

Summary of 1st Quarter Financial Results FY2008 ending March 2009 OBAYASHI CORPORATION

Note: This financial information, a digest of our news release "Summary of 1st Quarter Financial Results FY2008 ending March 2009" ("Kessan Tanshin") announced at the Tokyo Stock Exchange on August 4, 2008, is translated into English and presented solely for the convenience of non-Japanese speaking users.

1. Summary of the 1st Quarter Results for FY2008 ending March 2009 (April 1, 2008 - June 30, 2008)

(1) Consolidated Business Results

(Rounded down to the nearest million yen)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
1st Quarter of FY2008	340,128	-	-278	-	2,830	-	1,237	-
1st Quarter of FY2007	303,612	29.5	1,412	-	4,788	-	2,916	-14.9

	Net Earnings per Share	Net Earnings per Share Adjusted for Latent Shares
	(Unit: yen)	(Unit: yen)
1st Quarter of FY2008	1.72	-
1st Quarter of FY2007	4.05	-

(2) Changes in Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(Unit: million yen)	(Unit: million yen)	(Unit: %)	(Unit: yen)
1st Quarter of FY2008	1,841,324	488,280	25.1	642.79
FY2007 ended Mar. 2008	1,854,071	477,504	24.3	625.06

2. Dividends

	Dividend per share (Unit: yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Full-year
FY2007 ended Mar. 2008	-	4.00	-	4.00	8.00
FY2008 ended Mar. 2009	-	-	-	-	-
FY2008 ended Mar. 2009 (Forecast)	-	4.00	-	4.00	8.00

3. Consolidated Forecast for FY2008 ending March 2009 (April 1, 2008 - March 31, 2009)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Earnings per Share
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Half-year	870,000	-	8,500	-	11,500	-	6,000	-	8.34
Full-year	1,830,000	8.2	35,000	22.1	40,000	23.8	21,000	12.9	29.18

* The forecast above was prepared on the basis of information available at the time of the release of this document.

Due to various factors, the actual result may vary from the forecast data.

Consolidated Quarterly Balance Sheet

(Unit : million yen)

	June 30, 2008	March 31, 2008
Assets		
Current assets		
Cash and deposits	90,100	129,680
Notes receivable, accounts receivable from completed construction contracts and other	406,743	434,411
Short-term investment securities	1,832	1,835
Real estate for sale	38,124	41,850
Costs on uncompleted construction contracts	319,021	276,982
Inventories for PFI and other project	58,307	61,994
Other inventories	11,065	8,886
Deferred tax assets	43,510	40,341
Accounts receivable-other	71,920	86,762
Other	20,930	15,751
Allowance for doubtful accounts	-571	-775
Total current assets	<u>1,060,987</u>	<u>1,097,722</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	174,409	175,356
Machinery, vehicles, tools, furniture and fixtures	72,518	73,094
Land	249,622	249,756
Lease assets	1,919	-
Construction in progress	1,790	1,112
Accumulated depreciation	-159,095	-158,275
Total property, plant and equipment	<u>341,164</u>	<u>341,044</u>
Intangible assets	7,969	8,183
Investments and other assets		
Investment securities	398,870	374,454
Long-term loans receivable	8,677	8,762
Deferred tax assets	3,481	3,522
Other	23,118	23,305
Allowance for doubtful accounts	-3,078	-3,056
Total investments and other assets	<u>431,068</u>	<u>406,988</u>
Total noncurrent assets	<u>780,203</u>	<u>756,216</u>
Deferred assets	134	132
Total assets	<u>1,841,324</u>	<u>1,854,071</u>

(Unit : million yen)

