

Okamura Corporation
ANNUAL REPORT 2003



okamura

Okamura makes the optimal ideal space a reality by providing design and consulting as well as a full, original lineup of leading products based on our extensive experience in work spaces and stores. By drawing on the synergies created by close cooperation between our business segments and a solutions-based marketing style, Okamura is leading the way in creating markets and in space design.

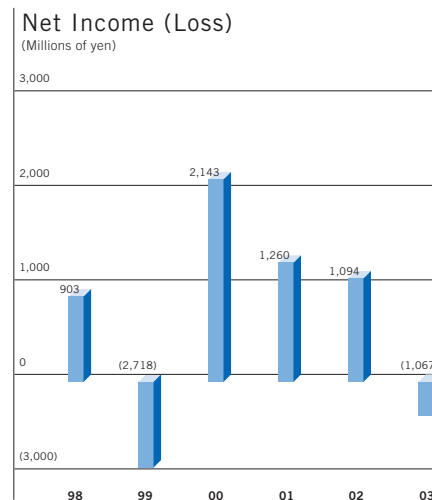
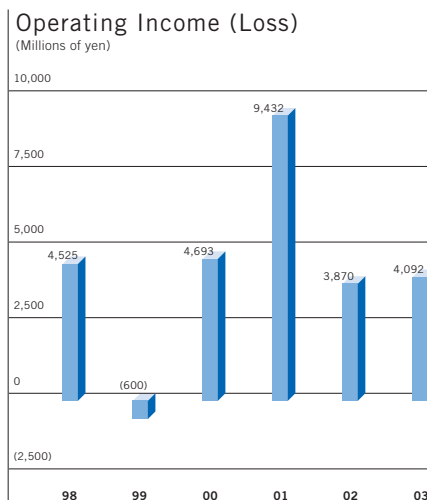
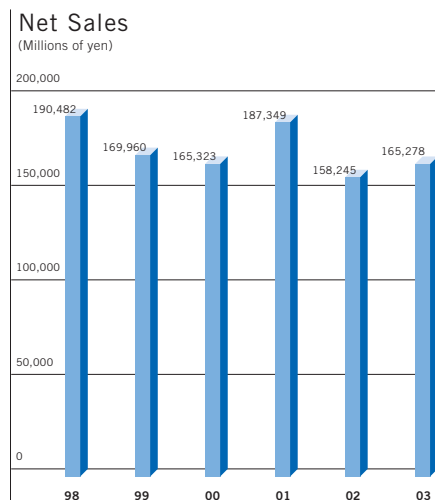


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Consolidated Financial Highlights

Years Ended March 31, 2001, 2002 and 2003	Millions of yen, except per share figures			Thousands of U.S. dollars, except per share figures
	2001	2002	2003	2003
Summary of Operations:				
Net sales	¥ 187,349	¥ 158,245	¥ 165,278	\$ 1,375,025
Operating income	9,432	3,870	4,092	34,043
Net income (loss)	1,260	1,094	(1,067)	(8,877)
Net income per share (loss)	¥ 10.19	¥ 9.74	¥ (9.50)	\$ (0.08)
Year-end Financial Position:				
Total assets	¥ 178,751	¥ 155,862	¥ 157,802	\$ 1,312,829
Total shareholders' equity	53,136	52,386	51,779	430,773
Equity ratio	29.73%	33.61%	32.81%	—
Interest-bearing debt	46,023	44,084	39,999	332,770
General:				
Capital expenditures	¥ 2,697	¥ 2,480	¥ 2,915	\$ 24,251
Depreciation and amortization	4,902	4,603	4,447	36,997
Dividends per share	¥ 4.00	¥ 5.00	¥ 5.00	\$ 0.04
Common Stock Prices:				
High	¥ 600	¥ 815	¥ 675	\$ 5.62
Low	235	506	372	3.09

U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥120.20=US\$1.



