OKAMURA CORPORATION
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2009 AND 2010

ASSETS	Millions of yen 2009	Millions of yen 2010	Thousands of U.S. dollars (Note 1(1)) 2010
Current assets:			
Cash (Notes 3 and 5)	¥ 19,489	¥ 23,720	$ 254,944
Marketable securities (Notes 5 and 6)	173	123	1,322
Trade receivables: (Note 5)			
Notes	9,094	6,681	71,808
Accounts	38,507	36,398	391,208
Allowance for doubtful accounts	(82)	(47)	(505)
Inventories (Note 4)	15,789	11,522	123,839
Deferred income taxes (Note 11)	1,238	957	10,286
Other current assets	1,577	1,382	14,854
Total current assets	85,785	80,736	867,756
Property, plant and equipment (Note 8):			
Land	22,771	22,562	242,498
Buildings and structures	54,446	54,523	586,017
Machinery and equipment	65,409	65,160	700,344
Construction in progress	49	34	365
	142,675	142,279	1,529,224
Less accumulated depreciation	91,585	94,489	1,015,574
	51,090	47,790	513,650
Investments and other assets:			
Good will	1,783	1,527	16,412
Investments in affiliated companies	1,267	1,329	14,284
Investment securities (Notes 5 and 6)	14,854	17,647	189,671
Deferred income taxes (Note 11)	2,165	1,614	17,348
Other non-current assets (Note 10)	10,950	9,780	105,116
	31,019	31,897	342,831
	¥ 167,894	¥ 160,423	$ 1,724,237

See accompanying notes.

LIABILITIES AND NET ASSETS	Millions of yen 2009	2010	Thousands of U.S. dollars (Note 1(1)) 2010
Current liabilities:			
Short-term bank loans (Notes 5 and 9)	¥ 9,879	¥ 9,820	$ 105,546
Long-term debt due within one year (Notes 5 and 9)	6,674	7,356	79,063
Trade payables: (Note 5)			
Notes	10,482	7,342	78,912
Accounts	26,950	22,188	238,478
Income taxes payable	794	660	7,094
Other current liabilities	4,592	4,028	43,293
Total current liabilities	59,371	51,394	552,386
Long-term debt (Notes 5 and 9)	15,639	13,734	147,614
Employees' severance and retirement benefits (Note 10)	11,711	12,053	129,546
Deferred income taxes (Note 11)	669	1,593	17,122
Other long-term liabilities	3,565	3,354	36,049
Net Assets: (Note 12)			
Common stock			
Authorized 400,000,000 shares			
Issued 112,391,530 shares	18,670	18,670	200,666
Capital surplus	16,760	16,760	180,138
Retained earnings	42,547	42,127	452,784
Treasury stock, at cost (2,133,951 shares in 2009 and 2,148,354 shares in 2010)	(2,355)	(2,362)	(25,387)
Net unrealized holding gains on securities	1,058	2,812	30,224
Foreign currency translation adjustments	(345)	(298)	(3,203)
Minority interests	604	586	6,298
Total net assets	76,939	78,295	841,520
	¥ 167,894	¥ 160,423	$ 1,724,237

OKAMURA CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED MARCH 31, 2009 AND 2010

	Millions of yen		Thousands of U.S. dollars (Note 1(1))
	2009	2010	2010
Net sales (Note 14)	¥ 190,108	¥ 161,224	$ 1,732,846
Cost of sales	131,782	111,481	1,198,205
Gross profit	58,326	49,743	534,641
Selling, general and administrative expenses	53,871	48,386	520,056
Operating income (Note 14)	4,455	1,357	14,585
Other income (expenses):			
Interest and dividend income	479	342	3,676
Interest expenses	(508)	(625)	(6,718)
Loss on devaluation of investment securities	(429)	(98)	(1,053)
Gain on sale of investment securities, net (Note 6)	71	367	3,945
Loss on disposal of property, plant and equipment	(153)	(107)	(1,150)
Equity in income of affiliated companies, net	98	43	462
Reversal of reserve for bonuses due to change of wage system	639	-	-
Refund on cancellation of insurance	457	-	-
Government grant	-	239	2,569
Other, net	360	465	4,998
	1,014	626	6,729
Income before income taxes	5,469	1,983	21,314
Income taxes (Note 11):			
Current	1,765	904	9,716
Deferred	502	552	5,933
Income before minority interests	3,202	527	5,665
Minority interests in net income of consolidated subsidiaries	(91)	(18)	(193)
Net income	¥ 3,293	¥ 545	$ 5,858

	Yen		U.S. dollars (Note 1(1))
	2009	2010	2010
Amounts per share of common stock (Note 1(14)):			
Net income	¥ 29.87	¥ 4.95	$ 0.05
Cash dividends applicable to the year	12.50	7.50	0.08

See accompanying notes.

