

Financial Results for First Quarter of Fiscal Year Ending March 31, 2017 [Japanese GAAP] (Consolidated)



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Listing: Tokyo Stock Exchange

Okamura Corporation

Code Number: 7994

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Scheduled date for filing of quarterly report: August 10, 2016

Scheduled date for commencement of dividend payments: –

Preparation of supplementary materials to explain quarterly financial results: None

Scheduling of meeting to explain quarterly financial results: None

(Amounts less than 1 million yen have been rounded down.)

1. Consolidated Operating Results for First Quarter (April 1, 2016 to June 30, 2016) of FY Ending March 2017 (April 1, 2016 to March 31, 2017)

(1) Operating Results (cumulative)

(% Figures indicate year-over-year increase/decrease.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of FY ending March 2017	55,751	0.6	2,841	18.2	3,253	11.8	2,334	26.9
First quarter of FY ended March 2016	55,413	15.9	2,403	105.1	2,909	78.1	1,839	87.4

Note: Comprehensive income ¥457 million (-85.5%) for the first quarter of FY ending March 2017
 ¥3,160 million (69.9%) for the first quarter of FY ended March 2016

	Profit per share		Diluted profit per share	
	yen		yen	
First quarter of FY ending March 2017	21.19		–	
First quarter of FY ended March 2016	16.69		–	

(2) Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
First quarter of FY ending March 2017	210,780		107,403		50.7	
FY ended March 2016	217,485		108,491		49.7	

Reference: Total equity ¥106,894 million for the first quarter of FY ending March 2017
 ¥107,996 million for FY ended March 2016

2. Dividend

	Annual dividend				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	yen				
FY ended March 2016	–	10.00	–	14.00	24.00
FY ending March 2017	–				
FY ending March 2017 (forecast)		12.00	–	12.00	24.00

Note: Revision of the most recently released dividend forecasts: None

3. Forecast of Consolidated Performance for FY Ending March 2017 (April 1, 2016 to March 31, 2017)

(% Figures indicate year-over-year increase/decrease.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen	
2Q (cumulative)	115,000	2.6	4,800	4.9	5,100	0.6	3,400	5.3	30.86	
Full year	250,000	3.8	14,000	8.0	14,700	8.2	9,800	8.1	88.96	

Note: Revision of the most recently released performance forecasts: None

* Notes

(1) Changes in the number of material subsidiaries during the quarter under review (This indicates whether there have been changes in the number of specified subsidiaries involving changes in the scope of consolidation): None

New — company(ies) (—)
 Excluded — company(ies) (—)

(2) Adoption of a special accounting method applicable to the preparation of consolidated quarterly financial statements: None

(3) Changes in accounting policy or accounting estimates, or restatement

- ① Changes in accounting policy in accordance with revisions to accounting standards: None
- ② Changes other than those in ① above in accounting policy: None
- ③ Changes in accounting estimates: None
- ④ Restatement: None

(4) Number of shares of stock (common stock)

- ① Number of shares issued (including treasury stock) at the end of the term
- ② Number of shares of treasury stock at the end of the term
- ③ Average number of shares during the term (cumulative quarters)

1Q of FY ending March 2017	112,391,530	FY ended March 2016	112,391,530
1Q of FY ending March 2017	2,228,113	FY ended March 2016	2,227,159
1Q of FY ending March 2017	110,163,862	1Q of FY ended March 2016	110,162,513

* Indication of Implementation Status of Quarterly Review Procedures

- This quarterly Financial Results summary is not subject to the quarterly review procedures as provided for in the Financial Instruments and Exchange Act. The procedures for reviewing the Company's consolidated quarterly financial statements in accordance with the Financial Instruments and Exchange Act are yet to be completed at the time of publication of this quarterly Financial Results summary.

