

Summary of Consolidated Financial Results For the Third Quarter Ended September 2009

October 30, 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 third quarter ended September 2009 (January 1, 2009 – September 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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Third quarter ended September 2009	37,227	-	2,132	-	2,132	-	1,008	-
Third quarter ended September 2008	47,637	8.6	3,922	26.0	4,056	29.6	2,053	(11.6)

	Net income per share	Net income per share, fully diluted
	Yen	Yen
Third quarter ended September 2009	18.31	18.30
Third quarter ended September 2008	37.32	37.27

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Third quarter ended September 2009	62,999	30,391	48.2	551.92
Fiscal year ended December 2008	67,700	29,471	43.0	529.57

Note: Shareholders' equity

As of September 30, 2009: 30,391 million yen

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

2. Dividends

	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: None

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: None

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

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

Period ended September 30, 2009: 55,059,649	Period ended September 30, 2008: 55,016,107
---	---

*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 three quarters of 2009, the Japanese economy began to return to stability as indications emerged that the economy has stopped falling. However, consumer spending continues to weaken due to rising unemployment and falling income. As a result, the economy remains challenging with no signs of a broad-based recovery.

Market conditions are also extremely difficult in the construction industry, which accounts for a majority of sales at the Okabe Group. The total floor area of construction starts continues to decline because of weak demand for condominiums and the reluctance of companies to make capital expenditures.

To succeed in this difficult operating environment, the Okabe Group is concentrating on the central goals of “Plan-Seeds-2011,” a three-year management plan that began in 2009. One goal is developing new products for wood-frame houses. Another is strengthening sales activities for structural construction products. The group is also working on building internal skills in metal processing technologies.

As emergency measures, Okabe cut remuneration for directors and, to further cut costs, temporarily suspended operations, combined production and distribution bases, and conducted a cost-reduction campaign with the participation of all employees.

In the first three quarters of 2009, net sales totaled 37,227 million yen, operating income was 2,132 million yen, ordinary income was 2,132 million yen, and net income was 1,008 million yen.

By business segment, construction-related sales were 29,266 million yen, sales of automotive products were 3,772 million yen, hotel sales were 2,674 million yen, and sales in the other businesses segment were 1,513 million yen.

By geographic area, sales were 29,743 million yen in Japan, 6,959 million yen in North America and 524 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		Third quarter ended September 2009 (January 1, 2009 – September 30, 2009)	
		Amount	Proportion (%)
Construction-related products	Temporary building and formwork products	4,987	13.4
	Civil engineering products	3,432	9.2
	Construction materials/equipment	12,861	34.5
	Building materials	7,985	21.5
	Total of Construction-related products	29,266	78.6
Automotive products		3,772	10.1
Hotel business		2,674	7.2
Other businesses		1,513	4.1
Total		37,227	100.0

Note: Information about the operations of each business segment is presented in “Segment information” on page 11.

2. Financial condition

(1) Assets, liabilities and net assets

(a) Assets

Current assets decreased 6,057 million yen from the end of 2008 to 37,480 million yen mainly because of a decrease in notes and accounts receivable-trade.

Fixed assets increased 1,356 million yen to 25,518 million yen mainly because of the purchase of land for a new hotel and an increase in construction in progress for this hotel.

(b) Liabilities

Current liabilities decreased 6,098 million yen to 20,586 million yen mainly because of a decrease in notes and accounts payable-trade.

Long-term liabilities increased 477 million yen to 12,021 million yen mainly because of an increase in long-term loans payable.

(c) Net assets

Net assets increased 920 million yen to 30,391 million yen and the equity ratio was up 5.2 points to 48.2%.

Total assets amounted to 62,999 million yen at the end of the third quarter, 4,701 million yen less than at the end of 2008.

(2) Cash flows

Cash and cash equivalents totaled 15,515 million yen at the end of the third quarter, a decrease of 183 million yen compared with the end of 2008. Operating activities provided 2,210 million yen, investing activities used 1,288 million yen and financing activities used 1,832 million yen.

(a) Operating activities

Net cash provided by operating activities was 2,210 million yen. The primary source of cash was a decrease in inventories.

(b) Investing activities

Net cash used in investing activities was 1,288 million yen. Cash was used primarily for the purchase of property, plant and equipment.

(c) Financing activities

Net cash used in financing activities was 1,832 million yen. Cash was used mainly for the repayment of loans and distribution of cash dividends.

3. Forecast for fiscal year 2009

There are no changes to the forecast for consolidated results of operations in 2009 that was announced on July 31, 2009.

