

Summary of Consolidated Financial Results For the Second Quarter Ended June 2009

July 31, 2009

Name of Company:	Okabe Co., Ltd.
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
Stock Code:	5959
URL:	http://www.okabe.co.jp/
Representative	
Title:	President
Name:	Noriaki Matsumoto
Responsible person for inquiries	
Title:	Managing Director in charge of Management Division
Name:	Eiichi Tomita
Telephone:	+81-(0)3-3624-5119

(Yen in millions, rounded down)

1. Financial results for the first half ended June 2009 (January 1, 2009 – June 30, 2009)

(1) Result of operations (Consolidated, year-to-date) (Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income (Interim)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half ended June 2009	25,238	-	1,444	-	1,443	-	663	-
First half ended June 2008	30,822	7.5	2,223	16.7	2,334	19.8	1,225	2.9

	Net income per share	Net income per share, fully diluted
	Yen	Yen
First half ended June 2009	12.05	12.05
First half ended June 2008	22.28	22.26

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First half ended June 2009	65,117	29,781	45.7	540.83
Fiscal year ended December 2008	67,700	29,471	43.0	529.57

Note: Shareholders' equity

As of June 30, 2009: 29,781 million yen

As of December 31, 2008: 29,140 million yen

2. Dividends

Reference date	Dividend payment per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 2008	-	7.00	-	8.00	15.00
Fiscal year ending December 2009	-	5.00	-	-	-
Fiscal year ending December 2009 (Est.)	-	-	-	5.00	10.00

Notes: Change in the estimation of dividend for the fiscal year in this period: Yes

The year-end dividend applicable to the year ended December 2008 includes a 1.00 yen per common share commemorative dividend.

3. Forecast for the fiscal year ending December 2009 (Consolidated, January 1, 2009 – December 31, 2009)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	51,000	(20.5)	2,790	(46.7)	2,700	(49.6)	1,480	(38.8)	26.88

Note: Change in the forecast made in this period: Yes

4. Others

- (1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None
- (2) Use of simple method in accounting procedures and application of accounting procedures specific to the quarterly consolidated financial statements : Yes
For more details, see Page 4: Results of Operations and Financial Condition, Sub-section 4. Others
- (3) Changes in accounting principles and procedures, presentation methods and other items in the preparation of the quarterly consolidated financial statements (Presented in the section on Changes to the Basis of Presenting the Quarterly Consolidated Financial Statements)
 - (a) Changes due to revision of accounting standards: Yes
 - (b) Changes other than in (a): None
For more details, see Page 4: Results of Operations and Financial Condition, Sub-section 4. Others
- (4) Number of shares outstanding (common stock)
 - (a) Shares outstanding (including treasury stock)

As of June 30, 2009: 55,138,632	As of December 31, 2008: 55,100,632
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 - (b) Treasury stock

As of June 30, 2009: 73,249	As of December 31, 2008: 73,137
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 - (c) Average number of shares (consolidated half cumulative)

Period ended June 30, 2009: 55,056,783	Period ended June 30, 2008: 55,010,379
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*Cautionary statement regarding forecasts of operating results and special notes

1. Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons.
2. Starting with the current fiscal year, the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Statement No. 12, March 14, 2007) and Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14, March 14, 2007) have been applied. In addition, the quarterly consolidated financial statements are prepared in accordance with Rules for Quarterly Financial Statements.

Results of Operations and Financial Condition

1. Results of operations

In the first half of 2009, the Japanese economy continued to feel the effects of the global recession. A sharp drop in domestic demand brought down corporate earnings, and the resulting decline in personal income and increase in unemployment caused consumer spending to weaken.

The construction industry, which accounts for the majority of sales at the Okabe Group, is still showing no signs of a recovery. The number of private-sector construction projects continues to decline as companies cut capital expenditures and demand for condominiums remains soft.

In response to these challenges, the Okabe Group is started in 2009 a three-year plan called “Plan-Seeds-2011”. The goal is to foster the development of businesses and products that can drive the group’s next phase of growth. One theme is expanding and strengthening the lineup of structural products, a market sector with excellent growth prospects. This includes developing structural products for wood-frame houses, which is a new market for the group. Another goal is to build a stronger profit structure by cutting costs wherever possible. To accomplish this, we have consolidated and integrated manufacturing and distribution bases ahead of our original schedule.

