**(132,548)**
Total equity	**115,469**	115,155	**1,241,065**
Total	**¥241,759**	¥293,677	**$2,598,441**

Consolidated Statements of Operations

Okumura Corporation and Consolidated Subsidiaries
For the year ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	**2010**
Net sales	**¥198,494**	¥226,974	**$2,133,421**
Cost of sales	**182,582**	205,154	**1,962,403**
Gross profit	**15,912**	21,820	**171,018**
Selling, general and administrative expenses (Note 10)	**15,048**	17,421	**161,731**
Operating income	**864**	4,399	**9,287**
Other income (expenses):			
Interest and dividend income	**956**	1,520	**10,279**
Interest expense	**(197)**	(192)	**(2,118)**
Amortization of negative goodwill	**284**	284	**3,048**
Gain on sales of property, plant and equipment	**961**	418	**10,332**
Loss on disposal of property, plant and equipment	**(228)**	(109)	**(2,454)**
Gain on sales of investment securities	**434**	45	**4,664**
Impairment losses on investment securities	**(168)**	(2,730)	**(1,803)**
Provision of allowance for doubtful accounts	**(1,022)**	—	**(10,989)**
Loss on fire accident	**(1,353)**	—	**(14,546)**
Extra payments for early retirement	**—**	(4,152)	**—**
Write down of real estate and other	**—**	(3,274)	**—**
Other—net	**217**	601	**2,339**
Other expenses—net	**(116)**	(7,589)	**(1,248)**
Income (loss) before income taxes	**748**	(3,190)	**8,039**
Income taxes (Note 9)**:**			
Current	**137**	121	**1,471**
Deferred	**(41)**	95	**(436)**
Total income taxes	**96**	216	**1,035**
Net income (loss)	**¥ 652**	¥ (3,406)	**$ 7,004**

	Yen		U.S. dollars (Note 1)
Per share of common stock (Notes 2.n and 14)**:**			
Basic net income (loss)	**¥ 3.26**	¥(17.03)	**$ 0.04**
Cash dividends applicable to the year	**9.00**	9.00	**0.10**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Okumura Corporation and Consolidated Subsidiaries
For the year ended March 31, 2010 and 2009

	Thousands						Millions of yen
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Unrealized gain on available for-sale securities	Treasury stock	Total equity
BALANCE, MARCH31, 2008	200,018	¥19,839	¥25,329	¥78,553	¥17,360	¥(12,261)	¥128,820
Net loss	—	—	—	(3,406)	—	—	(3,406)
Cash dividends, ¥9 per share	—	—	—	(1,800)	—	—	(1,800)
Purchase of treasury stock	(178)	—	—	—	—	(71)	(71)
Disposal of treasury stock	35	—	(2)	—	—	15	13
Net change in the year	—	—	—	—	(8,401)	—	(8,401)
BALANCE, MARCH 31, 2009	199,875	¥19,839	¥25,327	¥73,347	¥ 8,959	¥(12,317)	¥115,155
Net income	**—**	**—**	**—**	**652**	**—**	**—**	**652**
Cash dividends, ¥9 per share	**—**	**—**	**—**	**(1,799)**	**—**	**—**	**(1,799)**
Purchase of treasury stock	**(50)**	**—**	**—**	**—**	**—**	**(18)**	**(18)**
Disposal of treasury stock	**5**	**—**	**(0)**	**—**	**—**	**3**	**3**
Net change in the year	**—**	**—**	**—**	**—**	**1,476**	**—**	**1,476**
BALANCE, MARCH 31, 2010	**199,830**	**¥19,839**	**¥25,327**	**¥72,200**	**¥10,435**	**¥(12,332)**	**¥115,469**

