

Financial Review for the First Quarter of the Term Ending in December 2009

April 30, 2009

Name of listed company: Okabe Co., Ltd.
 Stock exchange: (Listed in) Tokyo Stock Exchange (first section)
 Code number: 5959
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 Representative: Noriaki Matsumoto, President
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1. Consolidated business results for the first quarter of the term ending in December, 2009 (January 1, 2009 to March 31, 2009)

(1) Consolidated Business Results (Note) Amounts are rounded down to the one million yen.
 The percentage shows increase/decrease ratio as compared with the same period of the previous year

	Sales amount		Operating profit		Ordinary profit		Quarter net profit (current term)	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
First quarter of term ending in Dec. 2009	13,338	-	1,060	-	1,032	-	364	-
First quarter of term ending in Dec. 2008	15,300	8.1	1,073	29.4	1,086	29.0	516	47.4

	Quarter profit (Current term) per stock		Quarter (Current term) net profit per stock after adjustment of latent stocks	
	Yen	Sen	Yen	Sen
First quarter of term ending in Dec. 2009	6.62		6.62	
First quarter of term ending in Dec. 2008	9.39		9.38	

(2) Consolidated Financial Status

	Total assets	Stockholder's equity	Ratio of stockholder's equity	Stockholder's equity per stock	
	Million Yen	Million Yen	%	Yen	Sen
First quarter of term ending in Dec. 2009	65,554	28,884	43.8	521.18	
Fiscal term ended December 2008	67,700	29,471	43.0	529.57	

(Reference) Equity (million yen): First quarter of term ending in Dec. 2009: 28,698 Fiscal term ended December 2008: 29,140

2. Status of dividends

(As of)	Dividend payment per share				
	End of first quarter	End of second quarter	End of third quarter	Term end	Year-round
	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen
Fiscal term ended December 2008	-	7.00	-	8.00	15.00
Fiscal term ended December 2009	-				
Fiscal term ended December 2009 (Projection)		7.00	-	7.00	14.00

(Note) Revision of projected dividend in this quarter: None

Breakdown of dividend at the end of December 2008: Commemorative dividend: 1.00 yen

3. Prospects for consolidated results for the term ending in December, 2009 (January 1, 2009 to December 31, 2009)

(For reference purpose only)

(Note) The percentages show increase/decreases ratio as compared with the previous full business year (the previous through period) and the previous interim term, respectively.

	Sales amount		Operating profit		Ordinary profit		Net profit of current term		Net profit of current term per share	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen	Sen
Consolidated cumulative period in second quarter	28,000	-	1,720	-	1,800	-	1,060	-	19.27	
Through period	56,900	- 11.3	3,730	- 28.7	3,800	- 29.0	2,250	- 6.9	40.90	

(Note) Revision of projected consolidated performance in this quarter: None

4. Others

(1) Changes in relevant subsidiaries or affiliated companies accompanied by a change in consolidation range: None

(2) Simplified accounting procedures and specific accounting procedures for preparing quarterly consolidated financial statements have been applied.

For more details, please refer to "4. Others, "Qualitative Information and Financial Statements"" on Page 5.

(3) Changes in principles, procedures and indication methods for accounting related to preparation of quarterly consolidated financial statements (changes in important matters which are foundation for preparation of quarterly consolidated financial statements)

1) Changes associated with revision of accounting standards, etc.: Yes

2) Changes other than above 1): None

For more details, please refer to "4. Others, "Qualitative Information and Financial Statements"" on Page 5.

(4) Number of outstanding stocks

1) Number of outstanding stocks at the end of term (including own shares):

First quarter of term ending in Dec. 2009: 55,138,632

Fiscal term ended December 2008: 55,100,632

2) Number of own shares at the end of term:

First quarter of term ending in Dec. 2009: 73,137

Fiscal term ended December 2008: 73,137

3) Average number of stocks (quarterly consolidated cumulative period):

First quarter of term ending in Dec. 2009: 55,048,161

First quarter of term ending in Dec. 2008: 55,003,728

Special instruction concerning the use of the prospects for business results above

1. The business results forecasted above were prepared based on information available as of the date of this publication and assumptions deemed reasonable, and the actual business results may be different from the forecasted amounts due to various factors hereafter.