Message from the President



Kikuo Nakamura, President and CEO

The Okamura Group, guided by the keywords for corporate reform of “information technology (IT),” “globalization,” and “specialization,” develops innovative products for the office furniture, store display and material handling system markets, and continues to promote a solution-based sales structure from the perspective of the customer. We launched a number of new product lines during the fiscal year ended March 31, 2003 (hereinafter referred to as fiscal 2003), with the aim of providing comfortable and efficient spaces, helping to solidify our position as the leading manufacturer of office furniture and store displays in Japan. Also, as global environmental problems become increasingly severe, in accordance with growing social responsibilities we have taken steps to reduce the environmental burden of our products and services, contributing to the realization of a sustainable society.

Though current market conditions in Japan and around the world are far from ideal, we are looking ahead with creative ideas to develop new markets and enhance the Okamura brand. Okamura’s technology, design and quality are being widely recognized, and we are looking forward to further growth and development in the future.

June

Gold and Silver awards at best of NeoCon® 2002:

Best of NeoCon® 2002, the contract office furniture industry’s most prestigious design competition, was held in Chicago for three days in June.

The Emotion chair from the German company Sitag Sitzmöbel, with which Okamura holds a marketing contract, received a Gold award in the Executive Seating Category, while Jack, a conference and training table from U.S.-based izzydesign, jointly developed with Okamura, won a Silver award.



Market and Performance Overview

The Okamura Group achieved a number of successes during fiscal 2003. Though the market for our mainstay office furniture continues to be tight amid the overall sluggish economy in Japan, net sales increased 4.4% to ¥165,278 million, and operating income rose 5.7% to ¥4,092 million. Competition remains fierce and capital investment slow in this market, but through a combination of careful selection and concentration, cost reductions and targeted sales efforts we were able to continue to grow on an operating basis. In terms of profitability, extraordinary losses on devaluation and sale of securities resulted in a net loss for the fiscal year of ¥1,067 million.

Our financial position has also been strengthened through reductions in interest-bearing debt, falling ¥4,085 million from the previous fiscal year to ¥39,999 million. The total number of employees has also been reduced, by 48 to 3,444 persons.

Achievements and Challenges During Fiscal 2003

1. Cost reductions even more successful than anticipated

One of the most successful efforts made during fiscal 2003, and the one that would have the longest-lasting effect on our ability to maintain profit margins, was a wide-ranging series of cost reductions, realized from improved productivity, reduced purchasing costs and lower distribution costs.

Productivity in particular has been raised primarily by the introduction of the “cell” production method. The heart of this method is a flexible and adaptive workforce working on a production line that can be easily shifted to the products that are currently in demand. The resulting smaller lots and greater flexibility allow us to tailor production to match sales cycles and to support sales initiatives without costly switchover delays.

Inventory turnover has also been improved through the introduction of supply chain management (SCM). Careful selection of suppliers and overseas purchasing have helped to minimize purchasing costs, while concentration of delivery centers and more direct deliveries have pushed down distribution costs. As a result of these efforts, the actual reductions achieved exceeded the respective targets.

Aug.

Fiscal 2002 Annual Environmental Report published:

Okamura published its fourth environmental report in August, outlining the Okamura Group's environmental activities. The report details successes achieved by consistent and steady environmental management and awareness activities, including achievement of the fiscal 2001 environmental targets, and reports on the Group's environmental accounting and ecobalance measures.



Oct.

LOGIS-TECH TOKYO 2002 display: LOGIS-TECH TOKYO 2002, Asia's largest logistics trade show for international material handling, storage and distribution, was held from October 15 to 19 at Makuhari Messe (Nippon Convention Center). The theme of Okamura's display was “Solutions conceived with technology and value.” It offered visitors a look at such distribution system products as light rollers and rotary racks, and highlighted Okamura's ability to flexibly meet the needs of its clients.



2. Looking forward in the office furniture business

Sales in the office furniture business were down slightly as a result of the shrinkage of capital expenditures in the private sector as well as strong competition, particularly in business for large buildings in the new development areas of Tokyo. However, our strategy of the concentration of resources in Tokyo has allowed us to capture a fair share of these projects. This is partly a reflection of our strength in the Tokyo area, but is also an acknowledgment of Okamura's core strengths in design, total solution consulting and superior products. Though direct sales from the current boom are only a small percentage of our overall business, we expect that our key strengths will help us win a healthy share of the remaining market, and win much of the business generated by the ripple effect from this activity.