OKAMURA CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED MARCH 31, 2009 AND 2010

	Thousands of shares	Millions of yen							
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains on securities	Foreign currency translation adjustments	Minority interests	Total net assets
Balance at March 31, 2008	112,392	¥ 18,670	¥ 16,760	¥ 40,910	¥ (2,333)	¥ 5,262	¥ 66	¥ 3,786	¥ 83,121
Net income	-	-	-	3,293	-	-	-	-	3,293
Cash dividends paid (¥15.0 per share)	-	-	-	(1,656)	-	-	-	-	(1,656)
Acquisition of treasury stock	-	-	-	-	(22)	-	-	-	(22)
Net changes during the year	-	-	-	-	-	(4,204)	(411)	(3,182)	(7,797)
Balance at March 31, 2009	112,392	18,670	16,760	42,547	(2,355)	1,058	(345)	604	76,939
Net income	-	-	-	545	-	-	-	-	545
Cash dividends paid (¥8.75 per share)	-	-	-	(965)	-	-	-	-	(965)
Acquisition of treasury stock	-	-	-	-	(7)	-	-	-	(7)
Net changes during the year	-	-	-	-	-	1,754	47	(18)	1,783
Balance at March 31, 2010	112,392	¥ 18,670	¥ 16,760	¥ 42,127	¥ (2,362)	¥ 2,812	¥ (298)	¥ 586	¥ 78,295

	Thousands of U.S. dollars (Note 1(1))							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains on securities	Foreign currency translation adjustments	Minority interests	Total net assets
Balance at March 31, 2009	$ 200,666	$ 180,138	$ 457,298	$ (25,312)	$ 11,372	$ (3,708)	$ 6,491	$ 826,945
Net income	-	-	5,858	-	-	-	-	5,858
Cash dividends paid ($0.09 per share)	-	-	(10,372)	-	-	-	-	(10,372)
Acquisition of treasury stock	-	-	-	(75)	-	-	-	(75)
Net changes during the year	-	-	-	-	18,852	505	(193)	19,164
Balance at March 31, 2010	$ 200,666	$ 180,138	$ 452,784	$ (25,387)	$ 30,224	$ (3,203)	$ 6,298	$ 841,520

See accompanying notes.

OKAMURA CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2009 AND 2010

	Millions of yen		Thousands of U.S. dollars (Note 1(1))
	2009	2010	2010
Cash flows from operating activities:			
Income before income taxes	¥ 5,469	¥ 1,983	$ 21,314
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	6,107	5,450	58,577
Loss on devaluation of investment securities	429	98	1,053
Gain on sale of investment securities, net	(71)	(367)	(3,945)
(Gain) Loss on sale of property, plant and equipment	(4)	59	634
Loss on sale or disposal of property, plant and equipment	153	107	1,150
Interest and dividends income	(479)	(342)	(3,676)
Interest expenses	508	625	6,718
Decrease in notes and accounts receivable-trade	11,057	4,522	48,603
Decrease in inventories	1,143	4,267	45,862
Decrease in notes and accounts payable-trade	(10,005)	(7,726)	(83,040)
Decrease in employees' severance and retirement benefits	251	342	3,676
Other, net	(3,057)	(666)	(7,158)
Subtotal	11,501	8,352	89,768
Interest and dividends received	514	364	3,912
Interest expenses paid	(491)	(609)	(6,546)
Income taxes paid	(3,511)	(821)	(8,824)
Net cash provided by operating activities	8,013	7,286	78,310
Cash flows from investing activities:			
Payments for purchase of property, plant and equipment	(6,041)	(1,921)	(20,647)
Proceeds from sale of property, plant and equipment	15	178	1,913
Payments for purchase of investment securities	(1,948)	(546)	(5,868)
Proceeds from sale of investment securities	1,216	1,030	11,070
Payments for acquisition of equity of consolidated subsidiaries	(2,089)	-	-
Payments for acquisition of new consolidated subsidiaries	(1,957)	-	-
Other, net	609	(1,211)	(13,016)
Net cash used in investing activities	(10,195)	(2,470)	(26,548)
Cash flows from financing activities:			
Proceeds from long-term debt	6,050	600	6,449
Repayments of long-term debt	(3,149)	(1,823)	(19,594)
Increase (Decrease) in short-term bank loans	11	(59)	(634)
Cash dividends paid	(1,656)	(967)	(10,393)
Other, net	(60)	(96)	(1,032)
Net cash provided by (used in) financing activities	1,196	(2,345)	(25,204)
Effect of exchange rate changes on cash and cash equivalents	(85)	6	65
Net (decrease) increase in cash and cash equivalents	(1,071)	2,477	26,623
Cash and cash equivalents at beginning of year	19,496	18,425	198,033
Cash and cash equivalents at end of year (Note 3)	¥ 18,425	¥ 20,902	$ 224,656

See accompanying notes.

