"CASH FLOW, ROE AND ROA ARE KEY MANAGEMENT BENCHMARKS."

CONTENTS

Five-Year Summary of Selected Financial Data

For the years ended March 31 (CONSOLIDATED)	Millions of yen				
	1996	1997	1998	1999	**2000**
Operations:					
Net sales	¥172,183	¥190,316	¥190,482	¥169,960	**¥165,323**
Cost of sales and SGA expenses	167,180	183,729	185,483	170,560	**160,630**
Operating income (loss)	5,003	6,587	4,999	(600)	**4,693**
Other income (expenses)	(2,328)	(2,943)	(2,269)	(1,550)	**(304)**
Income (loss) before income taxes	2,675	3,644	2,730	(2,150)	**4,389**
Income taxes and others	828	2,074	1,827	568	**2,246**
Net income (loss)	1,630	1,161	903	(2,718)	**2,143**
Financial Position:					
Current assets	90,936	112,657	99,590	90,374	**87,651**
Noncurrent assets	110,870	93,964	91,766	87,786	**84,519**
Total assets	201,806	206,621	191,356	178,160	**172,170**
Current liabilities	91,057	129,624	87,307	74,008	**61,176**
Long-term liabilities	47,831	12,616	39,009	42,361	**47,207**
Minority interests	2,902	3,310	3,690	3,787	**3,905**
Shareholders' equity	60,016	61,071	61,350	58,004	**59,882**
Total liabilities and shareholders' equity	201,806	206,621	191,356	178,160	**172,170**
Number of employees	—	—	—	—	**3,661**

"ALTHOUGH NET SALES DECLINED, GREATER EFFICIENCY AND COST-CUTTING MEASURES SUPPORTED A SUBSTANTIAL RECOVERY IN PROFITABILITY."

Operating Performance

For the fiscal year ended March 31, 2000, Okamura Corporation recorded consolidated net sales of ¥165,323 million, a year-on-year decline of 2.7%, reflecting weak domestic capital investment and consumer spending.

Net sales declined 1.8% in the mainstay furniture segment to ¥106,424 million, owing to stagnant office building construction nationwide, reformed construction material operations and a withdrawal from the system kitchen business. By region, sales increased in the Tokyo area but declined elsewhere. Demand was supported by office relocations and renovations related to IT investment, especially among financial institutions, foreign companies and the data communications sector.

Net sales decreased 4.7% in the store displays, industrial racks and shelving segment to ¥56,053 million. Weak sales to major supermarket chains resulting from restrained network investment, especially for large shopping centers, were offset by brisk expansion by drug stores, electronics retailers and home improvement centers. However, declines in warehousing and other system equipment led to lower sales for the segment.

Net sales were down 3.4% in the hydraulic transmissions segment to ¥2,329 million. In the others segment, net sales rose 21.1% to ¥517 million.

Okamura established an executive committee to raise profitability at the beginning of the fiscal year and took Company-wide measures to raise efficiency, including the withdrawal from its unprofitable system kitchen business and the streamlining of its construction materials business. The Company also reformed its manufacturing process and introduced supply chain management (SCM) at major plants. Consequently, cost of sales declined 7.2% and the gross profit margin improved 3.3 percentage points. Gross profit increased 9.2% to ¥50,991 million.

Cost-cutting measures succeeded in reducing selling, general and administrative (SG&A) expenses 2.1% to ¥46,298 million, reflecting lower personnel costs amid a freeze on new hiring and a review of office leasing and other expenses. Operating income rebounded sharply to ¥4,693 million, compared with an operating loss of ¥600 million in the previous fiscal year.

Other expenses, net, declined ¥1,246 million to ¥304 million. This included a gain on sale of property, plant and equipment of ¥2,479 million, reflecting the sale of idle land. Interest expense declined slightly, to ¥1,137 million, as the Company issued ¥3 billion in Euroyen bonds in May 1999 and repaid short-term borrowings, reflecting a financial policy of achieving a balance between direct and indirect financing, and short- and long-term debt. Other net expenses included a provision to the reserve for retirement benefits of ¥1,399 million and the establishment of a reserve for the retirement benefits of directors and corporate auditors of ¥408 million, reflecting prior-period service costs related to a change in accounting for pension liabilities.

Consequently, income before income taxes was ¥4,389 million, compared with a loss before income taxes of ¥2,150 million in the previous fiscal year, and net income was ¥2,143 million, compared with a net loss of ¥2,718 million.

Cash Flows and Financial Position

Total assets declined 3.5% to ¥172,170 million following a Company-wide review of assets and a focus on cash flows. Total current assets declined, as efforts to shorten the collection period resulted in a reduction in trade receivables of ¥5,246 million to ¥47,048 million, and the introduction of SCM cut inventories at end of year by ¥1,872 million to ¥13,796 million. Property, plant and equipment, less accumulated depreciation, declined ¥3,758 million to ¥54,712 million amid restrained capital investment.