Interiors for public facilities were a particular source of growth during the fiscal year under review. Here again, our total solutions and extensive product lineup help set us apart. The declining birth rate in Japan is forcing communities into greater competition with each other to provide better standards of living, and one way they have of increasing their appeal is through renovations of schools, hospitals and other public facilities. We have been successful in offering complete solutions and services, along with a wide variety of creative ideas that allow communities more options. The public facilities sector is expected to continue to be an important source of sales growth in the fiscal year ending March 31, 2004 (hereinafter referred to as fiscal 2004).

A further boost to the office furniture business was the security business, which posted strong sales and healthy profits, as more private companies upgraded to sophisticated security systems. We expect greater sales of security products such as access control systems and surveillance camera equipment. The synergy with office furniture and store displays also helped expand business and solidify Okamura's position as a total solutions provider.



Oct.

Debut at ORGATEC 2002: Okamura made its debut at ORGATEC 2002, the biennial exhibition held in Köln, Germany, from October 22 to 26, 2002. Many visitors from around the world attended the show. Okamura's ergonomic mesh chair Contessa received particular attention.



3. Contessa as the ambassador of Japanese quality

In the fiscal year under review, we took the first steps toward extending our brand internationally. In October 2002, we introduced the “Contessa” series of ergonomic mesh chairs at the ORGATEC 2002 exhibition held in Köln (Cologne), Germany. Contessa was designed in collaboration with the respected Italian industrial design factory Giugiaro Design, and developed by Okamura. It is our first ever strategic product made in Japan to be launched internationally. We anticipate that its beautiful form, wide variety of colors and advanced features will make it one of the world’s most popular ergonomic mesh chairs. We will continue to aggressively develop our marketing activities toward the consumer and overseas markets.

4. Store displays business going strong

Store displays showed strong growth, as more customers looked to Okamura as the only manufacturer with a complete product range, including the product display shelving, and refrigerated and freezer showcases indispensable to store creation that responds to the varied needs of consumers. The store displays business also benefited from computer-aided design consulting, with Okamura’s short turnaround time, large capacity and extensive experience helping to solidify strong relationships with customers.

5. Material handling systems business continues to face challenges

The material handling systems business continued to suffer from slow capital investment, but was able to capitalize on its strengths in small and light packages, particularly for pharmaceuticals, foods and auto parts. The weak condition of the Japanese economy, however, has held back significant growth in this area.

Nov.

Display at bauma China 2002:

Okamura exhibited its torque converters at bauma China 2002, the international trade fair for construction machinery, building material machines, construction vehicles and equipment, held from November 5 to 8 at Shanghai New International Expo Centre in China. Many attendees visited the Okamura booth, and expressed admiration for the high level of Okamura’s technology.



Nov.

New Products Exhibition:

Okamura held its annual New Products Exhibition from November 13 to 15, at its Garden Court Showroom in the Hotel New Otani in Tokyo. In addition to desk systems and seating arrangements tailored to different work styles, Okamura also displayed many of its security products, emphasizing its strength in comprehensive solutions.



Opportunities in Fiscal 2004

Building on the foundations laid during fiscal 2003, we are looking ahead to opportunities that are now being presented in our key business areas. Though we anticipate a continuation of the tight market conditions and even greater competition, we expect to succeed in increasing sales and profits by targeting growth areas, reaping even further benefits from the cell production method and by reducing the cost of distribution and purchase of select components.

1. Keeping pace in a changing office furniture market

As much has been made of the ongoing urban renovation program in Tokyo and the accompanying construction of new office buildings, which is expected to continue into the first half of fiscal 2004, Okamura has concentrated resources toward this business, and has had some moderate success. The opportunity now lies with the ripple effect that will occur in connection with urban redevelopment projects. When companies shift offices to new locations it is a good opportunity to capitalize on replacement furniture, and it presents us with the chance to draw on our strengths in the solutions business, utilizing our facility management expertise acquired through many years of research and project management methods including the interior design and the physical moving. The consolidation of companies is another factor that is spurring office demand.