Due to these activities, first half net sales totaled 25,238 million yen, operating income was 1,444 million yen, ordinary income was 1,443 million yen and net income was 663 million yen.

By business segment, construction-related sales were 19,882 million yen, sales of automotive products were 2,537 million yen, hotel sales were 1,732 million yen, and sales in the other businesses segment totaled 1,085 million yen.

By geographic area, sales were 20,372 million yen in Japan, 4,524 million yen in North America and 341 million yen in other regions.

Note: Some accounting methods have been revised starting with the first quarter of 2009. For more information, see “4. Others (3) Changes in accounting principles and procedures, presentation methods and other items in the preparation of the quarterly consolidated financial statements ” on page 5.

(For reference)

Net sales by business segments and product category

(Yen in millions, rounded down)

Business segments		First half ended June 2009 (January 1, 2009 – June 30, 2009)	
		Amount	Proportion (%)
Construction-related products	Temporary building and formwork products	3,402	13.5
	Civil engineering products	2,363	9.4
	Construction materials/equipment	8,632	34.2
	Building materials	5,483	21.7
	Total of Construction-related products	19,882	78.8
Automotive products		2,537	10.0
Hotel business		1,732	6.9
Other businesses		1,085	4.3
Total		25,238	100.0

Note: Information about the operations of each business segment is presented in “ Segment information ” on page 10.

2. Financial condition

(1) Assets, liabilities and net assets

(a) Assets

Current assets decreased 3,881 million yen from the end of 2008 to 39,657 million yen mainly because of a decrease in notes and accounts receivable-trade.

Fixed assets increased 1,297 million yen to 25,460 million yen mainly because of an increase in construction in progress due to the construction of a new hotel.

(b) Liabilities

Current liabilities decreased 3,573 million yen to 23,112 million yen mainly because of a decrease in trust payables.

Long-term liabilities increased 680 million yen to 12,224 million yen mainly because of an increase in long-term loans payable.

(c) Net assets

Net assets increased 309 million yen to 29,781 million yen and the equity ratio increased 2.7 points to 45.7%.

Total assets amounted to 65,117 million yen at the end of the first half, 2,583 million yen less than at the end of 2008.

(2) Cash flows

In the first half, operating activities provided 2,126 million yen, investing activities used 498 million yen and financing activities used 1,351 million yen. The result was a net increase of 735 million yen in cash and cash equivalents to 16,433 million yen. ,

(a) Operating activities

Net cash provided by operating activities was 2,126 million yen. The primary source of cash was a decrease in notes and accounts receivable-trade.

(b) Investing activities

Net cash used in investing activities was 498 million yen. Cash was used mainly for Purchase of property, plant and equipment.

(c) Financing activities

Net cash used in financing activities was 1,351 million yen. Cash was used primarily for the repayment of loans and distribution of cash dividends.

3. Forecast for fiscal year 2009

The operating environment for the Okabe Group is expected to remain difficult. Due to this outlook, the forecast for consolidated performance in 2009 has been revised today. Please see the release titled "Notice of Revisions to Forecasts for 2009 Performance and Dividend."

4. Others

(1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None

(2) Simplified accounting methods and application of special accounting methods for the preparation of the quarterly consolidated financial statements

(a) Simplified accounting methods

(Calculation of estimate of loan losses for ordinary loans)

Since there was no significant difference between the loan loss ratio at the end of the first quarter and the loan loss ratio calculated at the end of the previous fiscal year, the estimate of loan losses during the first quarter for ordinary loans was calculated by using the loan loss ratio at the end of the previous fiscal year.

(Valuation method for inventories)

The book values of inventories are lowered only when there is a clear decline in profitability. In this case, inventories are written down to the estimated net sales proceeds.

(Method of calculating deferred tax assets and liabilities)

To determine the likelihood of recovering deferred tax assets, since there have been no significant changes in the operating environment or the occurrence of temporary tax differences since the end of the previous fiscal year, the consolidated sales and earnings forecast and tax planning used in the previous fiscal year have been used.

- (b) Special accounting methods for the preparation of the quarterly consolidated financial statements
(Calculation of income taxes)

First half income before income taxes was multiplied by an estimate of the effective tax rate for 2009 income before income taxes after adjusting for tax effect accounting.