	June 30, 2008	March 31, 2008
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	468,962	524,008
Short-term loans payable	86,034	81,515
Current portion of PFI and other project finance loan	11,826	10,640
Commercial papers	36,000	31,000
Current portion of bonds	10,000	10,000
Lease obligations	754	—
Income taxes payable	4,486	13,022
Advances received on uncompleted construction contracts	238,293	209,117
Deposits received	73,986	71,145
Provision for warranties for completed construction	1,507	1,590
Provision for loss on construction contracts	9,782	14,573
Other	65,310	63,538
Total current liabilities	1,006,945	1,030,154
Noncurrent liabilities		
Bonds payable	40,000	50,000
Long-term loans payable	71,201	69,932
PFI and other project finance loan	70,298	74,732
Lease obligations	982	—
Deferred tax liabilities	39,106	27,869
Deferred tax liabilities for land revaluation	28,468	28,469
Provision for retirement benefits	69,130	68,255
Provision for environmental measures	535	535
Other	26,373	26,616
Total noncurrent liabilities	346,097	346,412
Total liabilities	1,353,043	1,376,566
Net assets		
Shareholders' equity		
Capital stock	57,752	57,752
Capital surplus	41,750	41,750
Retained earnings	196,866	198,507
Treasury stock	-931	-919
Total shareholders' equity	295,438	297,091
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	142,345	125,499
Deferred gains or losses on hedges	-39	-90
Revaluation reserve for land	25,946	25,946
Foreign currency translation adjustment	-1,069	1,428
Total valuation and translation adjustments	167,183	152,784
Minority interests	25,659	27,628
Total net assets	488,280	477,504
Total liabilities and net assets	1,841,324	1,854,071

Consolidated Quarterly Statement of income

(Unit : million yen)

	1Q / FY 2008 (From April 1, 2008 to June 30, 2008)	1Q / FY 2007 * (From April 1, 2007 to June 30, 2007)
Net sales		
Net sales of completed construction contracts	325,886	
Net sales of real estate business and other businesses	14,242	
Total net sales	340,128	303,612
Cost of sales		
Cost of sales of completed construction contracts	308,326	
Cost of sales on real estate business and other businesses	11,351	
Total cost of sales	319,677	283,476
Gross profit		
Gross profit on completed construction contracts	17,559	
Gross profit on real estate business and other businesses	2,891	
Total gross profit	20,450	20,136
Selling, general and administrative expenses	20,729	18,723
Operating Income	-278	1,412
Non-operating income		
Interest income	658	
Dividends income	2,987	
Foreign exchange gains	379	
Other	143	
Total non-operating income	4,167	4,141
Non-operating expenses		
Interest expenses	855	
Other	202	
Total non-operating expenses	1,058	765
Ordinary income	2,830	4,788
Extraordinary income		
Gain on sales of investment securities	3,549	
Other	332	
Total extraordinary income	3,881	1,174
Extraordinary loss		
Loss on valuation of real estate for sale	3,139	
Other	809	
Total extraordinary losses	3,949	253
Income before income taxes and minority interests	2,763	5,709
Income taxes-current	4,419	
Income taxes-deferred	-3,377	
Total income taxes	1,041	2,692
Minority interests in income	483	100
Net income	1,237	2,916

* For reference purpose only

Consolidated Quarterly Statement of Cash Flows

(Unit : million yen)

1Q / FY 2008

(From April 1, 2008 to June 30, 2008)

Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	2,763
Depreciation and amortization	2,615
Increase (decrease) in allowance for doubtful accounts	-169
Increase (decrease) in provision for loss on construction contracts	-4,790
Increase (decrease) in provision for retirement benefits	876
Loss (gain) on valuation of short-term and long term investment securities	710
Loss on valuation of real estate for sale	3,139
Interest and dividends income	-3,645
Interest expenses	855
Loss (gain) on sales of short-term and long term investment securities	-3,549
Decrease (increase) in notes and accounts receivable-trade	21,719
Decrease (increase) in costs on uncompleted construction contracts	-42,464
Decrease (increase) in inventories	-1,649
Decrease(Increase) in inventories for PFI and other project	3,687
Decrease (increase) in other assets	10,501
Increase (decrease) in notes and accounts payable-trade	-49,483
Increase (decrease) in advances received on uncompleted construction contracts	30,496
Increase (decrease) in other liabilities	5,764
Other, net	-979
Subtotal	-23,600
Interest and dividends income received	3,507
Interest expenses paid	-797
Income taxes (paid) refund	-12,917
Net cash provided by (used in) operating activities	-33,808
Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment and intangible assets	-2,305
Proceeds from sales of property, plant and equipment and intangible assets	32
Purchase of short-term and long term investment securities	-372
Proceeds from sales and redemption of short-term and long term investment securities	5,674
Payments of loans receivable	-1
Collection of loans receivable	31
Other, net	-699
Net cash provided by (used in) investment activities	2,358

