

February 1, 2007

Design and manufacturing of specialized machine and establishment of a maintenance subsidiary

Okaya & Co., Ltd. adopted a resolution to establish a manufacturing subsidiary in its Board of Directors meeting held on January 31, 2007.

The purpose of the new company is to contribute to the “manufacturing” such as the design and manufacture/remodeling/maintenance, etc. of machineries and equipment within Hokkaido, and will be established through the joint capital contribution of our affiliated company and a company based in Hokkaido with specialized technology. As a local enterprise, the new company will provide its services mainly to related industries and, as the ripple effects thereof, will establish a new commercial distribution/commercial right, thus aiming at the business expansion of our Hokkaido Branch Office.

The outline of the new company is as follows:

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| 1. Name | Okaya Iwai Hokkaido Co., Ltd. |
| 2. Address | 266-7, Yufutsu, Tomakomai, Hokkaido |
| 3. Capital | Yen 20 million |
| 4. Shareholders | 65% held by Okaya & Co., Ltd.
25% held by Iwai Okaya Machineries Co., Ltd.
10% held by Ryosho Engineering Company |
| 5. Establishment | March 1, 2007 (schedule) |
| 6. Representative | President, Tatsuichi Iwai (currently President of Iwai Okaya Machineries Co., Ltd.) |
| 7. Number of employees | 12 employees |
| 8. Business | Design and manufacturing/remodeling/maintenance of machineries and equipment |
| 9. Sales plan | Yen 400 million (fiscal year ending in February, 2011) |

<For reference 1> Outline of Iwai Okaya Machineries Co., Ltd.

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| Address: | 148-1, Oaza Uchikoshi Shimoyama, Miyoshi-cho, Nishikamo-gun, Aichi Prefecture |
| Establishment: | 1977 |
| Representative: | Tatsuichi Iwai (President) |
| Capital: | Yen 50 million (30% held by Okaya & Co., Ltd.) |
| Annual sales: | Yen 1,617 million (fiscal year ended in August, 2006) |
| Business: | Design and manufacture/remodeling/maintenance of machineries and equipment, and other businesses |

<For reference 2> Outline of Ryosho Engineering Co., Ltd.

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| Address | 1-4-1, Ashibetsu Chuo 5-jou, Ashibetsu-ku, Sapporo, Hokkaido |
| Establishment | 1988 |
| Representative | Hisashi Aoyanagi (President) |
| Capital | Yen 40 million |
| Annual sales | Yen 426 million (fiscal year ended in March, 2006) |
| Business | Assembly of power control panels, power distribution panels and monitoring panels, and other businesses |