- (3) Changes in accounting principles and procedures, presentation methods and other items in the preparation of the quarterly consolidated financial statements

- (a) Application of accounting standard for quarterly financial statements

Starting with 2009, the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Statement No. 12, March 14, 2007) and Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14, March 14, 2007) have been applied. In addition, the quarterly consolidated financial statements are prepared in accordance with Rules for Quarterly Financial Statements. Starting with the first quarter of 2009, the revised Rules for Quarterly Financial Statements have been applied prior to the requirement in accordance with “Amendments of Regulations Concerning Terminology, Forms and Method of Preparation for Financial Statements” (Cabinet Ordinance No. 50, August 7, 2008), supplementary provision Article 7, Paragraph 1-5, provisory clause.

- (b) Application of accounting standard for valuation of inventories

In prior periods, inventories held for sale in the normal course of business operations were stated at cost determined by the period average method. Starting with the first quarter of 2009, Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 5, 2006) has been applied. As a result, inventories are stated at cost determined primarily by the period average method (reduction of book value from decline in profitability). This change had only a negligible effect on earnings.

- (c) Application of practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

Starting with the first quarter of 2009, “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18, May 17, 2006) has been applied and the consolidated financial statements revised as necessary. This change resulted in a decrease of 174,036 thousand yen in retained earnings at the beginning of 2009, an increase of 35,432 thousand yen in selling, general and administrative expenses, decreases of the same amount in operating income and ordinary income, and a decrease of 60,751 thousand yen in income before income taxes.

- (d) Application of accounting standards, etc., for lease transactions

Starting with the first quarter of 2009, “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, June 17, 1993, revised March 30, 2007) and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16, January 18, 1994, revised March 30, 2007) have been applied prior to the requirement. As a result, financial leases other than leases where ownership is transferred are now accounted for using accounting methods applicable to ordinary buying and selling transactions rather than accounting methods applicable to rental transactions. Leased assets are depreciated using the straight-line method in which the lease period is the useful life and the residual value is zero. For financial leases other than where ownership is transferred that started prior to January 1, 2009, the assets are recorded as leased assets on the balance sheet and treated as having been acquired on January 1, 2009 at a price equal to the sum of remaining lease payments as of December 31, 2008. Compared with the previous accounting method, this change resulted in the inclusion of 364,552 thousand yen of leased assets as “others (net)” in property, plant and equipment and an increase of 15,826 thousand yen in the “others” category of intangible assets. This change had only a negligible effect on earnings.

5. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

	(Thousand yen)	
	First half ended June 2009 (As of June 30, 2009)	Fiscal year ended December 2008 (As of December 31, 2008)
ASSETS		
Current assets		
Cash and deposits	16,433,808	15,698,660
Notes and accounts receivable-trade	15,623,356	20,490,668
Merchandise and finished goods	3,612,629	3,976,449
Products in progress	1,090,732	1,023,898
Raw materials and supplies	1,590,239	1,394,838
Others	1,346,949	1,017,837
Allowance for doubtful accounts	(40,617)	(64,079)
Total current assets	39,657,097	43,538,272
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	5,701,604	5,544,613
Machinery, equipment and vehicles, net	2,383,082	2,400,460
Land	2,623,857	2,525,169
Construction in progress	3,996,838	2,393,173
Others, net	1,619,445	1,281,953
Total property, plant and equipment	16,324,828	14,145,370
Intangible assets		
Goodwill	878,487	1,042,020
Others	1,667,756	1,768,228
Total intangible assets	2,546,244	2,810,249
Investments and other assets		
Investment securities	4,451,387	4,974,434
Others	2,502,129	2,792,065
Allowance for doubtful accounts	(363,962)	(559,470)
Total investments and other assets	6,589,554	7,207,029
Total fixed assets	25,460,626	24,162,649
Total assets	65,117,724	67,700,922

(Thousand yen)