(Unit : million yen)

	1Q / FY 2008
	(From April 1, 2008 to June 30, 2008)
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	4,521
Increase (decrease) in commercial papers	5,000
Repayments of lease obligations	-233
Proceeds from long-term loans payable	2,000
Repayment of long-term loans payable	-138
Proceeds from PFI and other project finance loan payable	4,827
Payment of PFI and other project finance loan payable	-8,076
Redemption of bonds	-10,000
Cash dividends paid	-2,878
Cash dividends paid to minority shareholders	-243
Other, net	-12
Net cash provided by (used in) financing activities	<u>-5,234</u>
Effect of exchange rate change on cash and cash equivalents	<u>-3,428</u>
Net increase (decrease) in cash and cash equivalents	<u>-40,113</u>
Cash and cash equivalents at beginning of period	<u>128,537</u>
Cash and cash equivalents at end of period	<u>88,424</u>

Segment Information

(1) Segment information by type of business
1st Quarter Results (April 1, 2008 - June 30, 2008)

(Unit: million yen)

	Construction Business	Real Estate Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
Sales						
(1) External sales	325,886	5,111	9,130	340,128	-	340,128
(2) Intersegment	8,750	280	2,098	11,129	(11,129)	-
Total	334,637	5,391	11,229	351,258	(11,129)	340,128
Operating Income	-1,864	606	507	-750	471	-278

Note: Each segment includes the following businesses:

Construction Business: Civil Engineering, Building Construction, and all other construction related businesses

Real Estate Business: Purchase and sale, rent, and brokerage of real estate

Other Businesses: PFI (Private Finance Initiative), finance, operation of golf courses, and other businesses

(2) Segment information by regions
1st Quarter Results (April 1, 2008 - June 30, 2008)

(Unit: million yen)

	Japan	North America	Asia	Other Regions	Total	Eliminations or Corporate	Consolidated
Sales							
(1) External sales	288,601	41,352	10,165	8	340,128	-	340,128
(2) Intersegment	17	1	125	0	145	(145)	-
Total	288,619	41,354	10,291	9	340,274	(145)	340,128
Operating Income	-1,519	761	473	4	-279	0	-278

Note: Regions shown above (except Japan) include, but are not limited to, the following countries and areas:

North America: United States of America

Asia: Thailand, Indonesia, Vietnam

Other Regions: The Netherlands

(3) Overseas sales
1st Quarter Results (April 1, 2008 - June 30, 2008)

(Unit: million yen)

	North America	Asia	Other Regions	Total
Overseas sales	48,615	46,563	592	95,771
Consolidated sales	-	-	-	340,128
Overseas sales/Consolidated sales (%)	14.3	13.7	0.2	28.2

Note: Regions shown above include, but are not limited to, the following countries and areas:

North America: United States of America

Asia: United Arab Emirates, Taiwan, Thailand, Vietnam

Other Regions: United Kingdom

Reference: Summary of Non-consolidated Financial Results

Reference 1: Summary of Non-consolidated 1st Quarter Results (April 1, 2008 - June 30, 2008)

(1) Non-consolidated Business Results

	Net Sales		Operating Income		Ordinary Income		Net Income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
1st Quarter of FY2008	262,676	-	-2,403	-	1,368	-	1,093	-
1st Quarter of FY2007	253,870	31.0	202	-	3,815	-	2,606	53.8

	Net Earnings per Share	Net Earnings per Share Adjusted for Latent Shares
	(Unit: yen)	(Unit: yen)
1st Quarter of FY2008	1.52	-
1st Quarter of FY2007	3.62	-

(2) Changes in Non-consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(Unit: million yen)	(Unit: million yen)	(Unit: %)	(Unit: yen)
1st Quarter of FY2008	1,502,637	433,185	28.8	601.89
FY2007 ended Mar. 2008	1,491,691	418,135	28.0	580.96

Reference 2: Non-consolidated Forecast for the Year Ending March 2009 (April 1, 2008 - March 31, 2009)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Earnings per Share
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Half-year	680,000	-	3,000	-	6,500	-	4,000	-	5.56
Full-year	1,440,000	3.7	21,000	14.4	26,000	20.1	16,000	6.0	22.23

* The forecast above was prepared on the basis of information available at the time of the release of this document.