* Explanation of Appropriate Use of Performance Forecasts and Other Issues Requiring Particular Mention

- The performance forecasts and other forward-looking statements contained herein are based on the information available to the Company at the time, and contain certain assumptions that the Company considers to be reasonable. They are subject to diverse factors that may cause actual results of operations and other items to differ significantly from the statements and forecasts. For a description of the assumptions underlying the performance forecasts and the points to note when using the performance forecasts in this document, etc., please refer to (3) Explanation of the performance forecast in 1. Qualitative Information Concerning Consolidated Quarterly Financial Results on page 3 of the Appendix.

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1. Qualitative Information Concerning Consolidated Quarterly Financial Results

(1) Explanation of the progress in (consolidated) operating results

During the first quarter of the consolidated fiscal year under review, corporate earnings proved to be solid, and the employment situation showed improvement. The Japanese economy, however, remained unable to shake off a mood of uncertainty such as the possible negative influence upon corporate earnings due to a strong yen and weak stock prices caused by the U.K.'s decision to leave the European Union, and concerns about the slowdown in the economy of China and other countries.

Under these circumstances, the Okamura Group strove to develop new market potential, increase our market share in each of our business segments, and cultivate new customer bases by creating distinctive products and offering total solutions. The Group also endeavored to improve productivity and accelerate the cost reduction.

Performance results by segment are discussed below.

Segment name	Net sales (Millions of yen)			Segment income (loss) (Millions of yen)		
	First quarter of FY ended March 2016	First quarter of FY ending March 2017	Increase/decrease	First quarter of FY ended March 2016	First quarter of FY ending March 2017	Increase/decrease
Office Furniture	28,656	28,355	(301)	1,887	1,789	(97)
Store Displays	23,685	23,476	(208)	983	1,025	41
Others	3,071	3,919	848	(467)	27	494
Total	55,413	55,751	338	2,403	2,841	438

Note: The total of segment income (loss) corresponds to the operating income on Consolidated Statements of Income.

Office Furniture

In the Office Furniture segment, demand for office furniture remained strong as a result of a stable supply of large-scale office buildings, mainly in the center of Tokyo. Under these circumstances, the Company proactively made proposals on how to create a new office environment in response to work style innovation in offices and the growing interest in health. The Company also endeavored to engage in aggressive sales activities for companies with a strong performance and the furniture market for office-related facilities, including healthcare, R&D, school and library facilities, as well as municipal offices. Despite these efforts, however, both net sales and income decreased slightly year-over-year.

As a result, net sales in this segment amounted to ¥28,355 million (a year-over-year decrease of 1.1%), and the segment income amounted to ¥1,789 million (a year-over-year decrease of 5.2%).

Store Displays

In the Store Displays segment, demand for new store openings and the renovation of existing stores continued to be strong mainly among strongly performing retailers, such as a food supermarket, convenience store, and drugstore. Under these circumstances, by taking advantage of the Group's total strength in display fixtures, store carts, security products, and the like, the Company enhanced its capabilities to make proposals for one-stop total solutions. In addition, the Company focused on increasing its market share in refrigerated showcases and on cost reductions. The results of the above efforts increased income year-over-year while net sales remained at almost the same level.

As a result, net sales in this segment amounted to ¥23,476 million (a year-over-year decrease of 0.9%), and the segment income amounted to ¥1,025 million (a year-over-year increase of 4.2%).

Others (including Material Handling Systems business)

In the Materials Handling Systems segment, demand for large-scale logistics facilities remained strong, owing to increased Internet shopping business in the wholesale and retail industries. Under these circumstances, the Company focused its efforts on promising areas such as food, healthcare, and Internet shopping, and on increasing sales of automated warehousing equipment. It also strengthened collaboration with other segments and endeavored to engage in aggressive sales activities with maximum utilization of its solution-proposal capabilities and its products, which are distinguished by their superiority. The above efforts led to a considerable increase in net sales year-over-year and an improved income.

As a result, net sales in this segment amounted to ¥3,919 million (a year-over-year increase of 27.6%), and the segment income amounted to ¥27 million (versus a segment loss of ¥467 million in the same period of the previous fiscal year).