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 third quarter and the loan loss ratio calculated at the end of the previous fiscal year, the estimate of loan losses during the third 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)

Taxes are calculated by multiplying quarterly income before income taxes by a reasonable estimate of the effective tax rate, after adjustments for tax-effect accounting, for income before income taxes in the current fiscal year.

(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 53,558 thousand yen in selling, general and administrative expenses, decreases of the same amount in operating income and ordinary income, and a decrease of 79,102 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 327,612 thousand yen of leased assets as “others (net)” in property, plant and equipment and an increase of 16,246 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)

	Third quarter ended September 2009 (As of September 30, 2009)	Fiscal year ended December 2008 (As of December 31, 2008)
ASSETS		
Current assets		
Cash and deposits	15,515,164	15,698,660
Notes and accounts receivable-trade	15,519,904	20,490,668
Merchandise and finished goods	2,941,166	3,976,449
Products in progress	969,889	1,023,898
Raw materials and supplies	1,447,426	1,394,838
Others	1,126,355	1,017,837
Allowance for doubtful accounts	(38,976)	(64,079)
Total current assets	37,480,930	43,538,272
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	6,206,822	5,544,613
Machinery, equipment and vehicles, net	2,273,061	2,400,460
Land	3,878,891	2,525,169
Construction in progress	3,615,292	2,393,173
Others, net	1,554,703	1,281,953
Total property, plant and equipment	17,528,771	14,145,370
Intangible assets		
Goodwill	860,727	1,042,020
Others	1,584,203	1,768,228
Total intangible assets	2,444,930	2,810,249
Investments and other assets		
Investment securities	3,431,471	4,974,434
Others	2,477,133	2,792,065
Allowance for doubtful accounts	(363,580)	(559,470)
Total investments and other assets	5,545,024	7,207,029
Total fixed assets	25,518,725	24,162,649
Total assets	62,999,656	67,700,922

(Thousand yen)

	Third quarter ended September 2009 (As of September 30, 2009)	Fiscal year ended December 2008 (As of December 31, 2008)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	4,305,481	5,741,308
Trust payables	6,973,886	10,122,333
Short-term loans payable	6,663,483	7,318,375
Income taxes payable	512,745	1,159,799
Provision for bonuses	318,719	138,272
Provision for directors' bonuses	-	104,340
Others	1,812,543	2,101,219
Total current liabilities	20,586,860	26,685,648
Long-term liabilities		
Long-term loans payable	7,483,435	7,117,097
Provision for retirement benefits	1,929,579	1,871,872
Provision for directors' retirement benefits	-	5,476
Others	2,608,040	2,549,360
Total fixed liabilities	12,021,055	11,543,807
Total liabilities	32,607,915	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	20,187,278	20,186,725
Treasury stock	(17,900)	(17,857)
Total shareholder's equity	33,065,615	33,112,824
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(141,426)	(159,142)
Foreign currency translation adjustment	(2,532,447)	(3,812,988)
Total valuation and translation adjustments	(2,673,874)	(3,972,130)
Minority interests	-	330,773
Total net assets	30,391,741	29,471,466
Total liabilities and net assets	62,999,656	67,700,922

(2) Quarterly consolidated statements of income

For the third quarter ended September 2009 (January 1, 2009 – September 30, 2009)

(Thousand yen)

	Third quarter ended September 2009 (January 1, 2009 – September 30, 2009)
Net sales	37,227,984
Cost of sales	26,685,783
Gross profit	10,542,201
Selling, general and administrative expenses	8,409,659
Operating income	2,132,541
Non-operating income	
Interest income	85,600
Dividends income	37,998
Gain on sales of investment securities	61,587
Others	117,511
Total non-operating income	302,697
Non-operating expenses	
Interest expenses	296,287
Others	6,775
Total non-operating expenses	303,063
Ordinary income	2,132,176
Extraordinary income	
Gain on sales of fixed assets	204
Reversal of allowance for doubtful accounts	44,414
Gain on liquidation of subsidiaries and affiliates	124,886
Others	2,599
Total extraordinary income	172,104
Extraordinary loss	
Loss on disposal of fixed assets	22,092
Retirement benefit expenses for prior periods	25,543
Loss on valuation of golf club membership	65,388
Others	12,435
Total extraordinary loss	125,459
Income before income taxes and minority interests	2,178,820
Income taxes-current	1,196,196
Income taxes-deferred	(23,793)
Total taxes	1,172,403
Minority interests in income (loss) of consolidated subsidiaries	(1,670)
Net income	1,008,088