Total current liabilities declined ¥12,832 million to ¥61,176 million, including the effects of a decline in trade payables owing to SCM and efforts to cut materials and outsourcing costs.

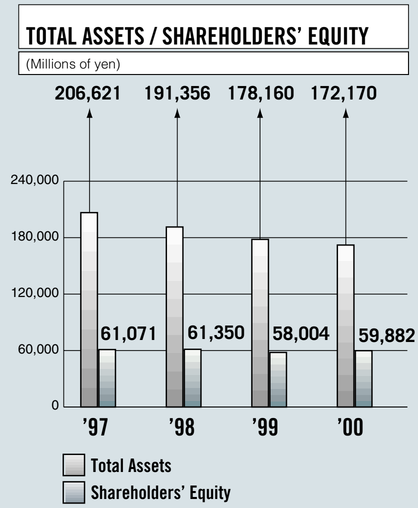
Interest-bearing debt declined ¥8,225 million to ¥49,093 million.

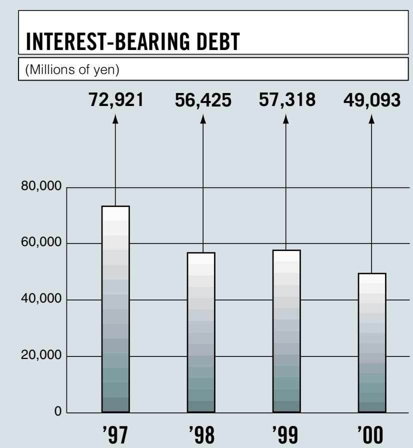
Net cash provided by operating activities was ¥12,407 million, reflecting growth in operating income and depreciation, improved receivable management and streamlined inventories.

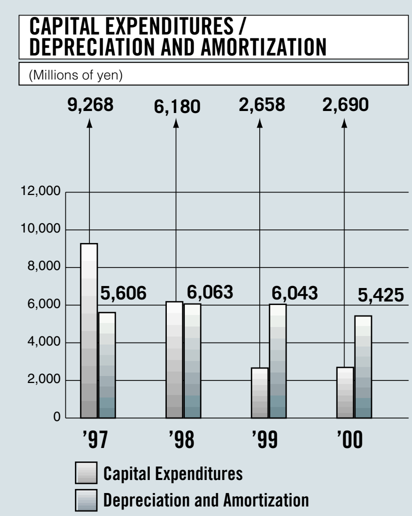
Net cash provided by investing activities was ¥183 million as result of the sale of idle real estate and investment securities.

Net cash used in financing activities was ¥8,626 million, as the Company used strong cash flow from operations to reduce interest-bearing debt.

In aggregate, cash and cash equivalents at end of year increased ¥3,953 million to ¥21,931 million.







Consolidated Statements of Operations

Years Ended March 31, 1999 and 2000

	Millions of yen		Thousands of U.S. dollars (Note 1 (1))
	1999	2000	2000
Net sales (Note 9)	¥169,960	**¥165,323**	**$1,557,447**
Cost of sales	123,284	**114,332**	**1,077,080**
Gross profit	46,676	**50,991**	**480,367**
Selling, general and administrative expenses	47,276	**46,298**	**436,156**
Operating income (loss) (Note 9)	(600)	**4,693**	**44,211**
Other income (expenses):			
Interest and dividend income	269	**281**	**2,647**
Interest expense	(1,140)	**(1,137)**	**(10,711)**
Loss on devaluation of investment securities	(1,356)	**(660)**	**(6,218)**
Gain on sale of property, plant and equipment	293	**2,479**	**23,354**
Loss on disposal of property, plant and equipment	(267)	**(423)**	**(3,985)**
Gain on sale of marketable securities and investment securities	77	**39**	**367**
Equity in earnings (loss) of affiliated companies	(43)	**61**	**575**
Other, net	617	**(944)**	**(8,893)**
	(1,550)	**(304)**	**(2,864)**
Income (Loss) before income taxes	(2,150)	**4,389**	**41,347**
Income taxes (Note 8)			
Current	444	**2,047**	**19,284**
Deferred	—	**73**	**688**
Income (Loss) before minority interests	(2,594)	**2,269**	**21,375**
Minority interests in net income of consolidated subsidiaries	(124)	**(126)**	**(1,187)**
Net income (loss)	¥ (2,718)	**¥ 2,143**	**$ 20,188**

	Yen		U.S. dollars (Note 1 (1))
	1999	2000	2000
Amounts per share of common stock:			
Net income (loss)	¥ (21.78)	**¥ 17.17**	**$ 0.16**
Cash dividends applicable to the year	5.00	**3.00**	**0.03**

See accompanying notes.