1. Summary of significant accounting policies

(1) Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Prior to the year ended March 31, 2009, the accounts of consolidated overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. As discussed in Note 2, the accounts of consolidated overseas subsidiaries for the year ended March 31, 2009 are prepared in accordance with International Financial Reporting Standards with adjustments for the specified six items as applicable.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2010, which was ¥93.04 to U.S. $1. 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 statements of cash flows, 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.

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

The consolidated financial statements comprise the accounts of the Company and its fourteen and fifteen subsidiaries in 2009 and 2010, respectively. All significant intercompany accounts and transactions have been eliminated in the consolidation. All companies are required to consolidate all significant investees which are controlled through substantial ownership of majority voting rights or existence of certain conditions.

On March 6, 2009, Sec Co., Ltd. became a consolidated subsidiary. For the purpose of preparing the consolidated financial statements, control of this subsidiary was deemed to have been acquired as March 31, 2009.

On January 20, 2010, Sec Retail Service Co., Ltd. became a consolidated subsidiary through its establishment.

The investments in affiliated companies are stated at their underlying equity value. All companies are required to account for investments in affiliated companies (all of 20% to 50% owned and certain others of 15% to 20% owned) by the equity method in principle.

Excesses of the cost over the underlying net assets of investments in consolidated subsidiaries and affiliated companies are amortized on a straight-line basis over five or eight year periods.

(4) Translation of foreign currencies

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rate at the balance sheet date.

Financial statements of consolidated overseas subsidiaries are translated into Japanese yen at the year-end rate except that net assets accounts are translated at historical rates and income statement items resulting from transactions with the Company at the rates used by the Company.

The Company and its consolidated domestic subsidiaries report foreign currency translation adjustments in net assets in 2009 and 2010.

(5) Securities

The Company and its consolidated subsidiaries examine the intent of holding each security and classify those securities as (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, or (d) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

Trading securities are stated at fair market value. Gains and losses realized on disposal and unrealized gains and losses from market value fluctuations are recognized as gains or losses in the period of the change. Held-to-maturity debt securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are stated at moving-average cost. Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of net assets in 2009 and 2010. Realized gains and losses on sale of such securities are computed using moving-average cost.

Debt securities with no available fair market value are stated at amortized cost, net of the amount considered not collectible. Other securities with no available fair market value are stated at moving-average cost.

If the market value of held-to-maturity debt securities and available-for-sale securities declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of the decline. If the fair market value of securities is not readily available, such securities should be written down to net asset value with a corresponding charge in the income statement in the event net asset value declines significantly. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

(6) Inventories

Prior to April 1, 2008, inventories of the Company and its consolidated domestic subsidiaries are stated at cost determined using the moving-average method.

Effective April 1, 2008, the Company and its consolidated domestic subsidiaries applied the “Accounting Standards for Measurement of Inventories (“Accounting Standard No. 9” issued by the Accounting Standard Board of Japan on July 5, 2006).

This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. As a result, operating income and income before income taxes for the year ended March 31, 2009 decreased by ¥455 million, compared to the previous method.

Consolidated foreign subsidiaries state inventories at the lower of market or cost determined using 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.

Effective April 1, 2007, the Company and its consolidated domestic subsidiaries have changed their depreciation procedure, which book value became 5% of the acquired cost based on an amendment in the Corporation Tax Law for the tangible fixed assets acquired before March 31, 2007. The tangible fixed assets which book value became 5% of the acquired cost are depreciated by straight-line method over 5 years.

Effective April 1, 2008, the Company and its consolidated domestic subsidiaries have changed their depreciation period of machinery and equipment in accordance with the fiscal 2008 amendment in the Corporation Tax Law. As a result, operating income and income before income taxes for the year ended March 31, 2009 decreased by ¥148 million, compared to the previous method.

Amortization of software used by the Company and its consolidated subsidiaries is computed by the straight-line method over the useful life, 5 years.

Amortization of goodwill purchased is computed by the straight-line method over 5 or 8 years.

Property, plant and equipment used under finance leases and capitalized, is depreciated over the lease terms of the respective assets.

(8) Deferred charges

Bond issue expenses are treated at full cost at time of expenditure.

(9) Research and development expenses

Research and development expenses including basic research and fundamental development costs which are for the significant improvement of existing products or development of new products are charged to income when paid.

(10) Allowance for doubtful accounts

The Company and its consolidated subsidiaries provide allowance for doubtful accounts for probable collection losses by applying the actual rate of bad debt losses experienced in the past reference period for normal receivables and by individual assessment of collectability for other receivables.