Due to various factors, the actual result may vary from the forecast data.

Non-consolidated Quarterly Balance Sheet

(For reference purpose only)

(Unit: million yen)

	June 30, 2008	March 31, 2008
Assets		
Current assets		
Cash and deposits	36,625	73,294
Notes receivable	30,423	19,087
Accounts receivable from completed construction contracts	282,362	299,077
Accounts receivable from real estate business and other businesses	1,922	3,331
Short-term investment securities	11	11
Real estate for sale	35,333	38,522
Costs on uncompleted construction contracts	297,448	260,383
Costs paid on real estate business and other businesses	7,508	6,938
Raw materials and supplies	1,334	1,000
Deferred tax assets	38,304	34,908
Accounts receivable-other	66,835	78,954
Other	15,473	11,592
Allowance for doubtful accounts	-396	-577
Total current assets	<u>813,188</u>	<u>826,526</u>
Noncurrent assets		
Property, plant and equipment		
Land	161,827	161,833
Other	54,267	54,918
Total property, plant and equipment	<u>216,095</u>	<u>216,752</u>
Intangible assets	4,411	4,443
Investments and other assets		
Investment securities	394,926	370,091
Other	76,510	76,373
Allowance for doubtful accounts	-2,495	-2,495
Total investments and other assets	<u>468,941</u>	<u>443,969</u>
Total noncurrent assets	<u>689,449</u>	<u>665,165</u>
Total assets	<u>1,502,637</u>	<u>1,491,691</u>

Note: This quarterly non-consolidated balance sheet has been prepared in accordance with the Japanese accounting standard for quarterly financial statements, although it is not subject to the disclosure legally required by the related authorities.

(Unit: million yen)

	June 30, 2008	March 31, 2008
Liabilities		
Current liabilities		
Notes payable	49,585	54,068
Accounts payable for construction contracts	334,709	370,456
Accounts payable for real estate business and other businesses	492	1,092
Short-term loans payable	52,414	46,921
Commercial papers	36,000	31,000
Current portion of bonds	10,000	10,000
Income taxes payable	3,955	10,789
Advances received on uncompleted construction contracts	221,969	193,975
Advances received on real estate and other businesses	3,069	2,880
Deposits received	72,651	68,301
Provision for warranties for completed construction	1,423	1,505
Provision for loss on construction contracts	9,408	14,044
Other	49,623	48,405
Total current liabilities	<u>845,302</u>	<u>853,440</u>
Noncurrent liabilities		
Bonds payable	40,000	50,000
Long-term loans payable	42,818	40,954
Deferred tax liabilities	35,399	24,168
Deferred tax liabilities for land revaluation	21,348	21,348
Provision for retirement benefits	62,288	61,359
Provision for loss on real estate business and other businesses	12,004	12,004
Provision for environmental measures	418	418
Other	9,870	9,860
Total noncurrent liabilities	<u>224,149</u>	<u>220,115</u>
Total liabilities	<u>1,069,451</u>	<u>1,073,555</u>
Net assets		
Shareholders' equity		
Capital stock	57,752	57,752
Capital surplus		
Legal capital surplus	41,694	41,694
Total capital surplus	<u>41,694</u>	<u>41,694</u>
Retained earnings		
Legal retained earnings	14,438	14,438
Other retained earnings	157,082	158,867
Reserve for advanced depreciation of non-current assets	1,347	1,358
General reserve	100,000	100,000
Retained earnings brought forward	55,734	57,509
Total retained earnings	<u>171,520</u>	<u>173,305</u>
Treasury stock	-931	-919
Total shareholders' equity	<u>270,036</u>	<u>271,833</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	142,232	125,397
Deferred gains or losses on hedges	-1	-14
Revaluation reserve for land	20,918	20,918
Total valuation and translation adjustments	<u>163,149</u>	<u>146,301</u>
Total net assets	<u>433,185</u>	<u>418,135</u>
Total liabilities and net assets	<u>1,502,637</u>	<u>1,491,691</u>

Note: This quarterly non-consolidated balance sheet has been prepared in accordance with the Japanese accounting standard for quarterly financial statements, although it is not subject to the disclosure legally required by the related authorities.