OKAMURA CORPORATION

Consolidated Balance Sheets

March 31, 1999 and 2000

ASSETS	Millions of yen 1999	Millions of yen 2000	Thousands of U.S. dollars (Note 1 (1)) 2000
Current assets:			
Cash	¥ 19,629	**¥ 23,808**	**$ 224,286**
Marketable securities (Note 7)	745	**694**	**6,538**
Trade receivables:			
Notes	12,330	**8,047**	**75,808**
Accounts	40,517	**39,354**	**370,739**
Allowance for doubtful accounts	(517)	**(317)**	**(2,986)**
Inventories (Note 3)	15,668	**13,796**	**129,967**
Deferred income taxes (Note 8)	—	**789**	**7,433**
Other current assets	2,002	**1,480**	**13,943**
Total current assets	90,374	**87,651**	**825,728**
Property, plant and equipment (Note 4)			
Land	20,375	**21,128**	**199,039**
Buildings	48,270	**47,741**	**449,750**
Machinery and equipment	55,027	**53,781**	**506,651**
Construction in progress	556	**20**	**188**
	124,228	**122,670**	**1,155,628**
Less accumulated depreciation	65,758	**67,958**	**640,207**
	58,470	**54,712**	**515,421**
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliated companies	1,069	**1,128**	**10,627**
Investment securities (Note 7)	18,856	**17,907**	**168,695**
Deferred income taxes (Note 8)	—	**1,566**	**14,753**
Other non-current assets	9,391	**9,206**	**86,726**
	29,316	**29,807**	**280,801**
	¥178,160	**¥172,170**	**$1,621,950**

See accompanying notes.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen 1999	Millions of yen 2000	Thousands of U.S. dollars (Note 1 (1)) 2000
Current liabilities:			
Short-term bank loans and long-term debt due within one year (Note 4)	¥ 25,675	**¥ 17,015**	**$ 160,292**
Trade payables:			
Notes	27,384	**20,379**	**191,983**
Accounts	16,164	**17,341**	**163,363**
Income taxes payable (Note 8)	288	**1,884**	**17,748**
Other current liabilities	4,497	**4,557**	**42,930**
Total current liabilities	74,008	**61,176**	**576,316**
Long-term debt (Note 4)	31,643	**32,078**	**302,195**
Retirement benefits	9,047	**11,155**	**105,087**
Deferred income taxes (Note 8)	—	**2,299**	**21,658**
Other long-term liabilities	1,671	**1,675**	**15,780**
Minority interests	3,787	**3,905**	**36,788**
Shareholders' equity (Note 5)**:**			
Common stock, par value ¥50 per share			
Authorized—200,000,000 shares			
Issued—124,791,530 shares	18,670	**18,670**	**175,883**
Additional paid-in capital	16,760	**16,760**	**157,890**
Retained earnings	22,574	**24,454**	**230,372**
Treasury stock, at cost	(0)	**(2)**	**(19)**
	58,004	**59,882**	**564,126**
	¥178,160	**¥172,170**	**$1,621,950**

Consolidated Statements of Shareholders' Equity

Years Ended March 31, 1999 and 2000

	Thousands of shares	Millions of yen		
	Shares of common stock	Common stock	Additional paid-in capital	Retained earnings
Balance at March 31, 1998	124,792	¥ 18,670	¥ 16,760	¥ 25,920
Net loss	—	—	—	(2,718)
Cash dividends paid (¥5.00 per share)	—	—	—	(624)
Decrease due to change in consolidated subsidiaries	—	—	—	(4)
Balance at March 31, 1999	124,792	18,670	16,760	22,574
Cumulative effect of adopting deferred income tax accounting	**—**	**—**	**—**	**111**
Net income	**—**	**—**	**—**	**2,143**
Cash dividends paid (¥3.00 per share)	**—**	**—**	**—**	**(374)**
Balance at March 31, 2000	**124,792**	**¥ 18,670**	**¥ 16,760**	**¥ 24,454**

	Thousands of U.S. dollars (Note 1 (1))		
	Common stock	Additional paid-in capital	Retained earnings
Balance at March 31, 1999	$175,883	$157,890	$212,661
Cumulative effect of adopting deferred income tax accounting	**—**	**—**	**1,046**
Net income	**—**	**—**	**20,188**
Cash dividends paid ($0.03 per share)	**—**	**—**	**(3,523)**
Balance at March 31, 2000	**$175,883**	**$157,890**	**$230,372**

See accompanying notes.