As a result of the above, during the first quarter of the consolidated fiscal year under review, the Company posted net sales of ¥55,751 million (a year-over-year increase of 0.6%), operating income of ¥2,841 million (a year-over-year increase of 18.2%), ordinary income of ¥3,253 million (a year-over-year increase of 11.8%), and profit attributable to owners of parent of ¥2,334 million.

million (a year-over-year increase of 26.9%). While net sales leveled off, gross profit margin improved due to the provision and solution-based selling of high-value-added products, resulting in an increase in profit.

(2) Explanation of the changes in (consolidated) financial position

The Company's consolidated financial position at the end of the first quarter of the fiscal year under review is as follows:

Total assets amounted to ¥210,780 million, down ¥6,705 million compared with the end of the previous consolidated fiscal year. Current assets decreased by ¥4,735 million, mainly because of an increase in cash and deposits and a decrease in notes and accounts receivable-trade, and noncurrent assets decreased by ¥1,969 million, mainly because of a decrease in investment securities.

Liabilities amounted to ¥103,376 million, down ¥5,617 million over the end of the previous fiscal year, mainly because of an increase in short-term loans payable and decreases in notes and accounts payable-trade as well as income taxes payable and provision for bonuses.

Net assets amounted to ¥107,403 million, down ¥1,087 million over the end of the previous fiscal year, mainly because of an increase in retained earnings and a decrease in valuation difference on available-for-sale securities. The equity ratio amounted to 50.7%, up 1.0 percentage point.

A review of cash flows for the first quarter of the current fiscal year is as follows:

Operating activities generated a net cash increase of ¥5,744 million (an increase of ¥6,962 million in the same period of the previous fiscal year), reflecting inflows including profit before income taxes for the quarter of ¥3,244 million, depreciation and amortization of ¥1,242 million, and a decrease in notes and accounts receivable-trade of ¥12,455 million. Outflows included a decrease in provision for bonuses of ¥2,954 million and decreases in notes and accounts payable-trade of ¥4,231 million and income taxes paid of ¥3,467 million.

Investment activities resulted in a net cash outflow of ¥1,359 million (versus a net cash outflow of ¥1,490 million in the same period of the previous fiscal year), reflecting outflows including disbursements of ¥732 million for the purchase of property, plant and equipment and ¥636 million for the purchase of investment securities.

Financing activities resulted in a net cash increase of ¥3,664 million (an increase of ¥2,911 million over the same period of the previous fiscal year), reflecting inflows including an increase in short-term loans payable of ¥5,274 million and outflows including cash dividends paid of ¥1,345 million.

Consequently, consolidated cash and cash equivalents at the end of the current fiscal year's first quarter increased by ¥7,924 million from the end of the previous fiscal year (an increase of ¥8,361 million in the same period of the previous fiscal year) to ¥35,472 million.

(3) Explanation of the performance forecast

The consolidated performance forecasts for the fiscal year ending March 2017 remain the same as those that were announced on May 11, 2016.

2. Summary Information (Notes)

- (1) Changes in the number of material subsidiaries during the quarter under review

Nothing in particular.

- (2) Adoption of a special accounting method applicable to the preparation of consolidated quarterly financial statements

Nothing in particular.

- (3) Changes in accounting policy or accounting estimates, or restatement

Nothing in particular.

- (4) Additional information

Effective from the first quarter of the consolidated fiscal year under review, the Company adopted the "Implementation Guidelines on the Recoverability of Deferred Tax Assets" (Implementation Guidance on Corporate Accounting Standard No. 26, March 28, 2016).

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheet

(Millions of yen)

	Previous fiscal year (As of March 31, 2016)	First quarter of the current fiscal year (As of June 30, 2016)
Assets		
Current assets		
Cash and deposits	28,933	36,759
Notes and accounts receivable-trade	66,318	53,863
Short-term investment securities	530	530
Merchandise and finished goods	9,191	10,144
Work in process	1,483	1,654
Raw materials and supplies	4,435	4,327
Other	4,327	3,213
Allowance for doubtful accounts	(189)	(196)
Total current assets	115,032	110,296
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	14,897	14,785
Land	24,151	24,151
Other, net	12,301	12,250
Total property, plant and equipment	51,350	51,187
Intangible assets		
Goodwill	176	124
Other	5,107	4,838
Total intangible assets	5,283	4,963
Investments and other assets		
Investment securities	32,095	30,387
Other	13,756	13,979
Allowance for doubtful accounts	(33)	(33)
Total investments and other assets	45,819	44,333
Total noncurrent assets	102,453	100,483
Total assets	217,485	210,780