						Thousands of U.S. dollars (Note 1)
	Common stock	Capital surplus	Retained earnings	Unrealized gain on available for-sale securities	Treasury stock	Total equity
BALANCE, MARCH 31, 2009	$213,230	$272,224	$788,342	$96,282	$(132,381)	$1,237,697
Net income	**—**	**—**	**7,004**	**—**	**—**	**7,004**
Cash dividends, $0.10 per share	**—**	**—**	**(19,334)**	**—**	**—**	**(19,334)**
Purchase of treasury stock	**—**	**—**	**—**	**—**	**(193)**	**(193)**
Disposal of treasury stock	**—**	**(5)**	**—**	**—**	**26**	**21**
Net change in the year	**—**	**—**	**—**	**15,870**	**—**	**15,870**
BALANCE, MARCH 31, 2010	**$213,230**	**$272,219**	**$776,012**	**$112,152**	**$(132,548)**	**$1,241,065**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Okumura Corporation and Consolidated Subsidiaries
For the year ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	**2010**
Cash flows from operating activities:			
Income (loss) before income taxes	**¥ 748**	¥ (3,190)	**$ 8,039**
Adjustments for:			
Income taxes—paid	**(41)**	(158)	**(439)**
Depreciation and amortization	**956**	944	**10,277**
Amortization of negative goodwill	**(284)**	(284)	**(3,048)**
Provision for doubtful receivables	**1,528**	991	**16,425**
Loss on disposal of property, plant and equipment	**228**	109	**2,454**
Gain on sales of property, plant and equipment	**(961)**	(418)	**(10,332)**
Impairment losses on marketable and investment securities	**228**	2,793	**2,450**
Extra payments for early retirement	**—**	4,152	**—**
Write down of real estate and other	**—**	3,274	**—**
Loss on fire accident	**1,353**	—	**14,546**
Changes in assets and liabilities:			
Decrease (increase) in trade notes and accounts receivable	**(853)**	20,739	**(9,171)**
Decrease (increase) in accumulated costs of construction projects in progress	**44,338**	(946)	**476,546**
Increase in other inventories	**(3,447)**	(1,858)	**(37,049)**
Decrease in trade notes and accounts payable	**(29,976)**	(11,550)	**(322,189)**
Decrease in advances received on construction projects in progress	**(19,973)**	(7,403)	**(214,671)**
Increase in liability for retirement benefits	**146**	114	**1,568**
Other—net	**994**	(2,365)	**10,681**
Total adjustments	**(5,764)**	8,134	**(61,952)**
Net cash provided by (used in) operating activities	**(5,016)**	4,944	**(53,913)**
Cash flows from investing activities:			
Net decrease in time deposits	**1,540**	215	**16,548**
Payments for purchases of securities	**(98)**	(276)	**(1,055)**
Proceeds from sales of securities	**1,694**	9,353	**18,206**
Purchases of property, plant and equipment	**(911)**	(1,972)	**(9,789)**
Proceeds from sales of property, plant and equipment	**999**	518	**10,737**
Investment in loans receivable	**(504)**	(288)	**(5,421)**
Collection of loans receivable	**296**	258	**3,184**
Other—net	**108**	81	**1,163**
Net cash provided by investing activities	**3,124**	7,889	**33,573**
Cash flows from financing activities:			
Increase (decrease) in short-term bank loans—net	**775**	(1,319)	**8,326**
Repayments of long-term debt	**(33)**	(158)	**(352)**
Purchase of treasury stock	**(18)**	(71)	**(192)**
Disposal of treasury stock	**2**	14	**21**
Dividends paid	**(1,800)**	(1,804)	**(19,347)**
Other	**(4)**	(1)	**(36)**
Net cash used in financing activities	**(1,078)**	(3,339)	**(11,580)**
Foreign currency translation adjustments on cash and cash equivalents	**(10)**	(128)	**(109)**
Net increase (decrease) in cash and cash equivalents	**(2,980)**	9,366	**(32,029)**
Cash and cash equivalents, beginning of year	**30,811**	21,445	**331,162**
Cash and cash equivalents, end of year	**¥27,831**	¥30,811	**$299,133**

See notes to consolidated financial statements.

1. Basis of Presenting 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 conformity with accounting principles generally accepted in Japan (”Japanese GAAP”), which are different in certain respects as to 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 2009 financial statements to conform to the classifications used in 2010.

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 ¥93 to $1, the approximate rate of exchange at March 31, 2010. 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, 2010 and 2009 include the accounts of the Company and its 2 significant subsidiaries (together, the ”Group”) ·

Under the control or influence concept, 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 7 (6 in 2009) unconsolidated subsidiaries and 2 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.

The difference between the cost of investments and the fair value of net assets of consolidated subsidiaries and associated companies at the date of acquisition are amortized on a straight-line basis over 5 years.

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 eliminated.

b. 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 certificate of deposits, all of which mature or become due within 3 months of the date of acquisition.

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

d. Marketable and Investment Securities — Marketable and investment securities are classified and accounted for, depending on management’s intent, as follows:
i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost and ii) available-for-sale securities, which are not classified as the held-to-maturity, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable 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.

Equities of limited liability partnerships for investment purpose and of other similar partnerships (defined as ”securities” by Section 2 of Article 2 of the Financial Instruments and Exchange Act) are valued at the equivalent net equity based on the recently available financial statements of the partnerships corresponding to the reporting dates of the financial statements defined by the partnership agreements.

e. Property, Plant and Equipment — Property, plant and equipment are stated at cost. Depreciation 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 after April 1, 1998 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. The useful lives for lease assets are the terms of the respective leases.

f. 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 would be 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.

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

h. 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 rate expenses.

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

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

Liability for retirement benefits for employees is recorded based on the estimated present value of projected benefit obligations and the fair value of the plan assets at the end of the fiscal year.

The unrecognized transition amount which arose from adopting the new standard during the year ended March 31, 2001 has been amortized on a straight-line basis over 15 years, and unrecognized actuarial differences are amortized subsequent to the year in which they arise on a straight-line basis over the period of 10 years which is within the employees' average remaining service years. Unrecognized prior service costs have been amortized on straight-line over the period of 10 years which is within the employees' average remaining service years.

k. Construction Contracts — The Company recognizes the construction revenue and construction costs 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 can be estimated reliably. The percentage of completion is determined using the percentage of the cost incurred to the estimated total cost.

(Change of accounting method-2010)

Prior to April 1, 2009, the Company recognized the construction revenue for construction contracts whose total contract amounts are more than ¥5 billion ($53,740 thousand) and the construction period exceeded two years under the percentage-of-completion method and for other contracts under the completed-contract method.

However, in December 2007, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 15 "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18 "Guidance on Accounting Standard for Construction Contracts". Under the previous Japanese GAAP, either the completed-contract method or the percentage-of-completion method was permitted to account for construction contracts. Under this new accounting standard, the construction revenue and construction costs should be 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 can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. This standard is applicable to construction contracts and software development contracts and effective for fiscal years beginning on or after April 1, 2009. The Company applied the new accounting standard effective April 1, 2009. The effect of this change was to increase operating income and income before income taxes by ¥843 million ($9,066 thousand), respectively, for the year ended March 31, 2010.