(3) Quarterly consolidated statements of cash flows

(Thousand yen)

	Third quarter ended September 2009 (January 1, 2009 – September 30, 2009)
Cash flows from operating activities	
Income before income taxes and minority interest	2,178,820
Depreciation and amortization	1,194,815
Increase (decrease) in provision for bonuses	180,447
Increase (decrease) in allowance for doubtful accounts	(152,373)
Increase (decrease) in provision for retirement benefits	56,637
Interest and dividends income	(123,599)
Interest expenses	296,287
Loss (gain) on liquidation of subsidiaries and affiliates	(124,886)
Decrease (increase) in notes and accounts receivable-trade	4,891,168
Decrease (increase) in inventories	1,118,256
Increase (decrease) in notes and accounts payable-trade	(4,580,403)
Increase (decrease) in other current liabilities	(483,368)
Increase (decrease) in other long-term liabilities	(243,637)
Increase (decrease) in accrued consumption taxes	(145,625)
Others	74,690
Sub-total	4,137,227
Income taxes paid	(1,926,868)
Net cash provided by (used in) operating activities	2,210,359
Cash flows from investing activities	
Purchase of property, plant and equipment	(3,001,276)
Purchase of intangible assets	(42,345)
Purchase of investment securities	(3,403,920)
Proceeds from sales of investment securities	5,128,943
Purchase of investments in subsidiaries	(84,080)
Proceeds from liquidation of subsidiaries and affiliates	138,386
Interest and dividends income received	122,296
Others	(146,134)
Net cash provided by (used in) investing activities	(1,288,129)
Cash flows from financing activities	
Increase in short-term loans payable	16,679,440
Decrease in short-term loans payable	(16,997,796)
Proceeds from long-term loans payable	3,430,000
Repayment of long-term loans payable	(3,937,482)
Cash dividends paid	(610,276)
Interest expenses paid	(329,784)
Others	(66,555)
Net cash provided by (used in) financing activities	(1,832,453)
Effect of exchange rate change on cash and cash equivalents	740,890
Net increase (decrease) in cash and cash equivalents	(169,332)
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	15,515,164

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 third quarter ended September 2009 (January 1, 2009 – September 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	29,266,650	3,772,954	2,674,791	1,513,588	37,227,984	-	37,227,984
(2) Inter-segment sales and transfers	-	-	-	36,778	36,778	(36,778)	-
Total	29,266,650	3,772,954	2,674,791	1,550,366	37,264,763	(36,778)	37,227,984
Operating income	1,918,458	70,612	59,587	83,884	2,132,541	(-)	2,132,541

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 third quarter ended September 2009 (January 1, 2009 – September 30, 2009)

(Thousand yen)

	Japan	North America	Others	Total	Eliminations or Corporate	Consolidated
Net sales						
(1) Sales to external customers	29,743,597	6,959,666	524,720	37,227,984	-	37,227,984
(2) Inter-segment sales and transfers	61,385	-	-	61,385	(61,385)	-
Total	29,804,982	6,959,666	524,720	37,289,370	(61,385)	37,227,984
Operating income (loss)	1,984,050	266,048	(117,556)	2,132,541	(-)	2,132,541

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 third quarter ended September 2009 (January 1, 2009 – September 30, 2009)

(Thousand yen)

	North America	Others	Total
I Overseas sales	6,153,128	1,348,516	7,501,644
II Consolidated sales			37,227,984
III Share of overseas sales in total sales (%)	16.6%	3.6%	20.2%

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 third quarter ended September 2008 (January 1, 2008 – September 30, 2008)

Quarterly consolidated statements of income

	Third quarter ended September 2008 (January 1, 2008– September 30, 2008)
Account	Amount (Thousand yen)
I. Net sales	47,637,072
II. Cost of sales	33,847,423
Gross profit	13,789,649
III. Selling, general and administrative expenses	9,867,273
Operating income	3,922,376
IV. Non-operating income	
1. Interest income	251,066
2. Dividends income	44,270
3. Others	248,827
Total	544,163
V. Non-operating expenses	
1. Interest expenses	390,784
2. Others	19,182
Total	409,967
Ordinary income	4,056,571
VI. Extraordinary income	2,406
VII. Extraordinary loss	186,111
Income before income taxes and minority interests	3,872,866
Tax expense	1,776,076
Minority interests in income of consolidated subsidiaries	43,719
Net income	2,053,069