2. From current consolidated fiscal year, "Accounting standards on quarterly financial statements" (Corporation Accounting Standards No. 12 issued on 14 March 2007) and "Application guideline of accounting standards on quarterly financial statements" (Corporation accounting standards application guideline No. 14 issued on 14 March 2007) have been applied. The quarterly consolidated financial statements have been prepared in accordance with "Regulations for quarterly consolidated financial statements."

Qualitative Information and Financial Statements

1. Qualitative Information on Consolidated Business Results

Japan's economy during current consolidated first quarter (from January 1, 2009 through March 31, 2009) slipped into further recession; global recession following the U.S. financial crisis hit corporate performances and employment uncertainty and decline in individual consumption became clear.

Our major demand source, the construction industry, was also in a difficult environment; it was impossible to restrain sharp decline in demand for condominiums and reduced floor space of constructions due to reduced capital investment.

Under such business environment, the Company's group addressed the improvement of profit structure by strengthening the sales of Okabe brand products through restructuring of the sales organization as well as thorough company-wide cost-cutting.

As a result, the sales amount was 13.338 billion yen, the operating profit was 1.060 billion yen and the ordinary profit was 1.032 billion yen. The quarter net profit was 364 million yen.

By business, the sales amount of construction related products was 10.406 billion yen (composition ratio: 78.0%), the sales amount of automotive related products was 1.372 billion yen (composition ratio: 10.3%), the sales amount of hotel business was 930 million yen (composition ratio: 7.0%) and the sales amount of other businesses was 628 million yen (composition ratio: 4.7).

(Note) The accounting system has changed since current consolidated first quarter. Changes are listed in "4. Others (3) Changes in principle and procedures for accounting for preparation of quarterly consolidated financial statements and the indication methods" on Page 5.

(For reference) Sales by each consolidated business/product
(In million yen, figures less than the unit was omitted)

Business segments		Current consolidated first quarter from Jan. 1, 2009 to March 31, 2009	
		Amount	Composition ratio
Const- ruction related products	Temporary building and formwork products	1,803	13.5%
	Civil engineering products	1,395	10.5
	Construction materials/equipment	4,322	32.4
	Building material	2,884	21.6
	Total of Const- ruction related products	10,406	78.0
Automotive related products		1,372	10.3
Hotel business		930	7.0
Other businesses		628	4.7
Grand total		13,338	100.0

(Note) For details of each business segment, please refer to "Information on Segments" on page 10.

2. Qualitative information on consolidated financial status

(1) Status of assets, liabilities and net asset

1) Assets

The Company's current assets decreased by 2.693 billion yen compared with the end of previous consolidated fiscal year to 40.844 billion yen mainly due to decreases in account receivables.

The Company's fixed assets for the current quarter increased by 547 million yen to 24.710 billion yen due to increases in construction account for construction of new hotels in hotel business.

2) Liabilities

The Company's current liabilities increased by 1.222 billion yen compared with the end of previous consolidated fiscal year to 27.908 billion mainly due to increases in short-term borrowing.

The Company's fixed liabilities decreased by 2.782 billion yen compared with the end of previous consolidated fiscal year to 8.761 billion mainly due to decreases in long-term borrowing.

3) Net asset

The Company's net asset decreased by 586 million yen compared with the end of previous consolidated fiscal year to 28.884 billion yen. The Company's capital adequacy ratio was 43.8%, up by 0.8 percentage points on a consolidated basis.

As above, the Company's total assets decreased by 2.145 billion yen to 65.554 billion yen on a consolidated basis.