(11) Bonuses

Bonuses to employees, which are paid semi-annually, are accrued based upon management's estimate of the amount thereof.

(12) Severance and retirement benefits

Severance and 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 liabilities and expenses for severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions. The Company and its consolidated subsidiaries provide allowance for employees' severance and retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets. Prior service costs are recognized in expenses in equal amounts over a period within the average of the estimated remaining service lives of the employees. Actuarial gains and losses are recognized in expenses using the declining-balance method over a period within the average of the estimated remaining service lives commencing with the following period.

In estimating benefit obligation, some of the consolidated subsidiaries of the Company used the simplified method because their obligations are immaterial.

Effective from the year ended March 31, 2010, the Company and its consolidated domestic subsidiaries adopted the “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)” (Accounting Standards Board of Japan (“ASBJ”) Statement No.19 issued on July 31, 2008).

The new accounting standard requires domestic companies to use the rate of return on long-term government or gilt-edged bonds as of the end of the fiscal year for calculating the projected benefit obligation of a defined-benefit plan. Previously, domestic companies were allowed to use a discount rate determined taking into consideration fluctuations in the yield of long-term government and gilt-edged bonds over a certain period.

This change had no impact on the consolidated financial statements for the year ended March 31, 2010.

(13) Income taxes

Current income taxes are provided at the amounts currently payable for the year ended. Tax effects of temporary differences between the financial statement carrying amounts and the tax basis of assets and liabilities are recognized as deferred income taxes. Income taxes consist of corporation, enterprise and inhabitants taxes. The provision for income taxes is computed based on the pretax income of the Company and each of its consolidated subsidiaries with certain adjustments required for consolidation and tax purposes, included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities, based on the prediction of the expected future tax consequences of temporary differences and tax loss carry-forward. Valuation reserves are recorded to reduce deferred tax assets based on the assessment of the realizability of the tax benefits.

(14) Amounts per share of common stock

Net income per share is computed based upon the weighted average number of shares of common stock outstanding during the year ended March 31 of each year, exclusive of the Company's treasury stock held by the Company and the Company's interest in its treasury stock held by its affiliated companies.

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 or convertible bonds through the periods.

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

(15) Accounting for certain lease transactions

Prior to April 1, 2008, the Company and its consolidated domestic subsidiaries accounted for finance leases which do not transfer ownership of the leased property to the lessee as operating leases. On March 31, 2007, the Accounting Standards Board of Japan issued ASBJ Statement No.13, “Accounting Standard for Lease Transactions” and ASBJ Guidance No.16, “Guidance on Accounting Standard for Lease Transactions”. The new accounting standards require that all finance leasing transactions should be capitalized.

Effective April 1, 2008, the Company and its consolidated domestic subsidiaries adopted the new accounting standards for finance leases commencing after March 31, 2008 and capitalized assets used under such leases, except for certain immaterial or short-term finance leases, which are accounted for as operating leases. As permitted, finance leases which commenced prior to April 1, 2008 and have been accounted for as operating leases, continue to be accounted for as operating leases. The effect on the financial result was not material.

(16) Recognition of Significant Revenues and Costs

Prior to the year ended March 31, 2010, the Company and its consolidated domestic subsidiaries recognized revenues and costs of construction contracts using the completed-contract method.

Effective from the year ended March 31, 2010, the Company and its consolidated domestic subsidiaries adopted the “Accounting Standard for Construction Contracts” (Accounting Standards Board of Japan (“ASBJ”) Statement No.15, issued on December 27, 2007) and the “Guidance on Accounting Standard for Construction Contracts” (ASBJ Guidance No.18, issued on December 27, 2007).

Accordingly, when the outcome of individual contracts can be estimated reliably, the Company and its consolidated domestic subsidiaries apply the percentage-of-completion method to work commencing in the year ended March 31, 2010, otherwise the completed-contract method is applied. The percentage of completion at the end of the reporting period is measured by the proportion of the cost incurred to the estimated total cost. The change had no impact on the consolidated financial statements for the year ended March 31, 2010.

(17) Derivatives and hedge accounting

The Company and its consolidated subsidiaries state derivative financial instruments at fair value and recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company and its consolidated subsidiaries defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

(a) If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,
  (i) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the income statement in the period which includes the inception date, and
  (ii) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract
(b) If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

Also, if interest rate swap contracts are used as hedge and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

(18) Reclassification and restatement

Certain prior year amounts have been reclassified to conform to the current year presentation.
These reclassifications and restatement had no impact on previously reported results of operations.