The revenues recognized by the percentage-of-completion method for the years ended March 31, 2010 and 2009 were ¥43,052 million ($462,735 thousand) and ¥37,105 million, respectively.

l. Leases — In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that deemed to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and did not transfer ownership of the leased property to the lessee to be accounted for as operating leases transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

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

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

Cash dividends per share presented in the accompanying consolidated statements of operations are dividends applicable to the respective years including dividends to be paid after the end of the year.

o. New Accounting Pronouncements

Asset Retirement Obligations — On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No.18 ''Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21 ''Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the 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 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 increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

Accounting Changes and Error Corrections — In December 2009, ASBJ issued 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 under this standard and guidance are as follows;
(1) Changes in Accounting Policies:
When a new accounting policy is applied with revision of accounting standards, a new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.
(2) Changes in Presentations
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.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

Segment Information Disclosures — In March 2008, the ASBJ revised ASBJ Statement No.17 "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No.20 "Guidance on Accounting Standard for Segment Information Disclosures". Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

3. Marketable and Investment Securities

Marketable and investment securities as of March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Current:			
Government and corporate bonds	**¥ —**	¥ 1	**$ —**
Other	**56**	121	**607**
Total	**¥ 56**	¥ 122	**$ 607**
Non-current:			
Marketable equity securities	**¥39,924**	¥37,810	**$429,109**
Trust fund investments and other	**2,572**	3,633	**27,636**
Total	**¥42,496**	¥41,443	**$456,745**

The costs and aggregate fair values of marketable and investment securities at March 31, 2010 and 2009 were as follows:

	Millions of yen			
March 31, 2010	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Equity securities	¥23,786	¥16,983	¥ 845	¥39,924
Debt securities	1,200	8	171	1,037
March 31, 2009				
Securities classified as:				
Available-for-sale:				
Equity securities	¥24,066	¥14,721	¥ 977	¥37,810
Debt securities	2,200	—	155	2,045

	Thousands of U.S. dollars			
March 31, 2010	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Equity securities	$255,656	$182,534	$9,081	$429,109
Debt securities	12,898	89	1,845	11,142

Available-for-sale securities and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2009 were as follows. The similar information for 2010 is disclosed in Note 12.

March 31, 2009	Carrying amount Millions of yen
Available-for-sale:	
Equity securities	¥1,709
Held-to-maturity	1
Total	¥1,710

Proceeds from sales of available-for-sale securities for the years ended March 31, 2009 were ¥3,742 million. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥685 million and ¥640 million, respectively, for the year ended March 31, 2009.

The information of available-for-sale securities which were sold during the year ended March 31, 2010 was as follows:

	Millions of yen		
March 31, 2010	Proceeds	Realized gains	Realized loss
Available-for-sale:			
Equity securities	¥ 687	¥ 436	¥ 2

	Thousands of U.S. dollars		
March 31, 2010	Proceeds	Realized gains	Realized loss
Available-for-sale:			
Equity securities	$7,379	$4,683	$19

The impairment losses on available-for-sale equity securities for the years ended March 31, 2010 and 2009 were ¥109 million ($1,174 thousand) and ¥2,624 million, respectively.

4. Inventories

Inventories at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Construction projects in progress	**¥57,785**	¥103,538	**$621,078**
Real estate held for sale	**10,017**	1,876	**107,656**
Development projects in progress	**4,552**	9,380	**48,928**
Other	**1,385**	1,250	**14,886**
Total	**¥73,739**	¥116,044	**$792,548**

5. Investment Property

On November 28, 2008, the ASBJ issued ASBJ Statement No.20"Accounting Standard for Investment Property and Related Disclosures" and issued ASBJ Guidance No.23"Guidance on Accounting Standard for Investment Property and Related Disclosures". This accounting standard and the guidance are applicable to investment property and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Group applied the new accounting standard and guidance effective March 31, 2010.

The Group holds some rental properties such as office buildings, warehouses, and land in Osaka and other areas. Some rental warehouses, part of which the Company uses, are classified as rental properties in part.

Net of rental income and operating expenses for those rental properties was ¥2,130 million ($22,896 thousand) for the fiscal year ended March 31, 2010.

The carrying amounts, changes in such balances and market prices of such properties are as follows:

	Millions of yen			
	Carrying amount			Fair value
	April 1, 2009	Increase/ Decrease	March 31, 2010	March 31, 2010
Rental properties	¥14,013	¥387	¥14,400	¥31,867
Rental properties in part	1,597	(60)	1,537	9,767
Total	¥15,610	¥327	¥15,937	¥41,634

	Thousands of U.S. dollars			
	Carrying amount			Fair value
	April 1, 2009	Increase/ Decrease	March 31, 2010	March 31, 2010
Rental properties	$150,619	$4,154	$154,773	$342,514
Rental properties in part	17,161	(646)	16,515	104,971
Total	$167,780	$3,508	$171,288	$447,485

Notes:
1) Carrying amount recognized in balance sheet is net of accumulated depreciation and accumulated impairment losses, if any.
2) Fair value of properties as of March 31, 2010 is measured by the Group in accordance with its Real-estate Appraisal Standard.