	First half ended June 2009 (As of June 30, 2009)	Fiscal year ended December 2008 (As of December. 31, 2008)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	4,485,489	5,741,308
Trust payables	8,266,794	10,122,333
Short-term loans payable	6,939,046	7,318,375
Income taxes payable	877,474	1,159,799
Provision for bonuses	72,645	138,272
Provision for directors' bonuses	28,650	104,340
Others	2,442,330	2,101,219
Total current liabilities	23,112,430	26,685,648
Long-term liabilities		
Long-term loans payable	7,626,471	7,117,097
Provision for retirement benefits	1,960,384	1,871,872
Provision for directors' retirement benefits	-	5,476
Others	2,637,203	2,549,360
Total fixed liabilities	12,224,060	11,543,807
Total liabilities	35,336,491	38,229,455
NET ASSETS		
Shareholder's equity		
Paid-in capital	6,882,950	6,879,994
Capital surplus	6,013,287	6,063,962
Retained earnings	20,117,893	20,186,725
Treasury stock	(17,900)	(17,857)
Total shareholder's equity	32,996,230	33,112,824
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(129,410)	(159,142)
Foreign currency translation adjustment	(3,085,585)	(3,812,988)
Total valuation and translation adjustments	(3,214,996)	(3,972,130)
Minority interests	-	330,773
Total net assets	29,781,233	29,471,466
Total liabilities and net assets	65,117,724	67,700,922

(2) Quarterly consolidated statements of income
(For the first half ended June 2009)

(Thousand yen)

	First half ended June 2009	
	(January 1, 2009	June 30, 2009)
Net sales		25,238,119
Cost of sales		18,079,906
Gross profit		7,158,212
Selling, general and administrative expenses		5,713,761
Operating income		1,444,451
Non-operating income		
Interest income		61,029
Dividends income		29,067
Gain on sales of investment securities		61,572
Others		54,336
Total non-operating income		206,006
Non-operating expenses		
Interest expenses		201,692
Others		4,824
Total non-operating expenses		206,516
Ordinary income		1,443,942
Extraordinary income		
Gain on sales of fixed assets		203
Reversal of allowance for doubtful accounts		41,518
Gain on liquidation of subsidiaries and affiliates		124,886
Others		1,987
Total extraordinary income		168,596
Extraordinary loss		
Loss on disposal of fixed assets		18,516
Retirement benefit expenses for prior periods		25,319
Loss on valuation of golf club membership		53,022
Others		4,058
Total extraordinary loss		100,917
Income before income taxes and minority interests		1,511,621
Income taxes-current		871,158
Income taxes-deferred		(21,243)
Total taxes		849,915
Minority interests in income (loss) of consolidated subsidiaries		(1,670)
Net income		663,376

(3) Quarterly consolidated statements of cash flows

(Thousand yen)

	First half ended June 2009	
	(January 1, 2009	June 30, 2009)
Cash flows from operating activities		
Income before income taxes and minority interest		1,511,621
Depreciation and amortization		790,208
Increase (decrease) in provision for bonuses		(65,627)
Increase (decrease) in allowance for doubtful accounts		(150,351)
Increase (decrease) in provision for retirement benefits		87,887
Interest and dividends income		(90,097)
Interest expenses		201,692
Loss (gain) on liquidation of subsidiaries and affiliates		(124,886)
Decrease (increase) in notes and accounts receivable-trade		4,754,706
Decrease (increase) in inventories		223,371
Increase (decrease) in notes and accounts payable-trade		(3,083,747)
Increase (decrease) in other current liabilities		(129,634)
Increase (decrease) in other long-term liabilities		(215,845)
Increase (decrease) in accrued consumption taxes		(155,135)
Others		19,787
Sub-total		3,573,949
Income taxes paid		(1,447,741)
Net cash provided by (used in) operating activities		2,126,207
Cash flows from investing activities		
Purchase of property, plant and equipment		(1,719,848)
Purchase of intangible assets		(33,225)
Purchase of investment securities		(2,384,928)
Proceeds from sales of investment securities		3,629,009
Purchase of investments in subsidiaries		(84,080)
Proceeds from liquidation of subsidiaries and affiliates		138,386
Interest and dividends income received		87,401
Others		(131,621)
Net cash provided by (used in) investing activities		(498,906)
Cash flows from financing activities		
Increase in short-term loans payable		13,018,274
Decrease in short-term loans payable		(13,092,480)
Proceeds from long-term loans payable		3,430,000
Repayment of long-term loans payable		(3,776,310)
Cash dividends paid		(590,394)
Interest expenses paid		(233,466)
Others		(106,806)
Net cash provided by (used in) financing activities		(1,351,183)
Effect of exchange rate change on cash and cash equivalents		473,193
Net increase (decrease) in cash and cash equivalents		749,311
Cash and cash equivalents, beginning of period		15,698,660
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation		(14,163)
Cash and cash equivalents, end of period		16,433,808

Starting with 2009, the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Statement No. 12, March 14, 2007) and Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14, March 14, 2007) have been applied. In addition, the quarterly consolidated financial statements are prepared in accordance with Rules for Quarterly Financial Statements.