Consolidated Statements of Cash Flows

Year Ended March 31, 1999

	Millions of yen
	1999
Cash flows from operating activities:	
Net loss	¥ (2,718)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	6,043
Loss on devaluation of investment securities	1,356
Gain on sale of marketable securities and investment securities	(77)
Gain on sale of property, plant and equipment	(293)
Loss on disposal of property, plant and equipment	267
Decrease in notes and accounts receivable—trade	5,773
Decrease in inventories	3,473
Decrease in notes and accounts payable—trade	(9,059)
Decrease in income taxes payable	(570)
Decrease in retirement benefits	(218)
Increase in minority interests	97
Other	(291)
Net cash provided by operating activities	3,783
Cash flows from investing activities:	
Payments for purchase of property, plant and equipment	(3,705)
Proceeds from sale of property, plant and equipment	1,186
Payments for purchase of investment securities and marketable securities	(2,989)
Proceeds from sale of investment securities and marketable securities	2,947
Other	(425)
Net cash used in investing activities	(2,986)
Cash flows from financing activities:	
Proceeds from long-term debt	6,304
Payments of long-term debt	(184)
Decrease in short-term bank loans	(5,227)
Cash dividends paid	(624)
Net cash provided by financing activities	269
Net increase in cash	1,066
Cash at beginning of year	18,563
Cash at end of year	¥19,629
Supplemental disclosures of cash flow information	
Cash paid during the year for:	
Interest	¥ 1,068
Income taxes	1,074

See accompanying notes.

Consolidated Statements of Cash Flows

Year Ended March 31, 2000

	Millions of yen	Thousands of U.S. dollars (Note 1 (1))
	2000	2000
Cash flows from operating activities:		
Income before income taxes	¥ 4,389	$ 41,347
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,425	51,107
Loss on devaluation of investment securities	660	6,218
Gain on sale of investment securities	(39)	(367)
Gain on sale of property, plant and equipment	(2,479)	(23,354)
Loss on disposal of property, plant and equipment	423	3,985
Interest and dividends income	(282)	(2,657)
Interest expenses	1,137	10,711
Decrease in notes and accounts receivable—trade	5,446	51,305
Decrease in inventories	1,872	17,635
Decrease in notes and accounts payable—trade	(5,829)	(54,913)
Increase in retirement benefits	2,108	19,859
Other	801	7,546
Subtotal	13,632	128,422
Interest and dividends received	283	2,666
Interest expenses paid	(1,079)	(10,165)
Income taxes paid	(429)	(4,041)
Net cash provided by operating activities	12,407	116,882
Cash flows from investing activities:		
Payments for purchase of property, plant and equipment	(1,851)	(17,438)
Proceeds from sale of property, plant and equipment	2,629	24,767
Payments for purchase of investment securities and marketable securities	(398)	(3,749)
Proceeds from sale of investment securities and marketable securities	847	7,979
Other	(1,044)	(9,835)
Net cash provided by investing activities	183	1,724
Cash flows from financing activities:		
Proceeds from long-term debt	3,000	28,262
Payments of long-term debt	(2,525)	(23,787)
Decrease in short-term bank loans	(8,700)	(81,959)
Cash dividends paid	(399)	(3,759)
Other	(2)	(19)
Net cash used in financing activities	(8,626)	(81,262)
Effect of exchange rate changes on cash and cash equivalents	(11)	(104)
Net increase in cash and cash equivalents	3,953	37,240
Cash and cash equivalents at beginning of year	17,978	169,364
Cash and cash equivalents at end of year	¥21,931	$206,604

See accompanying notes.

Notes to Consolidated Financial Statements

March 31, 1999 and 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Basis of presenting financial statements

OKAMURA CORPORATION (the "Company"), a Japanese corporation, and its consolidated domestic subsidiaries maintain their accounts and records in conformity with accounting principles and practices generally accepted in Japan, which are different from the accounting and disclosure requirements of International Accounting Standards. The accounts of overseas consolidated subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles and practices prevailing in the respective countries of domicile.

The accompanying consolidated financial statements have been translated from the consolidated financial statements that are prepared for Japanese domestic purposes in accordance with the provisions of the Securities and Exchange Law of Japan and filed with the Ministry of Finance ("MOF") of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. The consolidated statement of cash flows for 1999 has been prepared for the purpose of inclusion in the consolidated financial statements although such statements were not customarily prepared in Japan and not required to be filed with MOF prior to 2000. Also, the consolidated statements of shareholders' equity have been prepared even though such statements were not customarily prepared in Japan and not required to be filed with the MOF.

The financial statements are stated in Japanese yen. The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of the reader, using the prevailing exchange rate at March 31, 2000, which was ¥106.15 to U.S.$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

(2) Consolidated statements of cash flows

In preparing the consolidated statement of cash flows for 2000, cash on hand, readily available deposits and short-term highly liquid investments with maturities of not exceeding three months at the time of purchase are considered to be cash and cash equivalents. The consolidated statement of cash flows for 1999 used cash instead of cash and cash equivalents.

The Company prepared the 2000 consolidated cash flow statement as required by and in accordance with the "Standards for Preparation of Consolidated Cash Flow Statements, etc." effective from the year ended March 31, 2000. The 1999 consolidated cash flow statement, which was voluntarily prepared for the purpose of inclusion in the consolidated financial statements in a form familiar to readers outside Japan, has not been restated. Significant differences in the consolidated cash flow statements for 2000 and 1999 include the use of pretax income in 2000 instead of net income in 1999, additional disclosure in cash flows from operating activities in 2000 of interest expense, income tax expense, interest and dividend income and interest and dividends received.