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

Short-term bank loans at March 31, 2010 and 2009 consisted of notes to banks and bank overdrafts. The annual interest rates applicable to the short-term bank loans ranged from 1.475% to 2.000% and 1.475% to 2.060% at March 31, 2010 and 2009, respectively.

Long-term debt at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Loans from banks and other financial institutions, due serially to 2031 with interest rates ranging from 1.39% to 5.70%			
Collateralized	**¥ 57**	¥ 74	**$ 617**
Unsecured	**193**	209	**2,074**
Obligations under finance leases	**24**	8	**253**
Total	**274**	291	**2,944**
Less current portion	**(27)**	(25)	**(285)**
Long-term debt, less current portion	**¥247**	¥266	**$2,659**

Annual maturities of long-term debt, excluding finance leases (see Note 11) at March 31, 2010, were as follows:

Year Ending March 31	Millions of yen	Thousands of U.S. dollars
2011	¥ 20	$ 220
2012	20	217
2013	20	215
2014	20	214
2015	20	213
2016 and thereafter	150	1,612
Total	¥250	$2,691

The carrying amounts of assets pledged as collateral for the above collateralized long-term debt at March 31, 2010 were as follows:

	Millions of yen	Thousands of U.S. dollars
Property, plant and equipment — net of accumulated depreciation	¥88	$948

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 Company 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 lump-sum retirement benefit plans and a cash balance plan (pension plan linked to the market interest rates) based on the Defined Benefit Corporate Pension Law.

The liability for employees' retirement benefits at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Projected benefit obligation	**¥30,500**	¥32,208	**$327,810**
Fair value of plan assets	**(25,930)**	(26,822)	**(278,696)**
Unrecognized actuarial differences	**770**	(268)	**8,281**
Unrecognized transitional obligation	**275**	330	**2,957**
Unrecognized prior service cost	**170**	191	**1,822**
Net liability	**¥ 5,785**	¥ 5,639	**$ 62,174**

The components of net periodic benefit costs for the years ended March 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Service cost	**¥1,040**	¥1,364	**$11,178**
Interest cost	**644**	826	**6,920**
Expected return on plan assets	**(429)**	(571)	**(4,613)**
Recognized actuarial loss	**35**	(162)	**382**
Amortization of transitional obligation	**(55)**	(56)	**(591)**
Amortization of prior service cost	**(21)**	(21)	**(228)**
Net periodic benefit costs	**¥1,214**	¥1,380	**$13,048**

Assumptions used for the years ended March 31, 2010 and 2009 are set forth as follows:

	2010	2009
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**1.6%**	1.5%
Amortization of prior service cost	**10 years**	10 years
Recognition period of actuarial gain / loss	**10 years**	10 years
Amortization period of transitional obligation	**15 years**	15 years

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:

(1) 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. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal 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 cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash 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.

(2) 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 total of 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 under certain conditions upon resolution of the shareholders.

(3) 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 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 Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 40.6% for the years ended March 31, 2010 and 2009.

The tax effects of significant temporary differences and tax loss carry-forwards which resulted in deferred tax assets and liabilities at March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Deferred tax assets:			
Tax loss carry-forwards	**¥11,211**	¥11,824	**$120,493**
Write-down of inventories	**3,274**	3,579	**35,189**
Impairment losses on securities	**3,072**	3,137	**33,016**
Allowance for doubtful accounts	**2,349**	2,391	**25,243**
Liability for retirement benefits	**2,348**	2,290	**25,242**
Allowance for losses on construction contracts	**2,335**	2,094	**25,099**
Write-off of bad debt	**767**	775	**8,244**
Accrued expenses	**576**	805	**6,196**
Allowance for bonuses	**314**	329	**3,374**
Other	**328**	391	**3,522**
Less valuation allowances	**(26,574)**	(27,615)	**(285,618)**
Total	**—**	—	**—**
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	**(5,526)**	(4,616)	**(59,389)**
Retained earnings appropriated for special allowance	**(2,280)**	(2,321)	**(24,506)**
Total	**(7,806)**	(6,937)	**(83,895)**
Net deferred tax liabilities	**¥ (7,806)**	¥ (6,937)	**$ (83,895)**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of operations for the year ended March 31, 2010 is as follows:

	2010
Normal effective statutory tax rate	**40.6%**
Expenses not deductible for income tax purposes	**11.2**
Non-taxable income	**(20.1)**
Inhabitant tax per capita	**18.3**
Valuation allowance	**(33.4)**
Other—net	**(3.7)**
Actual effective tax rate	**12.9%**

The reconciliation for the year ended March 31, 2009 is not presented because of the net loss.

10. Research and Development Costs

Research and development costs charged to income were ¥644 million ($6,919 thousand) and ¥706 million for the years ended March 31, 2010 and 2009, 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, 2010 and 2009 were ¥37 million ($395 thousand) and ¥51 million, respectively.

Obligations under finance leases were as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	**2010**
Due within one year	**¥ 6**	**$ 64**
Due after one year	**18**	**189**
Total	**¥24**	**$253**

Pro forma information of leased property whose lease inception was before March 31, 2008

ASBJ Statement No.13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. However, the ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee whose lease inception was before March 31, 2008 to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. The Company applied the ASBJ Statement No. 13 effective April 1, 2008 and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008 such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance leases, depreciation expense, interest expense and other information of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis was as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
	Machinery and equipment	Machinery and equipment	Machinery and equipment
Acquisition cost	**¥82**	¥207	**$885**
Accumulated depreciation	**60**	151	**644**
Net leased property	**¥22**	¥ 56	**$241**

Obligations under finance leases which existed at the transition date and do not transfer ownership of the leased property to the lessee:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Due within one year	**¥13**	¥33	**$142**
Due after one year	**9**	23	**99**
Total	**¥22**	¥56	**$241**

The amount of acquisition cost and obligations under finance leases includes the imputed interest expense portion.