Okamura is expanding the lineup of products for public facilities, developing such specialized fixtures as moot courts for law schools, of which 72 new schools are expected to open nationwide in April 2004, and medical desk stations that incorporate spaces for doctors and patients to communicate and consult. We are also expanding our line of new style partition systems. In these fields as well, we are seeking to further expand our sales through creation of new demand and proposals for new work styles.

2. Expecting fast growth in the security business

One of Okamura's goals for fiscal 2004 is to build the fast-growing security business, which the Company first entered in September 2001, into a solid business pillar. To this end we

Nov.

International Furniture Fair Tokyo 2002:

Okamura's SOHO products were the focus of its display at the International Furniture Fair Tokyo (IFFT) 2002, an exhibition of new furniture and interior goods from around the world, held at Tokyo Big Sight (Tokyo International Exhibition Center) for three days in late November.

Okamura's new Pasoland Beans product, a stylish computer stand, was awarded a Silver at the IFFT 2002 Awards.



Dec.

Returnable transport packaging receives AsiaStar 2002 award:

Okamura's returnable packaging, a foldable, reusable package developed for use with its swivel chairs, was awarded an AsiaStar award, which recognizes excellence in packaging design or technology, at AsiaStar Contest 2002, sponsored by the Asian Packaging Federation (APF). This packaging also received a Japan Star Award (Chairman of Japan External Trade Organization Award), the most prestigious award for packaging in Japan.



are strengthening our sales and service networks, and have added such products to our lineup as waterproofing doors, access control systems and surveillance camera equipment.

3. Japan's changing retail scene offers room for growth

The store displays sector is one of Okamura's fastest growing business areas. With the rise of consumers demanding greater variety and choice, new stores are continually being opened in the so-called "category killers," especially drug stores and home centers. Another potential source of growth are supermarkets. More consumers want to shop in stores that offer pleasant and high-quality environments, and this has been the driving force behind stepped-up renovation efforts and new store openings in the industry. Taking advantage of this opportunity, we are fully utilizing our expertise in the consulting and comprehensive store creation capabilities that underpin our business performance, seeking to expand our sales in this business by further increasing combined orders for product shelving, as well as refrigerated and freezer showcases.

4. Bolstering material handling systems with specialization and expertise

In the material handling systems business, Okamura is strengthening its sales capability, giving a strategic focus to pharmaceuticals, food and automotive parts, fields that are expected to grow. To expand the number of sales channels, we will continue to work to expand and upgrade our dealer network.

Environmental Stewardship

Okamura's third medium-term environmental plan was completed at the end of fiscal 2003, and the fourth medium-term environmental plan began in April 2003. Our environmental management efforts have not only steadily achieved the targets we have set, but have also been highly praised by independent observers.

In June 2003, Okamura's Annual Environmental Report 2002 was awarded an Outstanding Performance Award at the Sixth Environmental Stewardship Awards. Under the ethos of providing highly transparent information disclosure, we will continue to further our environmental management.

Jan.

Okamura receives Japan "IT" Management Award: Okamura was presented with a Japan IT Management Award at the 2002 Information Technology Awards, sponsored by the Japan Institute of Office Automation. The award recognized Okamura's strategic IT activities, including introduction of a sales force automation (SFA) system, and the use of computer graphics software to create customer presentations.



Feb.

Display at Japan Drug Store Show:

Okamura's store display lineup was at the heart of its exhibit at the third annual Japan Drug Store Show, held from February 14 to 17 at Makuhari Messe (Nippon Convention Center). The exhibit featured a wide variety of products suited to the diversified nature of the drug store industry.



Corporate Governance

Okamura is taking several steps toward enhancing its corporate governance. We have revised several of our corporate regulations, and renewed our corporate ethics manual, moves aimed at enhancing transparency, ensuring compliance and increasing accountability in corporate operations during a period of dramatic shifts in the market. We will continually update, maintain and manage these measures to make them more effective, which will serve to increase management speed and allow for smooth implementation of strategy.

Though difficult conditions and fierce competition will most likely continue to be the norm for the market for each of our key segments (office furniture, store displays and material handling systems), we will continue to strive to build a management foundation that is not susceptible to changes in the operating environment, and through earnings-focused management and the practice of effective management, achieve stable growth.