(2) Status of cash flow

The cash and cash equivalent for the current quarter decreased by 830 million yen to 14.868 billion yen on a consolidated basis due to 758 million yen in income in the cash flow from sales activities, 851 million yen in expenditure in the cash flow from investment activities, 734 million yen in expenditure in the cash flow from financial activities, etc.

1) Cash flow from sales activities

Income in the cash flow from the sales activities was 758 million yen. The main factor was decreased account receivables.

2) Cash flow from investment activities

Expenditure in the cash flow from investment activities was 851 million yen. The main factor was expenditure for purchase of tangible fixed assets.

3) Cash flow from financial activities

Expenditure in the cash flow from financial activities was 734 million yen. The main factor was payments for repayment of long-term debt.

3. Qualitative information on prospects for consolidated results

Our prospects for consolidated results for the interim term and for the full financial year ending in December, 2009 remain unchanged from those published on February 19, 2009.

4. Others

(1) Changes in relevant subsidiaries or affiliated companies accompanied by a change in consolidation range: None

(2) Application of simplified accounting procedures and specific accounting procedures for preparing quarterly consolidated financial statements

1) Simplified accounting procedures

(Calculation method for estimated loan loss of general credit)

Since it is confirmed that there is no significant difference between the loan loss ratio, etc. at the end of current consolidated first quarter and values calculated at the end of previous consolidated fiscal year, the estimated loan loss is calculated using the loan loss ratio, etc. at the end of current consolidated first quarter.

(Valuation method for inventory assets)

As for calculation of inventory at the end of current consolidated first quarter, physical inventory check is omitted and the inventory is calculated in a reasonable manner based on the physical inventory check at the end of previous consolidated fiscal year.

(Calculation method for deferred tax assets and deferred tax liabilities)

As for judgment on collectability of deferred tax assets receivables, since it is confirmed that there is no significant change in management environment after the end of previous consolidated fiscal year or occurrence of temporary differences, deferred tax assets and deferred tax liabilities are calculated using future earnings forecast and tax planning which were used in the previous consolidated fiscal year.

2) Specific accounting procedures for preparing quarterly consolidated financial statements

(Calculation of tax cost)

The effective tax rate for profit before tax of the current consolidated fiscal year after applying deferred tax accounting is reasonably estimated and the tax cost is calculated by quarterly net profit multiplied by such estimated effective tax rate.

(3) Changes in principles, procedures and indication methods for accounting related to preparation of quarterly consolidated financial statements

1) Application of accounting standards on quarterly financial statements

From current consolidated fiscal year, "Accounting standards on quarterly financial statements" (Corporation Accounting Standards No. 12 issued on 14 March 2007) and "Application guideline of accounting standards on quarterly financial statements" (Corporation accounting standards application guideline No. 14 issued on 14 March 2007) have been applied. The quarterly consolidated financial statements have been prepared in accordance with "Regulations for quarterly consolidated financial statements." During the current consolidated first quarter, the revised regulations for quarterly consolidated financial statements is applied in accordance with the conditional clause of No. 5 of first paragraph of Article 7 of "Cabinet Office Regulation on the Partial Revision of Regulations regarding Terms, Styles and Preparation Methods of Financial Statements" (Cabinet Office Regulation No. 50 issued on 7 August 2008).

2) Application of accounting standards on evaluation for inventory assets

Inventory assets stored for normal sales purpose were mainly calculated by total average cost method, but are calculated by total average cost method (write-down method based on decreased profitability for balance sheet) with application of "Accounting Standards on Evaluation for Inventory Assets" (Corporation Accounting Standards No. 9 issued on 5 July 2006) from the current consolidated first quarter. The impact of this change on profit/loss is minor.

3) Application of immediate treatment on accounting for controlled foreign corporations for preparation of consolidated financial statements

"Immediate Treatment on Accounting for Controlled Foreign Corporations for Preparation of Consolidated Financial Statements" (Practical Business Correspondence Report No. 18 issued on 17 May 2006) have been applied from the current consolidated first quarter and necessary changes for consolidated accounting have been made. With these changes, the initial retained earnings decreased by 174.036 million yen, selling and general administrative expenses increased by 17.917 million yen, both operating and ordinary profits decreased by the same amount and net income before taxes and other adjustments of the previous quarter decreased by 43.615 million yen.