Depreciation expenses, which are not reflected in the accompanying statements of operations, computed by the straight-line method were ¥33 million ($360 thousand) and ¥49 million for the years ended March 31, 2010 and 2009, respectively.

(2) Operating leases

Future minimum lease receivables or payments under non-cancellable operating leases at March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
As a lessor:			
Due within one year	**¥ 1,860**	¥ 1,766	**$ 19,993**
Due after one year	**22,099**	22,050	**237,517**
Total	**¥23,959**	¥23,816	**$257,510**
As a lessee:			
Due within one year	**¥ 33**	¥ 26	**$ 352**
Due after one year	**128**	140	**1,376**
Total	**¥ 161**	¥ 166	**$ 1,728**

12. Financial Instruments and Related Disclosures

On March 10, 2008, the ASBJ revised ASBJ Statement No.10"Accounting Standard for Financial Instruments" and issued ASBJ Guidance No.19"Guidance on Accounting Standard for Financial Instruments and Related Disclosures". This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. The Group applied the revised accounting standard and the new guidance effective March 31, 2010.

1) Group policy for financial instruments

At the Group, cash surpluses, if any, are invested in low risk and capital-safe financial assets. Short-term bank loans are used to fund its ongoing operations.

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 grasping the customers circumstances from the phase of accepting orders to that of collection of the receivables, along with monitoring of payment term and balances 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.

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 quoted price is not available, other rational valuation techniques are used instead.

(a) Fair values of financial instruments

March 31, 2010	Carrying amount	Fair value	Unrealized gain/loss
	Millions of yen		
Cash and cash equivalents and time deposits	¥ 28,299	¥ 28,299	¥ —
Receivables—trade notes and accounts	63,092		
Allowance for doubtful receivables	(3,640)		
Subtotal	59,452	59,438	(14)
Investment securities	40,961	40,961	—
Long-term loans receivable	1,072		
Allowance for doubtful long-term loans receivable	(453)		
Subtotal	619	623	4
Total	¥129,331	¥129,321	¥ (10)
Short-term bank loans	¥ 10,292	¥ 10,292	¥ —
Payables—trade notes and accounts	40,145	40,145	—
Long-term debt—lease obligation including current portion	24	23	(1)
Total	¥ 50,461	¥ 50,460	¥ (1)

March 31, 2010	Carrying amount	Fair value	Unrealized gain/loss
	Thousands of U.S. dollars		
Cash and cash equivalents and time deposits	$ 304,158	$ 304,158	$ —
Receivables—trade notes and accounts	678,123		
Allowance for doubtful receivables	(39,124)		
Subtotal	638,999	638,847	(152)
Investment securities	440,251	440,251	—
Long-term loans receivable	11,523		
Allowance for doubtful long-term loans receivable	(4,873)		
Subtotal	6,650	6,695	45
Total	$1,390,058	$1,389,951	$ (107)
Short-term bank loans	$ 110,621	$ 110,621	$ —
Payables—trade notes and accounts	431,485	431,485	—
Long-term debt—lease obligation including current portion	253	242	(11)
Total	$ 542,359	$ 542,348	$ (11)

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

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.

Investment securities

The fair values of 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. The information of the fair value for 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.

(b) Financial instruments whose fair value cannot be reliably determined

	Carrying amount	
March 31, 2010	Millions of yen	Thousands of U.S. dollars
Investments in equity instruments that do not have a quoted market price in an active market	¥1,789	$19,226
Other	¥ 56	$ 607

5) Maturity analysis for financial assets and securities with contractual maturities

				Millions of yen
March 31, 2010	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents and time deposits	¥28,299	¥ —	¥—	¥ —
Receivables—trade notes and accounts	61,253	1,839	—	—
Investment securities				
Available-for-sale securities with contractual maturities	—	—	—	1,200
Long-term loans receivable	—	1,012	12	49
Total	¥89,552	¥2,851	¥12	¥1,249

				Thousands of U.S. dollars
March 31, 2010	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents and time deposits	$304,158	$ —	$ —	$ —
Receivables—trade notes and accounts	658,355	19,768	—	—
Investment securities				
Available-for-sale securities with contractual maturities	—	—	—	12,898
Long-term loans receivable	—	10,870	127	526
Total	$962,513	$30,638	$ 127	$13,424

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

13. Commitments and Contingent Liabilities

The Group guarantees deposits made by condominium purchasers amounting to ¥8 million ($81 thousand) at March 31, 2010 in connection with sales contracts of condominiums which were constructed by the Group.

Investments in securities in the amount of ¥64 million ($688 thousand) are pledged as collateral for the loans of an affiliate at March 31, 2010. Time deposits in the amount of ¥7 million ($77 thousand) and ¥100 million ($1,079 thousand) are pledged for construction projects and for sale of shield excavators at March 31, 2010, respectively.

14. Subsequent Events

Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2010 was approved at the Company's shareholders meeting held on June 29, 2010.