Thank you for your continued support of Okamura.



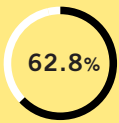
Kikuo Nakamura, President and CEO

March

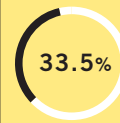
[Exhibits at Japan Shop, Supermarket Trade Show, and Security Show:](#) Okamura sponsored three displays during concurrent shows held at Tokyo Big Sight in early March. Gardening and clothing display fixtures for home centers were featured at Japan Shop 2003, entry control systems and other devices were displayed at Security Show 2003, while an array of produce and other merchandise showcases were presented at Supermarket Trade Show 2003. All three booths were linked with surveillance cameras in a demonstration of that technology.



OFFICE FURNITURE



STORE DISPLAYS



MATERIAL HANDLING SYSTEMS AND OTHERS



OFFICE FURNITURE
From general offices, reception areas and conference rooms to areas for relaxation, Okamura creates attractive spaces.



SECURITY SYSTEMS
For financial institutions, offices, logistic systems and retail spaces, Okamura provides systems that ensure safety and protect property.

ARCHITECTURAL PRODUCTS
Safe, soundproof and flame resistant, Okamura's partitions provide the flexibility to easily change floor layouts to meet a diverse range of architectural requirements.



SOHO-RELATED PRODUCTS
Understanding that the working style of SOHO needs to be free from the constraints of a fixed office layout, Okamura's designs allow workplaces that can easily change form.

MEDICAL AND RESEARCH FACILITIES
Okamura's expertise at combining functionality and comfort generates useful and original fixtures ideal for the unique needs of medicine and research.



CULTURAL AND EDUCATIONAL FACILITIES
From schools and libraries to community centers, theaters and museums, Okamura offers quality products and fixtures to fill the spaces in which people interact.

TELECOMMUNICATIONS SYSTEMS
Combining information technology with functional, attractive office design, Okamura provides solutions for today's multimedia offices.



STORE DISPLAYS
With a full product lineup and abundant know-how, Okamura offers total coordinated store development, crafting retail spaces with an emphasis on sensibility.



MATERIAL HANDLING SYSTEMS
Through mechatronics and computer control technologies, Okamura provides total material handling support that saves space, reduces labor yet boosts speed.

INDUSTRIAL MACHINERY
Developed through independent research, Okamura's products are used in industrial vehicles and construction equipment, with recognized results in a wide range of fields.



Office Furniture

The office furniture segment consists of Okamura's core product lines of office furniture, partitions and architectural products, furniture for public facilities and SOHO, as well as the Company's line of security products. Total solution support encompassing planning, design and facility management also increases Okamura's appeal as the coordinator for office relocations or renovations.



Market Overview

New orders acquired as a result of the construction of large-scale office buildings, the product of redevelopment projects in the Tokyo area, contributed to total sales during fiscal 2003, but a decline in repeat orders from major corporations, both domestic and foreign, led to an overall fall in sales. As a result, sales declined 3.2% from the previous fiscal year to ¥103,852 million (US\$ 863,994 thousand), and operating income fell 53.7% to ¥1,562 million (US\$12,995 thousand).

In the mainstay business of office furniture, Okamura introduced a variety of new products of superior design and quality, in line with its philosophy of creating the ideal workspace. The most notable of these was the "Contessa" series of ergonomic mesh chairs introduced at the ORGATEC 2002 exhibition held in Köln (Cologne), Germany in October 2002. Designed in collaboration with the respected Italian industrial design factory Giugiaro Design, Contessa will be the first product to be marketed internationally by Japanese office furniture manufacturers. The Neofit and Unitbase series of flexible workstations, and

Contessa
Ergonomic Mesh Chair (OFFICE)





the Feego series of office seating were also launched during the term, and the solution sales program was proactively developed, focusing on large-scale corporations.