(4) Notes to ongoing concern assumptions: None

(5) Segment Information

[Operating segment information]

For the first half ended June 2009 (January 1, 2009 – June 30, 2009)

(Thousand yen)

	Construction -related products	Automotive products	Hotel business	Other businesses	Total	Elimination or Corporate	Consolidated
Net sales							
(1) Sales to external customers	19,882,516	2,537,817	1,732,140	1,085,644	25,238,119	-	25,238,119
(2) Inter-segment sales and transfers	-	-	-	25,223	25,223	(25,223)	-
Total	19,882,516	2,537,817	1,732,140	1,110,867	25,263,342	(25,223)	25,238,119
Operating income (loss)	1,338,677	1,195	(6,824)	111,403	1,444,451	(-)	1,444,451

Major activities of business segments

Construction-related products: Manufacture and sales of temporary buildings, formwork, civil engineering products and structural products and sale of construction materials

Automotive products: Automotive products

Hotel business: Management of hotels

Other businesses: Real estate, property and casualty insurance agency, sales of OA equipment, manufacture and sales of fish reefs, manufacture and sales of fishing sinkers in the United States, golf course management in China

[Geographical segment information]

For the first half ended June 2009 (January 1, 2009 – June 30, 2009)

(Thousand yen)

	Japan	North America	Others	Total	Eliminations or Corporate	Consolidated
Net sales						
(1) Sales to external customers	20,372,102	4,524,838	341,177	25,238,119	-	25,238,119
(2) Inter-segment sales and transfers	43,694	-	-	43,694	(43,694)	-
Total	20,415,797	4,524,838	341,177	25,281,813	(43,694)	25,238,119
Operating income (loss)	1,453,298	88,245	(97,091)	1,444,451	(-)	1,444,451

Countries and regions outside Japan are broken down into the following geographical areas:

North America: United States and Canada

Others: China and Italy

[Overseas sales]

For the first half ended June 2009 (January 1, 2009 – June 30, 2009)

(Thousand yen)

	North America	Others	Total
I Overseas sales	3,984,141	890,446	4,874,588
II Consolidated sales			25,238,119
III Share of overseas sales in total sales (%)	15.8%	3.5%	19.3%

Countries and regions outside Japan are broken down into the following geographical areas:

North America: United States and Canada

Others: China, Mexico, Brazil, Italy, and others

(6) Notes to significant change in shareholders' equity

None

Appendix

Financial summary of the first half ended June 2008 (January 1, 2008– June 30, 2008)

Quarterly consolidated statements of income

Account	First half ended June 2008 (January 1, 2008– June 30, 2008)	
	Amount (Thousand yen)	(%)
I. Net sales	30,822,857	100.0
II. Cost of sales	22,117,902	71.8
Gross profit	8,704,955	28.2
III. Selling, general and administrative expenses	6,481,693	21.0
Operating income	2,223,261	7.2
IV. Non-operating income		
1. Interest income	192,454	
2. Dividends income	31,396	
3. Others	163,718	
Total	387,569	1.3
V. Non-operating expenses		
1. Interest expenses	263,224	
2. Others	13,532	
Total	276,756	0.9
Ordinary income	2,334,074	7.6
VI. Extraordinary income		
1. Gain on sales of fixed assets	46	
2. Reversal of allowance for doubtful accounts	2,127	
3. Gain on bad debts recovered	2,017	
Total	4,190	0.0
VII. Extraordinary loss		
1. Loss on disposal of fixed assets	78,190	
2. Others	18,939	
Total	97,130	0.3
Income before income taxes and minority interests	2,241,134	7.3
Income taxes-current	846,052	2.7
Income taxes-deferred	144,850	0.5
Minority interests in income (loss) of consolidated subsidiaries	24,363	0.1
Net income	1,225,868	4.0