(4) Application of accounting standards, etc. on lease transaction

Since current consolidated first quarter, "Accounting Standards on Lease Transaction" (Corporation Accounting Standards No. 13 issued on 17 June 1993 and revised on 30 March 2007) and "Application Guideline for Accounting Standards on Lease Transaction" (Corporation Accounting Standards Application Guideline No. 16 issued on 18 January 1994 and revised on 30 March 2007) have been applied. As for non-transfer-ownership finance lease transaction, the accounting in accordance with normal lease transaction method has been changed to the accounting in accordance with normal sales transaction. The depreciation method for lease assets is calculated using a straight line basis regarding lease period as expected lifetime and residual value as zero. As for non-transfer-ownership finance lease transaction in which inception of lease transaction is before the first year of application, the lease assets are recorded supposing that unexpired lease payments payable at the end of previous consolidated fiscal year were acquired as acquisition cost at the beginning of period. With these changes, 378.115 million yen of the lease assets is recorded as tangible fixed assets and 15.497 million yen of that is recorded as intangible fixed assets. The impact of this change on profit/loss is minor.

5. Quarter Consolidated Financial Statements (Summary)

(1) Quarter Consolidated Balance Sheet

(Unit: thousand yen)

	Term-end of current consolidated first quarter (as of March 31, 2009)	Summarized consolidated balance sheet at the end of previous consolidated fiscal year (as of December 31, 2008)
Assets		
Current assets		
Cash and deposits	14,868,182	15,698,660
Acceptance receivables and account sales	17,874,132	20,490,668
Goods and products	4,486,504	3,976,449
Products in progress	1,170,371	1,023,898
Raw materials and inventory goods	1,476,918	1,394,838
Others	1,024,142	1,017,837
Allowance for bad debt	- 55,315	- 64,079
Total current assets	40,844,935	43,538,272
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	5,605,332	5,544,613
Machine and delivery equipment (net)	2,291,213	2,400,460
Lands	2,522,784	2,525,169
Construction in progress	3,080,445	2,393,173
Others (net)	1,611,403	1,281,953
Total tangible assets	15,111,179	14,145,370
Intangible fixed assets		
Goodwill	831,258	1,042,020
Others	1,720,381	1,768,228
Total intangible assets	2,551,639	2,810,249
Investment and other assets		
Investment in securities	4,754,936	4,974,434
Others	2,853,975	2,792,065
Allowance for bad debt	- 561,726	- 559,470
Total investment and other assets	7,047,185	7,207,029
Total fixed assets	24,710,004	24,162,649
Grand total of assets	65,554,940	67,700,922

	(Unit: thousand yen)	
	Term-end of current consolidated first quarter (as of March 31, 2009)	Summarized consolidated balance sheet at the end of previous consolidated fiscal year (as of December 31, 2008)
Liabilities		
Current liabilities		
Payment bills and trade accounts payable	5,589,394	5,741,308
Trust accrued and payable	9,327,378	10,122,333
Short-term borrowings	9,826,640	7,318,375
Income tax payable	592,931	1,159,799
Accrued bonuses	260,018	138,272
Accrued directors' bonuses	19,890	104,340
Others	2,292,212	2,101,219
Total current liabilities	27,908,465	26,685,648
Fixed liabilities		
Long-term borrowings	4,189,837	7,117,097
Accrued pension cost	1,920,797	1,871,872
Allowance for retirement benefits for directors	-	5,476
Others	2,650,840	2,549,360
Total fixed liabilities	8,761,475	11,543,807
Grand total of liabilities	36,669,940	38,229,455
Net Assets		
Shareholders' equity		
Capital	6,882,950	6,879,994
Capital surplus	6,066,882	6,063,962
Earned surplus	19,937,084	20,186,725
Treasury stock	- 17,857	- 17,857
Total shareholders' equity	32,869,059	33,112,824
Differences in assessment, conversion, etc.		
Differences in assessment of other securities	- 275,770	- 159,142
Exchange rate adjustment account	- 3,894,358	- 3,812,988
Total differences in assessment, conversion, etc.	- 4,170,128	- 3,972,130
Minority shareholders' interest	186,068	330,773
Grand total of net assets	28,884,999	29,471,466
Total of liabilities and net assets	65,554,940	67,700,922