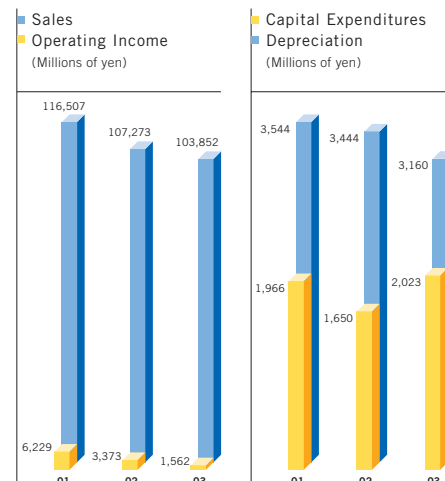
Greater incorporation of IT systems is currently a major issue for corporations and organizations. Okamura offers a complete line of products for the IT office, as well as total support for the network infrastructure during the move to a new location, from consulting to construction management.

Okamura also solidified its base in the specialized product field, for such public facilities as schools, libraries and medical institutions, as well as for public spaces such as, theaters, halls, airport lobbies and museums. The declining birth rate and aging population in Japan has prompted communities across the country to renovate schools and hospitals, and Okamura is gaining a bigger share of this market by providing total solutions. The public facilities sector is expected to continue to be an important source of sales growth in fiscal 2004.

A further boost to the Office Furniture segment was the security business, which made a strong contribution to sales and profitability as private companies and stores upgraded to more sophisticated security systems that incorporate access control systems and surveillance camera equipment. Sales were particularly strong for ATM booths and automated safe deposit boxes for financial institutions, waterproofing doors for buildings, and electromagnetic shield doors for hospitals and broadcast facilities. The synergy with office furniture and store displays helped grow the business and solidify Okamura's position as a total solutions provider.

OFFICE FURNITURE SEGMENT

	Millions of yen			Thousands of
	2002	2003	% of total	U.S. dollars
Sales	¥107,273	¥103,852	62.8	\$863,994
Operating income	3,373	1,562	38.2	12,995
Capital expenditures	1,650	2,023	69.4	16,830
Depreciation	3,444	3,160	71.1	26,290



Store Displays

The store displays segment consists of a full range of fixtures for the retail environment, including product display shelving, refrigerated and freezer showcases and retail counters. It also includes project management for stores, encompassing design, planning and construction. Okamura holds the top share of this market in Japan.



Market Overview

Demand for store displays recovered strongly during fiscal 2003, as many new stores were opened and renovations were conducted at existing stores. Okamura's position as the only display maker able to provide a complete product range, along with its consultative approach and experience with creating more attractive retail space helped fuel demand. As a result, sales for the segment increased 27.3% from the previous fiscal year to ¥55,399 million (US\$460,890 thousand), and operating income jumped by 270.6% to ¥2,957 million (US\$24,601 thousand).

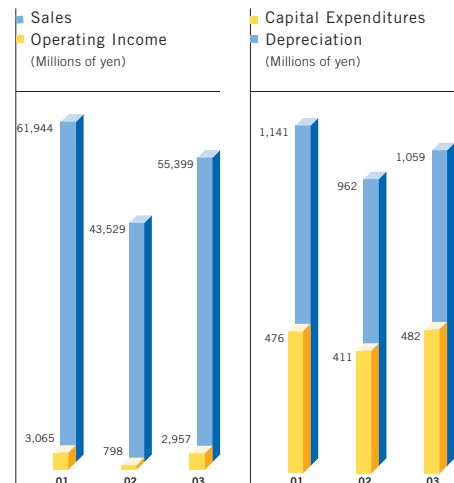
Okamura focused on cultivating new demand for displays from such specialty retailers as drug stores, home centers and 100-yen shops. The Company's line of refrigerated and freezer showcases sold particularly well, including both the conventional fresh food cases and products for specialty market needs such as drinks, medicines and photo film. The Fontana series remains especially popular for its superior design and low-energy use.

Supermarkets were another source of demand. There was strong demand for renovation of existing stores and many new stores were opened as a means to remain competitive and draw new customers. This trend toward upgrading of supermarkets is expected to continue.

The Company's strategy for this business segment is to leverage its strength as the sole manufacturer able to provide product display shelving and refrigerated and freezer showcases, as well as its success and experience with proposal-based marketing. The appearance of new store categories and the influx of foreign-owned retailers will provide solid opportunities for Okamura to further increase its market share.