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥9 ($0.10) per share	¥1,798	$19,330

15. Segment Information

Information about industry segments of the Group for the years ended March 31, 2010 and 2009, is as follows:

Industry segments

Major components of each business segment are as follows:

Construction: Civil engineering, buildings and other construction projects

Real estate: Sale and lease of real estate

Other: Manufacturing and distribution of construction materials and equipment, etc.

a. Sales and operating income

	Millions of yen				
	2010				
	Construction	Real estate	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥187,949	¥4,119	¥6,426	¥ —	¥198,494
Intersegment sales	6,633	54	655	(7,342)	—
Total sales	194,582	4,173	7,081	(7,342)	198,494
Operating expenses	194,855	2,570	6,999	(6,794)	197,630
Operating income	¥ (273)	¥1,603	¥ 82	¥ (548)	¥ 864

b. Total assets, depreciation, and capital expenditures

	Millions of yen				
	2010				
	Construction	Real estate	Other	Eliminations/ Corporate	Consolidated
Total assets	¥210,404	¥31,111	¥6,175	¥ (5,931)	¥241,759
Depreciation	698	219	44	(5)	956
Capital expenditures	232	805	34	(200)	871

a. Sales and operating income

	Thousands of U.S. dollars				
	2010				
	Construction	Real estate	Other	Eliminations/ Corporate	Consolidated
Sales to customers	$2,020,090	$44,265	$69,066	$ —	$2,133,421
Intersegment sales	71,291	586	7,041	(78,918)	—
Total sales	2,091,381	44,851	76,107	(78,918)	2,133,421
Operating expenses	2,094,312	27,621	75,227	(73,026)	2,124,134
Operating income	$ (2,931)	$17,230	$ 880	$ (5,892)	$ 9,287

b. Total assets, depreciation, and capital expenditures

	Thousands of U.S. dollars				
	2010				
	Construction	Real estate	Other	Eliminations/ Corporate	Consolidated
Total assets	$2,261,430	$334,385	$66,370	$(63,744)	$2,598,441
Depreciation	7,506	2,358	469	(56)	10,277
Capital expenditures	2,496	8,650	367	(2,150)	9,363

a. Sales and operating income

	Millions of yen				
	2009				
	Construction	Real estate	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥214,836	¥6,074	¥6,063	¥ —	¥226,973
Intersegment sales	645	62	985	(1,692)	—
Total sales	215,481	6,136	7,048	(1,692)	226,973
Operating expenses	213,634	3,464	6,868	(1,392)	222,574
Operating income	¥ 1,847	¥2,672	¥ 180	¥ (300)	¥ 4,399

b. Total assets, depreciation and capital expenditures

	Millions of yen				
	2009				
	Construction	Real estate	Other	Eliminations/ Corporate	Consolidated
Total assets	¥263,930	¥24,775	¥5,964	¥ (992)	¥293,677
Depreciation	766	136	42	—	944
Capital expenditures	589	1,192	88	—	1,869

As discussed in Note 2.k., effective April 1, 2009, the Company applied ASBJ Statement No. 15 “Accounting Standard for Construction Contracts”. The effect of this change was to increase operating income of Construction by ¥ 11,905 million ($ 127,959 thousand) for the year ended March 31, 2010.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Okumura Corporation:

We have audited the accompanying consolidated balance sheets of Okumura Corporation (the "Company") and consolidated subsidiaries (together, the "Group") as of March 31, 2010 and 2009, and the related consolidated statements of operations, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 consolidated subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As discussed in Note 2.k, effective April 1, 2009, the consolidated financial statements have been prepared in accordance with the new accounting standard for the construction contracts.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 29, 2010

Member of
Deloitte Touche Tohmatsu

Non-Consolidated Balance Sheets

Okumura Corporation
As of March 31, 2010 and 2009

ASSETS	Millions of yen 2010	2009	Thousands of U.S. dollars 2010
Current assets:			
Cash and cash equivalents	**¥ 27,766**	¥ 30,626	**$ 298,430**
Time deposits	**468**	2,007	**5,025**
Marketable securities	**56**	122	**607**
Receivables:			
Trade notes	**5,747**	5,394	**61,769**
Trade accounts	**58,989**	56,257	**634,017**
Other	**15,092**	18,955	**162,207**
Allowance for doubtful receivables	**(3,938)**	(4,299)	**(42,324)**
Inventories	**64,820**	113,121	**696,692**
Prepaid expenses and other	**634**	1,128	**6,818**
Total current assets	**169,634**	223,311	**1,823,241**
Property, plant and equipment:			
Land	**12,215**	12,220	**131,287**
Buildings and structures	**14,335**	14,971	**154,073**
Machinery and equipment	**2,658**	3,433	**28,565**
Furniture and fixtures	**2,056**	2,175	**22,103**
Lease assets	**12**	7	**132**
Construction in progress	**39**	5	**417**
Total	**31,315**	32,811	**336,577**
Accumulated depreciation	**(13,099)**	(14,125)	**(140,792)**
Net property, plant and equipment	**18,216**	18,686	**195,785**
Investments and other assets:			
Investment securities	**42,250**	41,223	**454,102**
Investments in and advances to subsidiaries and associated companies	**5,528**	4,131	**59,414**
Long-term accounts receivable-other	**2,994**	975	**32,176**
Long-term loans receivable	**382**	1,921	**4,101**
Other assets	**1,032**	1,275	**11,103**
Allowance for doubtful receivables	**(3,503)**	(3,030)	**(37,651)**
Total investments and other assets	**48,683**	46,495	**523,245**
Total	**¥236,533**	¥288,492	**$2,542,271**