(2) Quarter Consolidated Income Statement (Summary)
(Current consolidated first quarter)

(Unit: thousand yen)

	Current consolidated first quarter (from Jan. 1, 2009 to March 31, 2009)
Sales amount	13,338,000
Cost of sales	9,369,569
Gross profits on sales	3,968,431
Sales cost and general administrative cost	2,907,564
Operating profit	1,060,866
Non-Operating income	
Received interest	42,782
Dividend received	15,516
Others	28,791
Total non-operating profit	87,090
Non-operating expenses	
Interest paid	107,942
Others	7,531
Total non-operating expenses	115,473
Ordinary profit	1,032,483
Extraordinary profit	
Gain from the prior-term adjustment	1,680
Gain from sale of fixed asset	180
Reversal of allowance for doubtful accounts	12,244
Others	242
Total extraordinary profit	14,347
Extraordinary loss	
Loss from the prior-term adjustment	15,993
Accrued pension cost for retroactive year	25,698
Others	3,892
Total extraordinary loss	45,584
Quarter net profit before adjustment of tax, etc.	1,001,245
Corporate tax, inhabitant tax and business tax	645,699
Income taxes-deferred	- 14,594
Total taxes	631,104
Minority stockholder income	5,526
Quarter net profit	364,615

(3) Quarter Consolidated Cash Flow Statement

(Unit: thousand yen)

	Current consolidated first quarter (from Jan. 1, 2009 to March 31, 2009)
Cash flow from operating activities	
Quarter (current term) net profit before adjustment such as tax	1,001,245
Depreciation expenses	407,839
Increase or decrease (-) in accrued bonuses	121,746
Increase or decrease (-) in allowance for bad debt	- 6,507
Increase or decrease (-) in reserve for retirement benefit	51,137
Interest and dividends received	- 58,298
Interest paid	107,942
Increase or decrease (-) in accounts receivable	2,638,858
Increase or decrease (-) in inventory assets	- 757,803
Increase or decrease (-) in accounts payable	- 972,863
Other increase or decrease (-) in current liabilities	- 248,059
Other increase or decrease (-) in fixed liabilities	- 130,698
Increase or decrease (-) in accrued consumption tax	- 117,228
Others	- 20,782
Sub-total	<u>2,016,527</u>
Corporate tax paid	<u>- 1,257,948</u>
Cash flow from operating activities	<u>758,578</u>
Cash flow from investment activities	
Expenditure for acquisition of tangible fixed assets	- 923,812
Expenditure for acquisition of intangible fixed assets	- 28,422
Expenditure for acquisition of investment securities	- 2,403,354
Income from disposal of investment securities	2,523,116
Expenditures for acquisition of subsidiary stocks	- 84,080
Amount of interest/dividends received	59,034
Others	5,915
Cash flow from investment activities	<u>- 851,603</u>
Cash flow from financial activities	
Income from short-term borrowings	6,406,928
Expenditure for repayment of short-term borrowings	- 6,320,000
Expenditure for repayment of long-term borrowings	- 516,747
Dividends paid	- 180,928
Interest paid	- 91,915
Others	- 32,025
Cash flow from financial activities	<u>- 734,687</u>
Conversion difference of cash and cash equivalent	<u>- 2,764</u>
Increase or decrease (-) in cash and cash equivalent	<u>- 830,478</u>
Beginning balance of cash and cash equivalent	<u>15,698,660</u>
Quarter term-end balance of cash and cash equivalent	<u>14,868,182</u>

From this consolidated fiscal year, “Accounting standards on quarterly financial statements” (Corporation Accounting Standards No. 12 issued on 14 March 2007) and “Application guideline of accounting standards on quarterly financial statements” (Corporation accounting standards application guideline No. 14 issued on 14 March 2007) have been applied. The quarterly consolidated financial statements have been prepared in accordance with “Regulations for quarterly consolidated financial statements.”