Non-consolidated Statement of Income

(For reference purpose only)

(Unit: million yen)

	1Q / FY 2008 (From April 1, 2008 to June 30, 2008)	1Q / FY 2007 (From April 1, 2007 to June 30, 2007)
Net sales		
Net sales of completed construction contracts	258,188	244,831
Net sales of real estate business and other businesses	4,487	9,038
Total net sales	<u>262,676</u>	<u>253,870</u>
Cost of sales		
Cost of sales of completed construction contracts	246,164	233,289
Cost of sales on real estate business and other businesses	3,198	5,464
Total cost of sales	<u>249,362</u>	<u>238,753</u>
Gross profit		
Gross profit on completed construction contracts	12,023	11,542
Gross profit on real estate business and other businesses	1,289	3,574
Total gross profit	<u>13,313</u>	<u>15,117</u>
Selling, general and administrative expenses	<u>15,716</u>	<u>14,914</u>
Operating Income	<u>-2,403</u>	<u>202</u>
Non-operating income		
Interest income	466	
Dividends income	3,514	
Foreign exchange gains	689	
Other	34	
Total non-operating income	<u>4,705</u>	<u>4,270</u>
Non-operating expenses		
Interest expenses	601	
Other	332	
Total non-operating expenses	<u>933</u>	<u>657</u>
Ordinary income	<u>1,368</u>	<u>3,815</u>
Extraordinary income		
Gain on sales of investment securities	3,545	
Other	262	
Total extraordinary income	<u>3,807</u>	<u>1,123</u>
Extraordinary loss		
Loss on valuation of real estate for sale	3,193	
Other	760	
Total extraordinary losses	<u>3,953</u>	<u>145</u>
Income before income taxes	<u>1,222</u>	<u>4,793</u>
Income taxes-current	3,760	
Income taxes-deferred	-3,631	
Total income taxes	<u>128</u>	<u>2,187</u>
Net income	<u>1,093</u>	<u>2,606</u>

Note: This quarterly non-consolidated statement of income has been prepared in accordance with the Japanese accounting standard for quarterly financial statements, although it is not subject to the disclosure legally required by the related authorities.

Non-Consolidated Orders Received

(For reference purpose only)

Orders Received (Non-Consolidated)

(Unit: million yen)

	Amount	Change (%)
1st Quarter of FY2008	230,706	-1.1
1st Quarter of FY2007	233,229	22.2

Breakdown of Non-Consolidated Orders Received

(Unit: million yen)

	1st Quarter of FY2007		1st Quarter of FY2008		Change	
		%		%		%
Civil Engineering						
Domestic Public	2,802	1.2	39,991	17.3	37,189	1,326.9
Domestic Private	13,467	5.8	20,471	8.9	7,004	52.0
Overseas	20,945	9.0	1,943	0.8	-19,001	-90.7
Sub-total	37,214	16.0	62,407	27.0	25,192	67.7
Building Construction						
Domestic Public	22,695	9.7	4,733	2.1	-17,962	-79.1
Domestic Private	160,727	68.9	158,141	68.5	-2,585	-1.6
Overseas	6,153	2.6	215	0.1	-5,937	-96.5
Sub-total	189,576	81.2	163,090	70.7	-26,485	-14.0
Construction Total						
Domestic Public	25,498	10.9	44,725	19.4	19,227	75.4
Domestic Private	174,194	74.7	178,613	77.4	4,419	2.5
Overseas	27,098	11.6	2,158	0.9	-24,939	-92.0
Sub-total	226,790	97.2	225,497	97.7	-1,292	-0.6
Real Estate and Other Businesses	6,438	2.8	5,208	2.3	-1,230	-19.1
Total	233,229	100.0	230,706	100.0	-2,523	-1.1

Forecast of Orders Received

(Unit: million yen)

	Half-year		Full-year	
	Amount	Change (%)	Amount	Change (%)
FY2008(Forecast)	660,000	29.0	1,310,000	9.3
FY2007(Actual)	511,495	-15.0	1,198,504	-4.4

* The forecast above was prepared on the basis of information available at the time of the release of this document.
Due to various factors, the actual result may vary from the forecast data.