LIABILITIES AND EQUITY	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars 2010
Current liabilities:			
Short-term bank loans including current portion of long-term debt	**¥ 10,316**	¥ 9,498	**$ 110,873**
Payables:			
Trade notes	**3,375**	10,372	**36,278**
Trade accounts	**34,933**	63,466	**375,464**
Other	**216**	207	**2,317**
Advances received on construction projects in progress	**40,733**	60,740	**437,800**
Income taxes payable	**245**	239	**2,632**
Allowance for warranty work on construction projects	**370**	409	**3,974**
Allowance for losses on construction contracts	**5,702**	5,065	**61,284**
Other	**13,408**	12,476	**144,118**
Total current liabilities	**109,298**	162,472	**1,174,740**
Long-term liabilities:			
Long-term debt	**237**	264	**2,542**
Liability for retirement benefits	**5,785**	5,639	**62,174**
Deferred tax liabilities	**7,773**	6,905	**83,548**
Other	**121**	178	**1,302**
Total long-term liabilities	**13,916**	12,986	**149,566**
Total liabilities	**123,214**	175,458	**1,324,306**
Commitments and contingent liabilities			
Equity:			
Common stock			
authorized, 480,376,000 shares; issued, 228,326,133shares	**19,839**	19,839	**213,230**
Capital surplus	**25,327**	25,327	**272,219**
Retained earnings	**70,003**	71,153	**752,400**
Unrealized gain on available-for-sale securities	**10,482**	9,032	**112,664**
Treasury stock—at cost			
28,496,086 shares in 2010 and 28,451,549 shares in 2009	**(12,332)**	(12,317)	**(132,548)**
Total equity	**113,319**	113,034	**1,217,965**
Total	**¥236,533**	¥288,492	**$2,542,271**

Non-Consolidated Statements of Operations

Okumura Corporation
For the years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Net sales	**¥199,562**	¥220,760	**$2,144,905**
Cost of sales	**183,382**	199,652	**1,970,999**
Gross profit	**16,180**	21,108	**173,906**
Selling, general and administrative expenses	**14,719**	16,798	**158,203**
Operating income	**1,461**	4,310	**15,703**
Other income (expenses):			
Interest and dividend income	**1,119**	1,683	**12,026**
Interest expenses	**(202)**	(208)	**(2,169)**
Gain on sales of property, plant and equipment	**951**	414	**10,218**
Loss on disposal of property, plant and equipment	**(228)**	(105)	**(2,453)**
Gain on sales of investment securities	**434**	45	**4,664**
Impairment losses on investment securities	**(168)**	(2,730)	**(1,803)**
Reversal of allowance for doubtful accounts	**426**	—	**4,576**
Loss on valuation of stocks of subsidiaries and affiliates	**(1,947)**	—	**(20,928)**
Loss on fire accident	**(1,353)**	—	**(14,546)**
Extra payments for early retirement	**—**	(4,152)	**—**
Write down of real estate and other	**—**	(1,700)	**—**
Other—net	**250**	(1,127)	**2,697**
Other expenses—net	**(718)**	(7,880)	**(7,718)**
Income (loss) before income taxes	**743**	(3,570)	**7,985**
Income taxes:			
Current	**134**	147	**1,440**
Deferred	**(40)**	83	**(436)**
Total income taxes	**94**	230	**1,004**
Net income (loss)	**¥ 649**	¥ (3,800)	**$ 6,981**

Per share of common stock:	Yen		U.S. dollars
Basic net income (loss)	**¥ 3.24**	¥ (19.00)	**$ 0.03**
Cash dividends applicable to the year	**9.00**	9.00	**0.10**

Breakdown of Orders (Non-Consolidated)

Okumura Corporation
For the years ended March 31, 2010 and 2009

Construction Orders Awarded

	2010		2009		2010
	Millions of yen	Composition ratio	Millions of yen	Composition ratio	Thousands of U.S. dollars
Civil engineering:					
Domestic:					
Public sector	**¥ 33,368**		¥ 51,499		**$ 358,638**
Private sector	**26,914**		20,445		**289,280**
Overseas	**453**		(1,312)		**4,865**
Subtotal	**60,735**	**35.8%**	70,632	42.2%	**652,783**
Architectural construction:					
Domestic:					
Public sector	**27,494**		16,426		**295,510**
Private sector	**81,200**		80,276		**872,741**
Overseas	**7**		184		**76**
Subtotal	**108,701**	**64.2**	96,886	57.8	**1,168,327**
Total:					
Domestic:					
Public sector	**60,862**		67,925		**654,148**
Private sector	**108,114**		100,721		**1,162,021**
Overseas	**460**		(1,128)		**4,941**
Total	**¥169,436**	**100 %**	¥167,518	100 %	**$1,821,110**

