



**OBAYASHI CORPORATION**  
announces changes in forecasts

Tokyo, October 18, 2011 — In light of its recent business performance, Obayashi Corporation hereby announces that it has revised its consolidated and non-consolidated forecasts for the first half (cumulative first and second quarters) of the fiscal year ending March 31, 2012 which were announced on May 13, 2011 when the company released its financial results of the previous fiscal year.

The revisions are as follows:

**Revised forecasts**

**Consolidated** forecasts for the first half of the fiscal year ending March 31, 2012 (from April 1, 2011 to September 30, 2011)

(Unit: million yen, %)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Forecast to be revised (A) (Announced on May 13, 2011)	590,000	9,000	11,000	13,000	18.09 yen
New Forecast (B)	545,000	6,200	6,000	11,500	16.01 yen
Variance (B) - (A)	(45,000)	(2,800)	(5,000)	(1,500)	
Variance Rate (%)	(7.6)	(31.1)	(45.5)	(11.5)	
(For reference) Results for the first half of the fiscal year ended March 2011	535,570	8,229	7,407	4,983	6.93 yen

**Non-consolidated** forecasts for the first half of the fiscal year ending March 31, 2012 (from April 1, 2011 to September 30, 2011)

(Unit: million yen, %)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Forecast to be revised (A) (Announced on May 13, 2011)	445,000	5,000	7,500	11,000	15.31 yen
New Forecast (B)	423,000	3,600	3,900	9,300	12.94 yen
Variance (B) - (A)	(22,000)	(1,400)	(3,600)	(1,700)	
Variance Rate (%)	(4.9)	(28.0)	(48.0)	(15.5)	
(For reference) Results for the first half of the fiscal year ended March 2011	429,194	6,947	8,062	1,843	2.57 yen

**1. Reasons for the changes**

**(1) Reasons for the changes in the non-consolidated forecast**

**a. Net sales**

Net sales will decrease by 22.0 billion yen from what was previously forecasted as, among other factors, progress in some construction projects with percentage-of-completion method was less than initially anticipated, and sales of some construction contracts with completed-contract method, which were expected to be booked in the first half of this fiscal year, are now expected to occur in the second half.

b. Operating income

Operating income will decrease by 1.4 billion yen from the previous forecast mainly due to a decrease in gross profit on completed construction contracts in consequence of a decrease in net sales of completed construction contracts. Gross margin on completed construction contracts is expected to be 7.3% (civil engineering, 10.3% and building construction, 6.7%), as against the previous forecast of 7.2% (civil engineering, 10.3% and building construction, 6.4%).

c. Ordinary income and net income

Ordinary income and net income will decrease by 3.6 billion yen and 1.7 billion yen respectively from the previous forecast. This is mainly due to, in addition to a decrease in operating income, a foreign exchange loss of 2.0 billion yen incurred as a result of a stronger yen at the end of September 2011 than the expected yen value applied to the previous forecast announced on May 13, 2011.

(2) Reasons for the changes in the consolidated forecast

Consolidated net sales, operating income, ordinary income and net income are revised following the changes in the non-consolidated forecast, as well as a decrease in net sales or deferral of its booking to the second half of this fiscal year in some of the subsidiaries.

2. The interim dividends will be 4 yen per share as scheduled.

3. The consolidated and non-consolidated forecasts for the fiscal year ending March 2012 will be announced when the financial results for the first half of the fiscal year are disclosed, which is scheduled to be in coming November.

Disclaimer

This revision of forecasts, announced in the Japanese language at the Tokyo Stock Exchange on October 18, 2011, was translated into English and presented solely for the convenience of non-Japanese speaking users. If there is any discrepancy between the Japanese announcement and this English translation, the former will prevail. The numbers shown in any such words or phrases relating to any future events as, among other expressions, "forecast", "expected" or "projected" provided in this document are forward-looking statements based on the information available at the time of the release of the Japanese original. Due to various factors, the actual result may vary from the forecast data.

If you have any questions, please contact Obayashi investor relations at [irk@ml.obayashi.co.jp](mailto:irk@ml.obayashi.co.jp).

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