(3) Basis of consolidation and accounting for investments in affiliated companies

The consolidated financial statements comprise the accounts of the Company and its nine significant subsidiaries in 1999 and 2000. All significant intercompany accounts and transactions have been eliminated in the consolidation. Effective for the year ended March 31, 2000, all companies are required to consolidate all significant investees which are controlled through substantial ownership of majority voting rights or existence of certain conditions. Previously, only majority-owned companies were consolidated. There was no effect of applying this rule to the Company's consolidated financial statement.

The investments in affiliated companies are stated at their underlying equity value. Effective for the year ended March 31, 2000, all companies are required to account for investments in affiliated companies (all 20% to 50% owned and certain others 15% to 20% owned) by the equity method. Previously, only investments in companies (20% to 50% owned) whose financial, operational or business policies were significantly influenced by the Company were required to be accounted for by the equity method. There was no effect of applying this rule to the Company's consolidated financial statement. The excess of the cost over the underlying net assets of investments in consolidated subsidiaries and affiliated companies is amortized over a five-year period with the exception of minor differences which are charged or credited to income in the period of acquisition.

(4) Translation of foreign currencies

Short-term receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rate at the balance sheet date. Long-term receivables and payables denominated in foreign currencies are translated at historical exchange rates except for those hedged by forward exchange contracts. The bonds in foreign currencies are translated into Japanese yen at the contracted forward exchange rate.

The exchange differences in translating long-term payables at the historical rates and the contracted forward rates are recognized as income over the period from the date of forward exchange contract to the maturity date.

Financial statements of foreign operations are translated into Japanese yen at the current exchange rate at the balance sheet date. The resulting translation adjustments are reflected in the consolidated balance sheets as a part of "other non-current assets."

The financial statements of foreign subsidiaries are translated into yen on the basis of the year-end rates except that retained earnings are translated at historical rates.

(5) Marketable securities and investment securities

Both marketable and investment securities that have quoted market prices are stated at the lower of moving average cost or quoted market price. Other securities are stated at cost based on the moving average method adjusted for any substantial and non-recoverable decline in value.

(6) Inventories

Inventories are stated at cost, which is determined by the moving average method.

(7) Depreciation and amortization

Depreciation of property, plant and equipment is computed by the declining balance method at rates based on the useful lives prescribed by the Japanese tax regulations, except that the straight-line method is applied to buildings acquired after March 31, 1998.

Amortization of intangible assets and long-term prepaid expenses are computed by the straight-line method over periods prescribed by the Japanese Corporation Tax Law.

(8) Deferred charges

Research and development expenses including basic research and fundamental development costs, which are for the improvement of existing products or development of new products, are charged to income when paid. Bond issue expense is charged to income when bonds are issued.

(9) Bonuses

Bonuses to employees, which are paid semi-annually, are accrued based upon management's estimate of the amount thereof. Bonuses to directors and corporate auditors, which are subject to approval at the shareholders' meeting, are accounted for as an appropriation of retained earnings.

(10) Retirement benefits

Retirement benefits covering all employees are provided through two arrangements: an unfunded lump-sum benefit plan and a non-contributory funded pension plan. Upon retirement or termination of employment, employees are generally entitled to lump-sum or annuity payments based on their current rate of pay, length of service and cause of termination. The liability for retirement benefits is stated at full amount which would be required to be paid if all eligible employees voluntarily retired as of the balance sheet date less the estimated amount of the trusted pension assets.

Annual contributions for the funded pension plan, which consist of normal cost and amortization of the prior service costs over approximately 15 years, are charged to income when paid.

Retirement benefits to directors and corporate auditors, which are subject to approval at the shareholders' meeting, are charged to income when paid.

The Company and major consolidated subsidiaries also provided for retirement allowances for directors and corporate auditors determined based on their internal rules at the estimated amount to be paid if all directors and corporate auditors retired at the balance sheet date.

(11) Income taxes

The Company provided income taxes at the amounts currently payable for the year ended March 31, 1999. Effective April 1, 1999, the Company adopted a new accounting standard, which recognizes tax effects of temporary differences between the financial statement carrying amounts and the tax basis of assets and liabilities. Under the new accounting standard, the provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

The amount of deferred income taxes attributable to the net tax effects of the temporary differences at April 1, 1999 is reflected as an adjustment of ¥111 million ($1,046 thousand) to the retained earnings brought forward from the previous year. Prior years' financial statements have not been restated.

The effect for the year ended March 31, 2000 was to decrease net income by ¥73 million ($688 thousand) and to increase retained earnings by ¥32 million ($301 thousand).

(12) Amounts per share of common stock

Net income (loss) per share is computed based upon the weighted average number of shares of common stock outstanding during each year, exclusive of treasury shares.