2. Changes in accounting policies

Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

On March 17, 2006, the Accounting Standards Board of Japan issued ASBJ Practical Issues Task Force No.18 “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (“PITF No. 18”). PITF No. 18 requires that accounting policies and procedures applied by a parent company and its consolidated subsidiaries to similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. PITF No. 18, however, as a tentative measure, allows a parent company to prepare consolidated financial statements using foreign subsidiaries’ financial statements prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles. In this case, adjustments for the following six items are required in the consolidation process so that their impacts on net income are accounted for in accordance with Japanese GAAP unless the impact is not material.

(a) Goodwill not subjected to amortization
(b) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(c) Capitalized expenditures for research and development activities
(d) Fair value measurement of investment properties, and revaluation of property, plant and equipment, and intangible assets
(e) Retrospective treatment of a change in accounting policies
(f) Accounting for net income attributable to minority interests

There were no effects from adopting PITF No. 18 on the consolidated financial statements for the year ended March 31, 2009.

3. Cash and cash equivalents

(1) Reconciliations of cash shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows as of March 31, 2009 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Cash	¥19,489	¥ 23,720	$ 254,944
Less: Time deposits with maturities exceeding three months	(1,187)	(2,941)	(31,610)
Add: Short-term highly liquid investments with maturities of not exceeding three months	123	123	1,322
Cash and cash equivalents	¥ 18,425	¥ 20,902	$ 224,656

(2) The following table summarizes significant non-fund transaction for the year ended March 31, 2009:

(a) Major breakdown of assets and liabilities of company that is newly included in the consolidated financial statements for the year ended March 31, 2009 due to the acquisition of shares

(i) Acquisition of shares of Sec Co., Ltd. for the year ended March 31, 2009

The following table summarizes the breakdown of Sec Co., Ltd.’s assets and liabilities when it was initially consolidated following the acquisition of all of the shares, the acquisition cost, cash and cash equivalents held by Sec Co., Ltd., and net cash and cash equivalents decreased by the acquisition of the shares of Sec Co., Ltd.:

	Millions of yen
	2009
Current assets	¥ 3,417
Non-current assets	768
Current liabilities	(1,466)
Long-term liabilities	(46)
Consolidation adjustments	1,551
Acquisition cost of Sec Co., Ltd.'s shares	4,224
Cash and cash equivalents held by Sec Co., Ltd.	(2,267)
Net cash and cash equivalents decreased by the acquisition of the Sec Co., Ltd.'s shares	¥ (1,957)

4. Inventories

Inventories at March 31, 2009 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Finished products	¥ 12,255	¥ 8,369	$ 89,951
Work-in-process	1,286	1,102	11,844
Raw materials and supplies	2,248	2,051	22,044
	¥ 15,789	¥ 11,522	$ 123,839

5. Financial Instruments

Effective from the year ended March 31, 2010, the Company and its consolidated subsidiaries adopted the revised Accounting Standard, “Accounting Standard for Financial Instruments” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 10 revised on March 10, 2008) and the “Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No.19 revised on March 10, 2008). Information on financial instruments for the year ended March 31, 2010 required pursuant to the revised accounting standards is as follows.

(1) Qualitative information on financial instruments

(a) Policies for using financial instruments
The Company and its consolidated subsidiaries raise the funds needed to implement manufacturing and sales plans, principally involving office furniture, store displays and material handling systems, through loans from banks and other institutions and by issuing corporate bonds. The Company and its consolidated subsidiaries limit their investment of temporary surpluses to highly secure financial assets and procure short-term working capital through bank loans. Derivatives are employed to hedge against the risks described below; the Companies and its consolidated subsidiaries do not engage in speculative transactions.

(b) Details of financial instruments used and the exposures to risk and how they arise
Notes and accounts receivable, which are claimable assets, involve credit risks on the part of customers. In accordance with the development of global operations, certain claimable assets are denominated in foreign currencies and consequently entail exchange rate fluctuation risk. Marketable securities and investment securities, which are principally held-to-maturity bonds and equity securities held to facilitate smooth relationships with corporate business partners, involve the risk of market price fluctuations.

Notes and accounts payable, which are trade liabilities, are payable within one year. Certain of these involve imports, which are denominated in foreign currencies, and consequently involve exchange rate fluctuation risk. Loans, corporate bonds and lease obligations arising from finance lease transactions are mainly intended to raise funds for working capital or capital investment. Maturities on nearly all such instruments are within five years. A portion of these instruments carry floating interest rates and are therefore subject to interest rate fluctuation risk. Derivative transactions (interest rate swap transactions) are used to hedge against such risk.

With regard to derivative transactions, forward foreign exchange contracts are used to hedge exchange rate fluctuation risk on claimable assets and trade liabilities, and interest rate swap transactions are used to hedge the risk of fluctuations in interest rate payments on borrowings. See Note 1(17) for the description of derivatives and hedge accounting.