(Millions of yen)

	Previous fiscal year (As of March 31, 2016)	First quarter of the current fiscal year (As of June 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	32,105	26,406
Electronically recorded obligations-operating	15,892	17,482
Short-term loans payable	6,066	11,321
Current portion of long-term loans payable	2,341	2,337
Current portion of bonds	–	5,000
Income taxes payable	3,720	136
Provision for bonuses	3,738	784
Other	5,560	6,169
Total current liabilities	69,425	69,637
Noncurrent liabilities		
Bonds payable	10,000	5,000
Long-term loans payable	6,041	5,865
Net defined benefit liability	15,861	16,140
Other	7,666	6,732
Total noncurrent liabilities	39,569	33,739
Total liabilities	108,994	103,376
Net assets		
Shareholders' equity		
Capital stock	18,670	18,670
Capital surplus	16,762	16,762
Retained earnings	65,392	66,182
Treasury stock	(2,415)	(2,417)
Total shareholders' equity	98,409	99,198
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,111	8,403
Foreign currency translation adjustment	302	121
Remeasurement of defined benefit plans	(826)	(828)
Total accumulated other comprehensive income	9,587	7,696
Non-controlling interests	494	508
Total net assets	108,491	107,403
Total liabilities and net assets	217,485	210,780

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income

Consolidated Quarterly Statements of Income
[First Quarter of Current Fiscal Year]

(Millions of yen)

	First quarter of FY ended March 2016 (From April 1, 2015 to June 30, 2015)	First quarter of FY ending March 2017 (From April 1, 2016 to June 30, 2016)
Net sales	55,413	55,751
Cost of sales	38,912	37,998
Gross profit	16,501	17,753
Selling, general and administrative expenses		
Packing and transportation expenses	2,399	2,528
Salaries and allowances	4,855	5,045
Provision for bonuses	422	456
Rent expenses	1,733	1,840
Other	4,686	5,040
Total selling, general and administrative expenses	14,097	14,911
Operating income	2,403	2,841
Non-operating income		
Interest income	5	5
Dividends income	247	258
Equity in earnings of affiliates	154	365
Other	217	144
Total non-operating income	625	773
Non-operating expenses		
Interest expenses	73	63
Foreign exchange losses	–	223
Other	45	75
Total non-operating expenses	118	362
Ordinary income	2,909	3,253
Extraordinary loss		
Loss on valuation of investment securities	–	9
Total extraordinary loss	–	9
Profit before income taxes	2,909	3,244
Income taxes-current	142	134
Income taxes-deferred	942	750
Total income taxes	1,084	885
Profit	1,825	2,358
Profit (loss) attributable to non-controlling interests	(13)	24
Profit attributable to owners of parent	1,839	2,334

Consolidated Quarterly Statements of Comprehensive Income
[First Quarter of Current Fiscal Year]

(Millions of yen)

	First quarter of FY ended March 2016 (From April 1, 2015 to June 30, 2015)	First quarter of FY ending March 2017 (From April 1, 2016 to June 30, 2016)
Profit	1,825	2,358
Other comprehensive income		
Valuation difference on available-for-sale securities	1,388	(1,695)
Foreign currency translation adjustment	(26)	(145)
Remeasurement of defined benefit plans, net of tax	(67)	(2)
Share of other comprehensive income of entities accounted for using equity method	40	(58)
Total other comprehensive income	1,334	(1,900)
Comprehensive income	3,160	457
Details:		
Comprehensive income attributable to owners of parent	3,173	443
Comprehensive income attributable to non- controlling interests	(13)	14