The diluted net income per share of common stock is not presented, since the Company has not issued any securities with dilutive effect, such as bonds with warrants and convertible bonds in 1999 and 2000.

Cash dividends per share represent the actual amount declared as applicable to the respective years.

(13) Accounting for certain lease transactions

Finance leases which do not transfer the ownership of the leased assets to the lessee are accounted for in the same manner as operating leases.

(14) Reclassifications

Certain reclassifications have been made in the 1999 financial statements to conform to the presentation for 2000. These changes had no impact on previously reported results of operations or shareholders' equity.

2. ACCOUNTING CHANGES

(1) In the year ended March 31, 2000, the Company and consolidated subsidiaries changed the method of accounting for retirement benefits for directors and corporate auditors from cash basis to accrual basis to reflect periodic income and expenses more appropriately.

As a result of this change, income before income taxes for the year ended March 31, 2000 decreased by ¥451 million ($4,249 thousand).

(2) Effective April 1, 1999, the Company and consolidated subsidiaries changed the accounting policy for freight incurred for transporting finished products from one factory to another and included such freight in cost of sales. Previously, they were included in selling, general and administrative expenses. The change was made in order to more appropriately match revenue and costs in light of the fact that the Company and consolidated subsidiaries increased division of manufacturing processes among factories and this increased the ratio of freight incurred between factories to the cost of finished products. As a result of the change, gross profit decreased by ¥1,700 million ($16,015 thousand) and income before income taxes increased by ¥120 million ($1,130 thousand) in the year ended March 31, 2000 compared with those using the previous method.

3. INVENTORIES

Inventories at March 31, 1999 and 2000 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	**2000**	**2000**
Finished products	¥12,357	**¥11,013**	**$103,749**
Work-in-process	2,715	**1,207**	**11,371**
Raw materials and supplies	596	**1,576**	**14,847**
	¥15,668	**¥13,796**	**$129,967**

4. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans are represented by short-term notes, principally of 90 days' maturity, bearing interest at a weighted average year-end rate of 1.24% and 0.9% at March 31, 1999 and 2000, respectively.

Long-term debt at March 31, 1999 and 2000 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	**2000**	**2000**
Long-term bank loans principally 1.57%–4.60%, due through 2005	¥15,144	**¥12,619**	**$118,879**
3.0% unsecured bonds due 2003	3,000	**3,000**	**28,262**
2.79% unsecured bonds due 2002	2,000	**2,000**	**18,841**
2.80% unsecured bonds due 2004	4,000	**4,000**	**37,683**
2.67% Euro yen bonds due 2002	5,000	**5,000**	**47,103**
2.14% Euro yen bonds due 2002	—	**3,000**	**28,262**
Floating rate U.S. dollars guaranteed bonds due 2002	5,024	**5,024**	**47,329**
	34,168	**34,643**	**326,359**
Less amount due within one year	2,525	**2,565**	**24,164**
	¥31,643	**¥32,078**	**$302,195**

The parent company utilizes currency swap and interest rate swap agreements, in order to hedge foreign currency risks arising from U.S. dollar bonds and to fix floating interest rates thereon. The derivative transactions are solely made with highly rated financial institutions, and therefore, the parent company considers there are no credit risks.

Property, plant and equipment at cost less accumulated depreciation of ¥21,597 million ($203,457 thousand) was pledged as collateral for short-term bank loans and long-term debt at March 31, 2000.

The aggregate annual maturities of long-term debt at March 31, 2000 are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2001	¥ 2,565	$ 24,164
2002	12,494	117,701
2003	11,565	108,945
2004	4,019	37,866
2005	4,000	37,683
	¥34,643	$326,359

5. SHAREHOLDERS' EQUITY

Under the Japanese Commercial Code, the Company is required to appropriate as a legal reserve a portion of retained earnings equal to at least 10% of cash dividends and bonuses to directors and corporate auditors for each period until the reserve equals 25% of the amount of common stock. This reserve is not available for dividends, but may be used to reduce a deficit by resolution of a shareholders' meeting or may be capitalized by resolution of the Board of Directors.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Japanese Commercial Code.

6. INFORMATION FOR CERTAIN LEASES

Lease payments under finance leases, which are accounted for in the same manner as operating leases for the years ended March 31, 1999 and 2000, were ¥541 million and ¥602 million ($5,671 thousand), respectively. Future lease payments as of March 31, 2000 exclusive of interest under such leases were ¥1,612 million ($15,186 thousand), including ¥595 million ($5,605 thousand) due within one year.

7. MARKET VALUE INFORMATION OF SECURITIES

At March 31, 2000, book value, market value and unrealized gains of quoted securities were as follows:

	Millions of yen	Thousands of U.S. dollars
	2000	2000
Book value		
Current	¥ 400	$ 3,768
Non-current	17,634	166,123
Total	18,034	169,891
Market value		
Current	404	3,806
Non-current	22,496	211,926
Total	22,900	215,732
Net unrealized gains	¥ 4,866	$ 45,841

Disclosure of market value information of securities on a consolidated basis was not required for the year ended March 31, 1999.