(c) Policies and systems for risk management

Management of credit risk (the risk that a business partner will default on its business transactions)

With regard to claimable assets, the Company and its consolidated subsidiaries regularly monitor the status of transaction partners in accordance with internal management regulations. Claimable assets are managed by transaction partner, according to due date and balance, and the Company and its consolidated subsidiaries endeavor to minimize concerns of such assets becoming unrecoverable because of deteriorating financial conditions through the early determination of financial status.

Management of market risk (the risk of exchange and interest rate fluctuations)

The Company and its consolidated subsidiaries manage claimable assets and trade liabilities denominated in foreign currencies in accordance with internal management regulations, by payment date and balance. In addition, forward foreign exchange contracts are employed to hedge market risk on certain foreign currency claimable assets and trade liabilities. Furthermore, interest rate swap transactions are used to hedge the risk of fluctuations in interest rate payments on borrowings. The Company and its consolidated subsidiaries regularly check the market value of available-for-sale and investment securities, as well as the financial conditions of their issuers. The Company and its consolidated subsidiaries review on an ongoing basis the status of their holdings of bonds other than those held to maturity, taking into consideration their relationships with corporate business partners. Derivative transactions are conducted and managed by the Accounting Department, in accordance with internal management regulations.

Management of liquidity risk associated with fund procurement (the risk of being unable to execute payments when due)

The Company and each of its consolidated subsidiaries create cash flow plans in a timely manner, managing liquidity risk through such methods as ensuring that a specific amount of on-hand liquidity is always available.

(d) Supplemental information on fair values

The fair value of financial instruments is based on their market value. The fair value of financial instruments that have no available market value is determined by using a rational method of calculation. However, as variables are inherent in these value calculations, the resulting values may differ if different assumptions are used. Also, in the note entitled “2. Fair values of financial instruments” market risk related to derivative financial instruments is not included in the contract amounts of those instruments.

(2) Fair values of financial instruments

Book values and fair values of the financial instruments on the consolidated balance sheet at March 31, 2010 are the following.

Assets	Millions of yen	Thousands of U.S. dollars
	2010	2010
Book value		
Cash	¥ 23,720	$ 254,944
Trade receivables	43,079	463,016
Marketable securities and investment securities		
Held-to-maturity debt securities	817	8,781
Available-for-sale securities	16,745	179,976
Total	84,361	906,717
Fair value		
Cash	23,720	254,944
Trade receivables	43,079	463,016
Marketable securities and investment securities		
Held-to-maturity debt securities	839	9,018
Available-for-sale securities	16,745	179,976
Total	84,383	906,954
Difference		
Cash	-	-
Trade receivables	-	-
Marketable securities and investment securities		
Held-to-maturity debt securities	22	237
Available-for-sale securities	-	-
Total	¥ 22	$ 237

Liabilities	Millions of yen	Thousands of U.S. dollars
	2010	2010
Book value		
Trade payables	¥ 29,530	$ 317,390
Short-term bank loans	9,820	105,546
Corporate bonds	10,000	107,480
Long-term bank loans	11,090	119,197
Total	60,440	649,613
Fair value		
Trade payables	29,530	317,390
Short-term bank loans	9,820	105,546
Corporate bonds	10,216	109,802
Long-term bank loans	11,222	120,615
Total	60,788	653,353
Difference		
Trade payables	-	-
Short-term bank loans	-	-
Corporate bonds	216	2,322
Long-term bank loans	132	1,418
Total	¥ 348	$ 3,740

Method of calculating the fair value of financial instruments and matters related to available-for-sale securities and derivative transactions.

Assets:

(a) Cash and trade receivables
As these instruments are settled within a short term and their fair values and book values are similar, their book values are assumed as their fair values.

(b) Marketable securities and investment securities
The fair values of equity securities are determined by their prices on stock exchanges. The fair values of bonds and investment trusts is determined by their prices on exchanges; the rates indicated by the financial institutions handling these transactions for the Company and its consolidated subsidiaries; or by the present value of their future cash flows, discounted by an interest rate corresponding to their credit risk. See Note 6 for the description of securities by classification.

Liabilities:

(a) Trade payables and short-term bank loans
As these instruments are settled within a short term and their fair values and book values are similar, their book values are assumed as their fair values.

(b) Corporate bonds
Market value is used as the fair value of corporate bonds issued by the Company.

(c) Long-term bank loans
For long-term bank loan, fair value is determined by categorizing such bank loan by term by discounting to their present value the total amount of principal and interest by applying the assumed interest rate on new loans of the same type.

