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To Whom It May Concern

**Okamura Corporation**

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**Midterm Management Plan**

Guided by its watchwords for corporate management - information technology, internationalization, and specialization - our group engages in business activities grounded in a basic policy of building and strengthening a relationship of trust with society by constructing a stable management base, engaging in efficient, profit-oriented management, and demonstrating concern for the natural environment.

The Company will continue to strive at all times to create and open up new markets and to develop and grow as a solutions company that seeks to create comfortable environments. To this end, on November 16, 2004, we unveiled the Midterm Management Plan, which is to be achieved by the fiscal year ending in March 2007.

We hereby announce that we have revised the financial targets of the captioned plan to reflect how it has progressed since it was initiated, while we see no reason to reconsider the basic strategies for achieving them.

**1. Goals of the Midterm Management Plan**

The Company plans to grow its operating income by 1.3 times to ¥11.7 billion in two years through further development of its mainstay office furniture and store display businesses and so establish a more secure earnings base and stable growth through company-wide efforts.

In the final year of this Plan, the Company aims to achieve a ratio of operating income to sales of 5.5%, a ratio of ordinary income to sales of 5.7%, and a balance of interest-bearing debt of ¥28 billion.

Target indicators (Consolidated basis)

	FY March 2006	FY March 2007
Net sales	¥206 billion	¥215 billion
Operating income	¥10.5 billion	¥11.7 billion
Ordinary income	¥11.0 billion	¥12.2 billion
Net income	¥7.8 billion	¥6.8 billion
Return on equity (ROE)	11.6%	9.3%
Return on assets (ROA)	6.2%	6.7%

(Note) The net income for FY March 2006 includes an extraordinary income of ¥2.6 billion that is expected to arise from the return of the substitutional portion of the employees' pension funds.

## 2. Basic strategies for achieving the Midterm Management Goals

### (1) Office furniture

Given the stable supply of new large buildings in central areas in the city and an accompanying expectation of a steady growth in demand for office relocation, the Company will strive to increase orders for total solutions by offering new product lines suited to the diverse workstyles characteristic of the IT era and developing dynamic solutions-based selling. The Company will also develop active presentations with the concept "what an office will be like" based on pictures of new offices in the near future.

In local markets, in line with the overall trend of recovery, demand for office relocation is increasing, centering on regional hub cities. The Company aims to bolster sales in this sector as well, by developing its know-how for total solutions acquired through sales in the metropolitan area. In the market of educational, welfare and medical facilities, the Company will focus on new product development and the acquisition of new customers.

Following the release of "*Contessa*," a line of genuine ergonomic mesh chairs, which is steadily growing in overseas markets, the Company will launch "*Baron*" to strengthen its worldwide marketing activities.

In the security business, with the increasing concern about office security due to the enactment of the Personal Information Protection Law, the Company will strengthen its development and selling systems for office security products in addition to safe deposit box facilities for financial institutions.

### (2) Store display

The trend of consolidation and realignment in the distribution business is expected to accelerate. Accordingly, the demand for scrap-and-build in stores is anticipated to increase further. It is also forecasted that new retail store openings and demand for store renovation by companies "on the winning team" will continue in the future. The Company will therefore push ahead with customer-oriented sales activities in order to expand its sales and profits.

In the sector of supermarkets, in which the Company has a competitive advantage as the only manufacturer that offers a total solution, encompassing store display fixtures and refrigerated showcases, the Company aims to further enhance its ratio of orders for total solutions and expand sales by providing a wider range of office-related fixtures.

In the market for specialty stores such as drugstores, home centers, and 100-yen shops, where further expansion of new store openings is expected, the Company will develop original fixtures tailored to store characteristics and engage in dynamic proposal-based selling, as well as focusing on approaches to new business categories such as supercenters.

### (3) Material handling systems and others

The Company improved its results substantially and achieved profitability in this segment last fiscal year owing to its active pursuit of sales. In the future, the Company will target the pharmaceutical, wholesale of food products, automotive, transport and other growth sectors, aiming to expand sales and secure a stable income through the development of products and proposal of solutions tailored to the specific needs of each of these markets. The Company will also aim to double sales in the Chinese market to ¥1.5 billion by the end of FY March 2007 by reinforcing the organization of Shanghai Okamura Furniture and Logistic System Co., Ltd., which was founded in June 2004.

(4) Promotion of management efficiency

The Company will further advance the development of the Okamura Production System (OPS), a new method of production aimed at reducing manufacturing costs, by bringing it to Group companies.

The secondary development of the Supply Chain Management System (SCM) aiming at efficient production by improving the accuracy of forecast for demands has been achieving favorable results. The Company will aim to enhance inventory efficiency further by increasing the products which this system can manage.

In addition, the Company aims to reduce costs by ¥4 billion in the coming two years through plans such as increases in the overseas procurement of a range of materials, selection and concentration of suppliers, and the centralization of distribution centers.

(Reference)

Sales by Segment (Consolidated basis)

	FY March 2006	FY March 2007
Office furniture	¥124.5 billion	¥130.5 billion
Store display	¥70.5 billion	¥72.5 billion
Material handling systems and others	¥11.0 billion	¥12.0 billion
Total	¥206 billion	¥215 billion

Target Indicators (Non-consolidated basis)

	FY March 2006	FY March 2007
Net sales	¥203.5 billion	¥212.0 billion
Operating income	¥9.3 billion	¥10.5 billion
Ordinary income	¥9.8 billion	¥11.0 billion
Net income	¥6.9 billion	¥6.0 billion
Return on equity (ROE)	11.3%	9.1%
Return on assets (ROA)	6.2%	6.7%