8. INCOME TAXES

The Company and subsidiaries are subject to a number of taxes based on income, which in the aggregate, indicate statutory rates in Japan of approximately 48% and 42% for the years ended March 31, 1999 and 2000, respectively.

The following table summarizes the significant differences between the statutory tax rate and the Company's effective tax rate for financial statement purposes for the year ended March 31, 2000:

Statutory tax rate	42.0%
Non-taxable dividend income	(1.4)
Non-deductible expenses	4.7
Per capita inhabitant tax	2.0
Other	1.0
Effective tax rate	48.3%

Significant components of the Company's and subsidiaries' deferred income taxes as of March 31, 2000 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2000	2000
Deferred income taxes (current assets):		
Excess bonuses accrued	¥ 338	$ 3,184
Enterprise taxes	160	1,507
Valuation loss of finished products	96	905
Other	195	1,837
Net deferred income taxes (current assets)	¥ 789	$ 7,433
Deferred income taxes (long-term liabilities):		
Reserve for deferred income taxes	¥(4,438)	$(41,809)
Total deferred tax liabilities	(4,438)	(41,809)
Amount offset against deferred tax assets	2,139	20,151
Net deferred income taxes (long-term liabilities)	¥(2,299)	$(21,658)
Deferred income taxes (non-current assets):		
Retirement benefits	¥ 2,571	$ 24,221
Unrealized gross profits from sales of property, plant and equipment	769	7,244
Excess bad debt expenses	205	1,931
Other	160	1,508
Total deferred income taxes (non-current assets)	3,705	34,904
Amount offset against deferred tax liabilities	2,139	20,151
Net deferred income taxes (non-current assets)	¥ 1,566	$ 14,753

9. SEGMENT INFORMATION

The Company and its consolidated subsidiaries operate mainly in manufacturing and sale of furniture, store displays, industrial racks and shelving, hydraulic transmissions and others. Operations in the other business segment include the real estate business.

	Millions of yen		Thousands of U.S. dollars
	1999	2000	2000
Sales:			
Furniture	¥108,328	¥106,424	$1,002,581
Store displays, industrial racks and shelving	58,793	56,053	528,055
Hydraulic transmissions	2,412	2,329	21,941
Others	427	517	4,870
Consolidated	¥169,960	¥165,323	$1,557,447
Operating expenses:			
Furniture	¥109,819	¥103,689	$ 976,816
Store displays, industrial racks and shelving	57,744	53,934	508,093
Hydraulic transmissions	2,519	2,268	21,366
Others	249	487	4,587
	170,331	160,378	1,510,862
Corporate	229	252	2,374
Consolidated	¥170,560	¥160,630	$1,513,236
Operating income (loss):			
Furniture	¥ (1,491)	¥ 2,735	$ 25,765
Store displays, industrial racks and shelving	1,049	2,119	19,962
Hydraulic transmissions	(107)	61	575
Others	178	30	283
	(371)	4,945	46,585
Elimination	(229)	(252)	(2,374)
Consolidated	¥ (600)	¥ 4,693	$ 44,211
Identifiable assets:			
Furniture	¥ 96,220	¥ 84,576	$ 796,759
Store displays, industrial racks and shelving	43,470	39,402	371,192
Hydraulic transmissions	2,714	1,677	15,798
Others	139	188	1,771
	142,543	125,843	1,185,520
Corporate assets	35,617	46,327	436,430
Consolidated	¥178,160	¥172,170	$1,621,950
Depreciation:			
Furniture	¥4,014	¥3,877	$36,524
Store displays, industrial racks and shelving	1,888	1,431	13,481
Hydraulic transmissions	141	117	1,102
Others	0	0	0
Consolidated	¥6,043	¥5,425	$51,107
Capital expenditures:			
Furniture	¥1,236	¥1,043	$ 9,826
Store displays, industrial racks and shelving	774	471	4,437
Hydraulic transmissions	200	27	254
Others	—	—	—
	2,210	1,541	14,517
Corporate	448	1,149	10,824
Consolidated	¥2,658	¥2,690	$25,341

Geographic segment information was not shown since aggregate sales of overseas consolidated subsidiaries were less than 10% of the consolidated net sales for the years ended March 31, 1999 and 2000 and assets of overseas consolidated subsidiaries were less than 10% of the consolidated assets at March 31, 1999 and 2000.

Overseas sales was not shown, since overseas sales were less than 10% of the Company's consolidated net sales for the years ended March 31, 1999 and 2000.