(4) Note regarding premise of a going concern: None

(5) Information on Segments

[Information on Segments by Kinds of Business]

Current consolidated first quarter (from January 1, 2009 to March 31, 2009)

(Unit: thousand yen)

	Construction related products	Automotive related products	Hotel business	Other businesses	Total	Elimination or all companies	Consolidated
Sales amount							
(1) Sales to outside customers	10,406,470	1,372,588	930,870	628,071	13,338,000	-	13,338,000
(2) Inside sales and transfer amounts among segments	-	-	-	13,793	13,793	(13,793)	-
Total	10,406,470	1,372,588	930,870	641,864	13,351,794	(13,793)	13,338,000
Operating profit or loss (-)	891,571	53,648	- 4,882	120,529	1,060,866	(-)	1,060,866

Main business of each business segment

Construction related products Manufacture and sales of temporary buildings, formwork, civil engineering products, and construction material, and sale of construction material

Automotive related products Manufacture and sales of automotive related products

Hotel business Hotel management business

Other businesses Real estate, agency for damage insurance, sales of OA equipment and manufacture and sales of ocean material products, manufacture and sales of fishing sinkers in the United States, and golf link management in China

[Information on Segment by Location of Business]

Current consolidated first quarter (from January 1, 2009 to March 31, 2009)

(Unit: thousand yen)

	Japan	North America	Others	Total	Elimination or all companies	Consolidated
Sales amount						
(1) Sales to outside customers	10,770,172	2,377,053	190,774	13,338,000	-	13,338,000
(2) Inside sales and transfer amounts among segments	10,794	-	-	10,794	(10,794)	-
Total	10,780,966	2,377,053	190,774	13,348,795	(10,794)	13,338,000
Operating profit or loss(-)	1,017,260	75,689	- 32,083	1,060,866	(-)	1,060,866

Main countries or territories included in each section

North America: The United States of America and Canada

Others: China and Italy

[Foreign sales]

Current consolidated first quarter (from January 1, 2009 to March 31, 2009)

(Unit: thousand yen)

	North America	Others	Total
Foreign sales	2,084,063	503,503	2,587,567
Consolidated sales			13,338,000
Percentage of foreign sales in consolidated sales	15.6%	3.8%	19.4%

Main countries or territories included in each section

North America: The United States of America and Canada

Others: China, Mexico, Brazil, Italy, etc.

(6) Note for significant changes in shared capital: None

(For reference purpose)

Income statement of the same quarter in the previous year

Quarter Consolidated Income Statement (Summary)

Consolidated first quarter in the previous year (from January 1, 2008 to March 31, 2008)

(Unit: thousand yen)

Items	The same quarter in the previous year (First quarter of the year ending in Dec. 2008)
	Amount
Sales amount	15,300,554
Cost of sales	11,097,555
Gross profits on sales	4,202,999
Sales cost and general administrative cost	3,129,218
Operating profit	1,073,780
Non-Operating income	
1.Received interest	94,412
2. Dividend received	15,473
3.Others	57,694
Total	167,579
Non-operating expenses	
1.Interest paid	123,543
2.Others	31,006
Total	154,550
Ordinary profit	1,086,810
Extraordinary profit	9,242
Extraordinary loss	50,759
Quarter net profit before adjustment of tax etc.	1,045,293
Tax expense	513,542
Minority stockholder income	15,193
Quarter net profit	516,556