Derivatives:
The Company has applied hedge accounting for interest rate swap contracts to hedge risks of changes of floating interest rate on long-term debt. The contract amount is ¥8,350 million ($89,746 thousand) and the amount of the contracts which term is more than one year is ¥6,750 million ($72,549 thousand). As discussed in Note 1(17), interest rate swap contracts are used as hedge and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed. Therefore, the fair value of long-term debt includes the fair value of the interest swap contracts.

Financial instruments for which fair value is not readily determinable:
The fair value of unlisted equity securities ¥1,526 million ($16,402 thousand) and unlisted debt securities ¥10 million ($107 thousand) as of March 31, 2010 are not readily determinable.

The redemption schedule for monetary claim and securities with maturity dates as of March 31, 2010 are summarized as follows:

	Millions of yen			
	2010			
	1 year or less	More than 1 year but less than 5 years	More than 5 years but less than 10 years	More than 10 years
Cash	¥ 4,120	¥ -	¥ -	¥ -
Trade receivables	43,079	-	-	-
Marketable securities and investment securities				
Held-to-maturity debt securities	-	10	800	-
Available-for-sale securities	-	10	-	-
Total	¥ 47,199	¥ 20	¥ 800	¥ -

	Thousands of U.S. dollars			
	2010			
	1 year or less	More than 1 year but less than 5 years	More than 5 years but less than 10 years	More than 10 years
Cash	$ 44,282	$ -	$ -	$ -
Trade receivables	463,016	-	-	-
Marketable securities and investment securities				
Held-to-maturity debt securities	-	107	8,598	-
Available-for-sale securities	-	107	-	-
Total	$ 507,298	$ 214	$ 8,598	$ -

6. Securities

(1) The following tables summarize book value, fair value and differences of held-to-maturity debt securities with available fair values as of March 31, 2010:

Securities with book values exceeding fair value

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Book value	¥ 807	$ 8,674
Fair value	829	8,911
Difference	¥ 22	$ 237

Securities with book values not exceeding fair value

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Book value	¥10	$ 107
Fair value	10	107
Difference	¥ 0	$ 0

(2) The following tables summarize acquisition costs, book values (fair values) and differences of securities with available fair values as of March 31, 2009 and 2010:

Available-for-sale securities:

Securities with book values exceeding acquisition costs

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Acquisition cost			
Equity securities	¥ 7,481	¥ 7,376	$ 79,278
Bonds	50	-	-
Others	-	47	505
Total	7,531	7,423	79,783
Book value (fair value)			
Equity securities	10,287	12,891	138,553
Bonds	50	-	-
Others	-	47	505
Total	10,337	12,938	139,058

Difference			
Equity securities	2,806	5,515	59,275
Bonds	0	-	-
Others	-	0	0
Total	¥ 2,806	¥5,515	$ 59,275

Other securities

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Acquisition cost			
Equity securities	¥ 4,529	¥ 4,434	$ 47,657
Others	157	148	1,591
Total	4,686	4,582	49,248
Book value (fair value)			
Equity securities	3,555	3,663	39,370
Others	108	144	1,548
Total	3,663	3,807	40,918
Difference			
Equity securities	(974)	(771)	(8,287)
Others	(49)	(4)	(43)
Total	¥ (1,023)	¥ (775)	$ (8,330)

(3) The following table summarizes total sales amounts of available-for-sale securities sold, and amounts of the related gains and losses in the years ended March 31, 2009 and 2010:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Total sales amounts of available-for-sale securities sold	¥ 142	¥ 612	$ 6,578
Amounts of the related gains	83	388	4,170
Amounts of the related losses	12	21	225

7. Derivative financial instruments and hedging transactions

The Company utilizes interest rate swap contracts in order to fix floating interest rate thereon, currency option contracts, for which hedge accounting has not been applied, in order to fix floating rate of exchange for payment of foreign currency payable in the future, and forward foreign exchange contracts in order to fix floating rate of exchange for receipt of foreign currency receivable in the future.

Interest rate swap contracts are hardly subject to risks of interest rate changes. Currency option is subject to risks of foreign exchange rate changes. Forward foreign exchange contracts are hardly subject to risks of foreign exchange rate changes. The derivative transactions are solely made with highly rated financial institutions, and therefore, the Company considers there are little credit risks.

The derivative transactions are decided by the Board of Directors and managed by the Accounting Department in accordance with the established policies and within the decision of the Board of Directors. The Company does not evaluate hedge effectiveness as the notional amounts, terms and interest payment dates are the same for the hedging derivative financial instruments ("interest rate swap contracts") and the hedged items, the future receivables denominated in foreign currencies are recorded using the contracted forward rate because of forward foreign exchange contracts executed to hedge a future receivables denominated in a foreign currency.

The following summarizes hedging derivative financial instruments used by the Company and items hedged.