10. SUBSEQUENT EVENT

At the annual general meeting held on June 29, 2000, the Company's shareholders approved the appropriations of retained earnings at March 31, 2000 as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥1.50 ($0.014) per share	¥187	$1,762

Report of Independent Public Accountants

To the Shareholders and the Board of Directors
of OKAMURA CORPORATION:

We have audited the accompanying consolidated balance sheets of OKAMURA CORPORATION (a Japanese corporation) and subsidiaries as of March 31, 1999 and 2000, and the related consolidated statements of operations, shareholders' equity and cash flows for the years then ended, all expressed in Japanese yen. Our audits were made in accordance with generally accepted auditing standards in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of OKAMURA CORPORATION and subsidiaries as of March 31, 1999 and 2000, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan applied on a consistent basis during the periods, except as noted in the following paragraph.

As explained in Notes 1 (3) and 1 (11), in the year ended March 31, 2000, OKAMURA CORPORATION and subsidiaries prospectively adopted new Japanese accounting standards for consolidation and equity method accounting and income taxes. Also, OKAMURA CORPORATION and subsidiaries changed the methods of accounting for retirement benefits and freight, effective April 1, 1999, as referred to in Note 2, with which we concur.

Also, in our opinion, the U.S. dollar amounts in the accompanying consolidated financial statements have been translated from Japanese yen on the basis set forth in Note 1 (1).

Asahi & Co.

Yokohama, Japan
June 29, 2000

Statement on Accounting Principles and Auditing Standards

This statement is to remind users that accounting principles and auditing standards and their application in practice may vary among nations and therefore could affect, possibly materially, the reported financial position and results of operations. The accompanying consolidated financial statements are prepared based on accounting principles generally accepted in Japan, and the auditing standards and their application in practice are those generally accepted in Japan. Accordingly, the accompanying consolidated financial statements and the auditors' report presented above are for users familiar with Japanese accounting principles, auditing standards and their application in practice.

INTERNATIONAL COLLABORATION

Technical Tie-ups

L.A. Darling Company, U.S.A. - Store display fixtures
Ermanco Inc., U.S.A. - XenoROL conveyors
Haworth Inc., U.S.A. - Panel Systems
Howe Furniture Corp., U.S.A. - Tables
Hüppe Form Raumtrennsystems GmbH, Germany - Ferro-Wall (sliding partitions)
Jayson Concepts Inc.,U.S.A. - Vertique Storage System
Martela Oy, Finland - Seating
O.C.S., Sweden - Overhead conveyor system
Pro-cord S.p.A. (Piretti), Italy - Seating
Tyler Refrigeration Corp., U.S.A. - Refrigerated showcases
wiesner hager Möbel GmbH, Austria - Public seating

Technology Exports

Siam Steel International Public Co.,Ltd., Thailand - Office storage units, low partitions
U-BIX Corporaiton, the Philippines - N-8 low partitions

Sales Tie-ups

Arrben snc., Italy - Seating
Gruppo Industriale Busnelli s.p.a., Italy - Seating
Ateliers Reunis Caddie S.A., France - Caddie shopping trolley
CIL International Ltd., England - Store display systems
Comforto Systems S.A., Germany - Seating
DESTRO S.P.A., Italy - Theater seating
Fora Form, Norway - System tables
Fisher Hamilton Scientific Inc., U.S.A. - Laboratory furniture
JEKA industriële efficiency bv, the Netherlands - Picking systems
A/S Modulex, Denmark - Sign systems
Newell International, U.S.A. - Computer accessories
Plastics Research Corp., U.S.A. - Power Shelf display furnishings
SMED International Inc., Canada - Kyo office furniture
Sebel Furniture Ltd., Australia - Public furniture
WOGG A.G., Switzerland - Folding tables
Axmann Fördertechnik GmbH, Germany - Cross belt sorter

CORPORATE DATA

Executive Office

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Yokohama 220-0004, Japan
Telephone: (045) 319-3401
Facsimile: (045) 319-3515
http://www.okamura.co.jp/

Registered Head Office

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Tokyo Office

Kokusai Shin-Akasaka Bldg. West
6-1-20, Akasaka, Minato-ku, Tokyo 107-0052, Japan
Telephone: (03) 5561-4085
Facsimile: (03) 5561-4086

Establishment

1945

Number of Shares of Common Stock

Authorized: 200,000,000
Issued: 124,791,530

Stock Exchange Listing

Tokyo, Osaka

Paid-in Capital

¥18,670 million

Number of Shareholders

7,994

Number of Employees

2,781 (As of March 31, 2000)

Significant Subsidiaries

Kansai Okamura Manufacturing Co., Ltd.
NS Okamura Corporation
Okamura Logistics Corporation
Okamura Estate Corporation
Okamura International (Singapore) Pte Ltd.
Okamura Business Support Corporation
FM Solution Corporation
DIA Steel Furniture Corporation
Okamura Support and Service Corporation
HILL INTERNATIONAL INC.

Principal Affiliates

JT Okamura Corporation
Siam Okamura Steel Co., Ltd.
Siam Okamura International Co., Ltd.
Asahi Sofu Corporation
SEIWA BUSINESS Corporation

(As of June 29, 2000)

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