STORE DISPLAYS SEGMENT

	Millions of yen			Thousands of U.S. dollars
	2002	2003	% of total	2003
Sales	¥43,529	¥55,399	33.5	\$460,890
Operating income	798	2,957	72.2	24,601
Capital expenditures	411	482	16.5	4,010
Depreciation	962	1,059	23.8	8,810



Material Handling Systems and Others

The material handling systems and others segment consists of storage system fixtures for factories and warehouses, logistics and automated warehousing systems, as well as hydraulic transmissions for industrial vehicles and construction equipment. It also includes support services such as real estate leasing and insurance.



Market Overview

Orders remained sluggish during fiscal 2003 due to the ongoing slump in capital investment in the private sector. As a result, sales for the segment declined 19.0% from the previous fiscal year to ¥6,027 million (US\$50,141 thousand). An operating loss of ¥427 million (US\$3,553 thousand) was recorded, following an operating loss in the previous fiscal year of ¥301 million.

The System Equipment Division focused on handling systems for retailers and businesses dealing with small packages, such as manufacturers and wholesale distributors of medical supplies, sundry goods and foods, as well as household appliances and automobile parts.

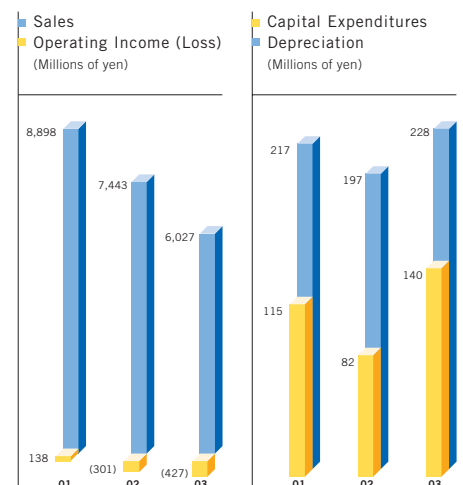
The Hydraulic Transmissions Division experienced slow orders for torque converters used in forklifts and bulldozers as a result of falling exports by industrial vehicle manufacturers.

Though orders for this segment were down in fiscal 2003, it remains a source of technological innovation, and a key component of the total solution packages offered by the office furniture and store displays segments, contributing to the overall sales of the Company.

Despite the slow market, Okamura will continue with its strategy to develop specialty products tailored to the unique needs of users, and work to reduce costs.

MATERIAL HANDLING SYSTEMS AND OTHERS SEGMENT

	Millions of yen			Thousands of U.S. dollars
	2002	2003	% of total	2003
Sales	¥ 7,443	¥ 6,027	3.7	\$ 50,141
Operating income (loss)	(301)	(427)	(10.4)	(3,553)
Capital expenditures	82	140	4.8	1,165
Depreciation	197	228	5.1	1,897



Research and Development



Okamura's research and development program encompasses each of its business areas, and being conducted from the standpoint of developing environmentally friendly products, contributes to the creation of functional, safe and comfortable spaces. R&D expenditures during the fiscal year under review amounted to ¥701 million.

Office Furniture

Responding to changing work styles, Okamura's R&D for office furniture is aimed at increasing the creativity and productivity of office workers, and conducted from the perspective of incorporating greater comfort, safety and security into the office environment.

Products for which research was conducted during the year under review include: Contessa, an ergonomic chair using mesh materials for the seat and back, and featuring an elegant design and flexible adjustments to suit a variety of work styles; Feego, office seating that can be adjusted to the posture of an individual worker, lessening fatigue and providing a comfortable place to sit; Profice Deux, a free-standing workstation that responds to a worker's need for comfort by

incorporating height-adjustable tabletops and transparent panels; Unitbase, an office system incorporating an assortment of tabletops that permit the design of a variety of spaces suitable as meeting spaces or individual workstations; and a remote control waterproofing door system that can be controlled remotely through a computer. R&D expenditures for this business segment totaled ¥578 million.

Store Displays

R&D conducted for store displays focused on original fixtures to improve the effectiveness of product presentation, shelving and displays for easier sanitary management, and better refrigerated and freezer showcases.