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	First quarter of FY ended March 2016 (From April 1, 2015 to June 30, 2015)	First quarter of FY ending March 2017 (From April 1, 2016 to June 30, 2016)
Net cash provided by (used in) operating activities		
Profit before income taxes	2,909	3,244
Depreciation and amortization	951	1,242
Equity in (earnings) losses of affiliates	(154)	(365)
Increase (decrease) in allowance for doubtful accounts	88	6
Increase (decrease) in provision for bonuses	(2,519)	(2,954)
Increase (decrease) in net defined benefit liability	90	204
Interest and dividends income	(253)	(263)
Interest expenses	73	63
Loss (gain) on valuation of investment securities	–	9
Decrease (increase) in notes and accounts receivable-trade	11,028	12,455
Decrease (increase) in inventories	(177)	(1,015)
Increase (decrease) in notes and accounts payable-trade	(3,390)	(4,231)
Increase (decrease) in accrued consumption taxes	(454)	(194)
Other, net	737	820
Subtotal	8,930	9,021
Interest and dividends income received	244	269
Interest expenses paid	(77)	(78)
Income taxes paid	(2,134)	(3,467)
Net cash provided by (used in) operating activities	6,962	5,744
Net cash provided by (used in) investing activities		
Payments into time deposits	(561)	(452)
Proceeds from withdrawal of time deposits	400	548
Purchase of property, plant and equipment	(832)	(732)
Purchase of intangible assets	(313)	(74)
Purchase of investment securities	(2)	(636)
Proceeds from sales and redemption of investment securities	1	190
Other, net	(181)	(201)
Net cash provided by (used in) investing activities	(1,490)	(1,359)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	3,716	5,274
Proceeds from long-term loans payable	300	–
Repayment of long-term loans payable	(223)	(171)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(793)	(1,345)
Other, net	(86)	(93)
Net cash provided by (used in) financing activities	2,911	3,664
Effect of exchange rate change on cash and cash equivalents	(22)	(124)
Net increase (decrease) in cash and cash equivalents	8,361	7,924
Cash and cash equivalents at the beginning of the fiscal year	22,808	27,547
Cash and cash equivalents at the end of the quarter term	31,169	35,472

(4) Notes regarding Consolidated Quarterly Financial Statements

Note regarding the assumption of going concern

There is no information that needs to be disclosed herein.

Note regarding occurrence of significant change in amount of shareholders' equity

There is no information that needs to be disclosed herein.

Segment information

First quarter of FY ended March 2016 (from April 1, 2015 to June 30, 2015)

Information concerning net sales and income or loss amounts by reportable segment

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustment	Amount recorded on Consolidated Quarterly Statements of Income (Note 2)
	Office Furniture	Store Displays	Total				
Net sales							
Net sales to external customers	28,656	23,685	52,342	3,071	55,413	–	55,413
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	28,656	23,685	52,342	3,071	55,413	–	55,413
Segment income (loss)	1,887	983	2,870	(467)	2,403	–	2,403

Notes: 1. The category "Others" aggregates those business segments that do not meet the definition of reportable segments, and includes Material Handling Systems, Industrial Machinery and Others.

2. The total of segment income (loss) corresponds to the operating income on Consolidated Quarterly Statements of Income.

First quarter of FY ending March 2017 (from April 1, 2016 to June 30, 2016)

Information concerning net sales and income or loss amounts by reportable segment

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustment	Amount recorded on Consolidated Quarterly Statements of Income (Note 2)
	Office Furniture	Store Displays	Total				
Net sales							
Net sales to external customers	28,355	23,476	51,832	3,919	55,751	–	55,751
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	28,355	23,476	51,832	3,919	55,751	–	55,751
Segment income	1,789	1,025	2,814	27	2,841	–	2,841

Notes: 1. The category "Others" aggregates those business segments that do not meet the definition of reportable segments, and includes Material Handling Systems, Industrial Machinery and Others.

2. The total of segment income corresponds to the operating income on Consolidated Quarterly Statements of Income.

Material subsequent events

There is no information that needs to be disclosed herein.