Net Sales

	2010		2009		2010
	Millions of yen	Composition ratio	Millions of yen	Composition ratio	Thousands of U.S. dollars
Projects completed:					
Civil engineering:					
Domestic:					
Public sector	**¥ 53,010**		¥ 35,130		**$ 569,759**
Private sector	**24,517**		38,977		**263,511**
Overseas	**5,047**		8,032		**54,239**
Subtotal	**82,574**	**41.4%**	82,139	37.2%	**887,509**
Architectural construction:					
Domestic:					
Public sector	**17,261**		12,414		**185,519**
Private sector	**94,740**		120,743		**1,018,277**
Overseas	**7**		185		**76**
Subtotal	**112,008**	**56.1**	133,342	60.4	**1,203,872**
Subtotal:					
Domestic:					
Public sector	**70,271**		47,544		**755,278**
Private sector	**119,258**		159,720		**1,281,788**
Overseas	**5,053**		8,217		**54,315**
Subtotal	**194,582**	**97.5**	215,481	97.6	**2,091,381**
Real estate and other	**4,980**	**2.5**	5,279	2.4	**53,524**
Total	**¥199,562**	**100 %**	¥220,760	100 %	**$2,144,905**

Year-end Backlog

	2010		2009		2010
	Millions of yen	Composition ratio	Millions of yen	Composition ratio	Thousands of U.S. dollars
Civil engineering:					
Domestic:					
Public sector	**¥ 83,585**		¥103,228		**$ 898,377**
Private sector	**32,340**		29,942		**347,592**
Overseas	**11,329**		15,923		**121,767**
Subtotal	**127,254**	**47.1%**	149,093	50.5%	**1,367,736**
Architectural construction:					
Domestic:					
Public sector	**38,758**		28,525		**416,577**
Private sector	**104,252**		117,792		**1,120,500**
Subtotal	**143,010**	**52.9**	146,317	49.5	**1,537,077**
Total:					
Domestic:					
Public sector	**122,344**		131,753		**1,314,954**
Private sector	**136,591**		147,734		**1,468,092**
Overseas	**11,329**		15,923		**121,767**
Total	**¥270,264**	**100 %**	¥295,410	100 %	**$2,904,813**

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

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

Sapporo Branch
1-5, Minami Ichijo Higashi,
Chuo-ku, Sapporo 060-0051, 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

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TEL: +81-3-3454-8111 FAX: +81-3-5427-8116

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Saitama 330-0064, Japan
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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
2-2-2, Matsuzaki-cho, Abeno-ku,
Osaka 545-8555, Japan
TEL: +81-6-6621-1101 FAX: +81-6-6621-1921

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
1-7-22, Kokutaiji-machi, Naka-ku,
Hiroshima 730-0042, Japan
TEL: +81-82-241-2246 FAX: +81-82-243-1416

Shikoku Branch
1-8-41, Nishiki-machi,
Takamatsu 760-0020, 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
Rm.702, 7F., No.65, Sec.3, Nanjing E.Rd.,
Zhongshan Dist., Taipei City 104, Taiwan
(R.O.C.)
TEL: +886-2-2506-1402
FAX: +886-2-2506-1429

Hanoi Rep. Office
No.16, Lane 111, Nguyen Phong Sac Street,
Cau Giay District, Hanoi, Vietnam
TEL: +84-4-3754-9474
FAX: +84-4-3754-9475

Singapore Rep. Office
175A Bencoolen Street, #07-08 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, 2010)

Directors and Auditors

President & Representative Director
Takanori Okumura

Representative Director
Takaiku Hirako

Directors
Toshio Yamaguchi
Kazuo Takami
Kozo Aoki
Makoto Tsuchiya
Toshio Kobayashi
Seiichi Fujioka
Yuichi Mizuno

Standing Statutory Auditors
Shojiro Sumikura
Yusaku Nishigami

Auditors
Shinji Ito
Nobuhiko Dejima
Yoshio Takahashi

Note: Shinji Ito, Nobuhiko Dejima, and Yoshio Takahashi are outside auditors.

Executive Officers

Senior Managing Officers
Takaiku Hirako*
Toshio Yamaguchi*

Managing Officers
Tadashi Hashimoto
Yoshikuni Ogi
Masamichi Shirahase
Kazuo Takami*
Kozo Aoki*
Makoto Tsuchiya*

Executive Officers
Kozo Tsukamoto
Akiyoshi Hida
Kenichiro Minami
Toshiharu Shimizu
Koji Esumi
Toshio Kobayashi*
Hirokazu Oishi
Seiichi Fujioka*
Hiroomi Iida
Takeshi Kurita
Keiji Yamaguchi
Yuichi Mizuno*

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

Investor Information

(As of March 31, 2010)

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
2,000

Stock Information

Stock Exchange Listings
Tokyo and Osaka

Transfer Agent
The Sumitomo Trust and Banking Co., Ltd.

Major Shareholders

Shareholder	Shares held (thousands)	Percentage of total
Okumura Corporation (Treasury stock)	28,496	12.48%
Northern Trust Co. (AVFC) Sub A/C American Clients	17,132	7.50
State Street Bank and Trust Company	9,648	4.23
Okumura Employees' Shareholding Association	6,863	3.01
Northern Trust Co. AVFC Re U.S. Tax Exempted Pension Funds	6,265	2.74
Japan Trustee Services Bank, Ltd. (Trust Account)	6,249	2.74
Resona Bank, Limited.	6,074	2.66
Sumitomo Realty & Development Co., Ltd.	6,050	2.65
BBH/Blackrock Global Allocation Fund, Inc.	6,032	2.64
Sumitomo Mitsui Banking Corporation	5,568	2.44
Nippon Life Insurance Company	4,593	2.01

OKUMURA CORPORATION

2-2-2, Matsuzaki-cho, Abeno-ku, Osaka 545-8555, Japan
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