Products for which research was conducted during the year under review include: Sylphos, a display fixture for cosmetics that generates a dramatic effect with illumination from above and below; and a new line of the Fontana refrigerated and freezer showcases for pharmaceuticals and drinks. R&D expenditures for this business segment totaled ¥64 million.

Material Handling Systems and Others

R&D in this segment is concentrated on increasing productivity and distribution efficiency for the various types of storage and transport fixtures used in factories, warehouses and distribution centers, as well as on programs to control material handling systems.

The main area of research during the fiscal year was on peripheral products to further enhance the transport capabilities of low-cost, thin types of roller conveyers, Light Rollers that can be easily incorporated into existing systems. R&D expenditures for this business segment totaled ¥58 million.



Environmental Activities



Okamura is dedicated to the protection of the global environment and the establishment of a society committed to reduction, reuse and recycling. The environmental management system we have introduced has benefited production in the form of ISO 14001 certification for all our operations in Japan. Focusing attention on the importance of environmental responsibility throughout the Company has also led to green purchasing, environmental accounting and other environmentally oriented policies. It's our belief that a keen environmental awareness will ensure a healthier environment for today's generation, and for those that follow.

Office Products Using Fewer Chemicals

Chemicals released from construction and furniture materials are a major cause of "sick house syndrome," resulting in headaches and a number of other physical disorders in those that are continually exposed. We are helping to fight this condition by using fewer volatile organic compounds, such as toluene or xylene, in painting our products. At present, Okamura does not use organic compounds in 40% of the painting process, and is aiming to raise that percentage to 50% or more by fiscal 2005.

We have also reduced the amount of formaldehyde released from the surfaces of the wood in our products by more than two-thirds, in an effort to ensure healthier workplaces and homes.

Fourth Medium-Term Environmental Plan

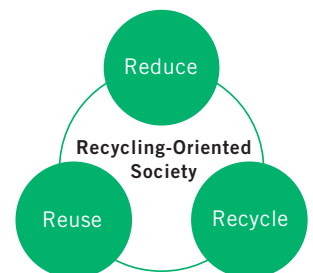
We launched our fourth medium-term environmental plan in fiscal 2004 (beginning April 1, 2003). Building on the successes achieved under the third plan, this revised plan includes ambitious targets for reducing emissions, conserving energy and further promoting environmental awareness throughout the Company. The plan, called GREEN WAVE 2010, will run through March 31, 2011. Further details and information can be found in Okamura's Environmental Report, published on our Web site.

Zero Emissions Effort

We consider the excess and leftover products generated at each production plant to be a recyclable resource rather than waste, and that creative use of these by-products is the key to achieving zero emissions. As of the end of fiscal 2003, four of Okamura's plants had achieved zero emissions for industrial waste, including general agents listed on the Pollutant Release and Transfer Register (PRTR). The remaining five production plants in Japan are also pursuing this goal, and all expect to achieve zero emission targets by fiscal 2006.



Returnable transport packaging



Board of Directors

President and CEO
Kikuo Nakamura



Kikuo Nakamura

Senior Managing Directors
Kazuyoshi Hisamatsu
Tatsuo Ozawa



Kazuyoshi Hisamatsu



Tatsuo Ozawa

Managing Directors
Masayuki Nakamura
Koichi Kurasaki



Masayuki Nakamura



Koichi Kurasaki

Directors
Masayuki Takashima
Mutsuo Hayashi
Kazuhiko Matsumura
Kunio Seki
Tsutomu Hirako
Hiroshi Makino
Shuichi Hosoya
Hideharu Sekino
Tamotsu Muroya
Kiyoshi Sato
Masaki Tsuchiya
Hiroshi Moriwake
Takao Musa
Takao Suzuki



Masayuki Takashima



Mutsuo Hayashi



Kazuhiko Matsumura



Kunio Seki



Tsutomu Hirako



Hiroshi Makino



Shuichi Hosoya



Hideharu Sekino



Tamotsu Muroya



Kiyoshi Sato

Standing Corporate Auditors
Masao Sakurai
Kiyoshi Noji

Corporate Auditors
Shohachi Oki
Kazunobu Katoh



Masaki Tsuchiya



Hiroshi Moriwake



Takao Musa



Takao Suzuki

(As of June 27, 2003)