Hedging instruments:	Hedged items:
Interest rate swap contracts	Interest on long-term debt
Forward foreign exchange contracts	Foreign currency trade receivables

At March 31, 2009 and 2010, there were no outstanding derivative transactions for which hedge accounting has not been applied.

8. 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, 2009 and 2010 were ¥128 million and ¥70 million ($752 thousand), respectively. Future lease payments as of March 31, 2010, exclusive of interest, under such leases were ¥104 million ($1,118 thousand), including ¥38 million ($408 thousand) due within one year.

As discussed in Note 1(15), finance leases commenced prior to April 1, 2008 which did not transfer ownership of leased assets to lessees were accounted for as operating leases.

9. Short-term bank loans and long-term debt

Short-term bank loans are represented by bank overdrafts, bearing interest at a weighted average year-end rate of 1.43% and 1.15% at March 31, 2009 and 2010, respectively.

Long-term debt at March 31, 2009 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Long-term bank loans principally 1.16%-2.88%, due through 2016	¥ 12,313	¥ 11,090	$ 119,197
0.61% unsecured bonds due in 2010	5,000	-	-
1.41% unsecured bonds due in 2011	5,000	5,000	53,740
2.52% unsecured bonds due in 2013	-	5,000	53,740
	22,313	21,090	226,677
Less amount due within one year	6,674	7,356	79,063
	¥ 15,639	¥ 13,734	$ 147,614

Property, plant and equipment at cost less accumulated depreciation of ¥11,418 million and investment securities of ¥27 million were pledged as collateral for short term bank loans and long-term debt at March 31, 2009. Property, plant and equipment at cost less accumulated depreciation of ¥11,027 million ($118,520 thousand) and investment securities of ¥29 million ($311 thousand) were pledged as collateral for short-term bank loans and long-term debt at March 31, 2010.

The aggregate annual maturities of long-term debt at March 31, 2010 are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥ 7,356	$ 79,063
2012	3,671	39,456
2013	2,550	27,408
2014	7,013	75,376
2015	-	-
2015 and there after	500	5,374
	¥ 21,090	$ 226,677

10. Employees' severance and retirement benefits

The liabilities for severance and retirement benefits included in the liability section of the consolidated balance sheets as of March 31, 2009 and 2010 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Projected benefit obligation	¥ 17,785	¥ 17,567	$ 188,811
Unrecognized prior service costs	2,317	2,079	22,345
Unrecognized actuarial gains	(4,289)	(2,519)	(27,074)
Less fair value of plan assets	(6,620)	(7,560)	(81,255)
Prepaid pension expenses	2,518	2,486	26,719
Employees' severance and retirement benefits	¥ 11,711	¥ 12,053	$ 129,546

Included in the consolidated statements of income for the years ended March 31, 2009 and 2010 are severance and retirement benefit expenses comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Service costs – benefits earned during the year	¥ 838	¥ 899	$ 9,663
Interest cost on projected benefit obligation	327	344	3,697
Expected return on plan assets	(173)	(126)	(1,354)
Amortization of prior service costs	(216)	(206)	(2,214)
Amortization of actuarial losses	236	648	6,965
Contributions to defined-contribution pension plan	364	368	3,955
Severance and retirement benefit expenses	¥ 1,376	¥ 1,927	$ 20,712

The discount rate and the rate of expected return on plan assets used by the Company and its consolidated subsidiaries are 2.0% in 2009 and 2010. The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years. Past service costs are recognized as an expense in equal amounts over 14 years in 2009 and 2010. Actuarial gains and losses are recognized in income statements using the declining-balance method over 14 years in 2009 and 2010, commencing with the following period.

11. Income taxes

The aggregate statutory income tax rate used for calculation of deferred income tax assets and liabilities was 40.7%.

The following table summarizes the significant differences between the statutory tax rate and the effective tax rate for consolidated financial statement purposes for the year ended March 31, 2010:

	2010
Statutory tax rate	40.7 %
Non-taxable dividend income	(2.6)
Non-deductible expenses	6.5
Per capita inhabitant tax	5.4
Special tax credit for experimental and research expenses, others	(2.2)
Valuation allowance	27.4
Other	(1.8)
Effective tax rate	73.4 %

The difference between the statutory tax rate and the effective tax rate was not material for the year ended March 31, 2009.

Significant components of the deferred income taxes as of March 31, 2009 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Deferred income taxes (current assets):			
Excess bonuses accrued	¥ 625	¥ 371	$ 3,988
Accrued social insurance premiums	72	-	-
Accrued enterprise taxes	84	76	817
Valuation loss of inventories	293	298	3,203
Accrued property taxes	54	54	580
Other	202	173	1,859
Sub-total deferred income taxes (current assets)	1,330	972	10,447
Valuation allowance	(92)	(15)	(161)
Total deferred income taxes (current assets)	1,238	957	10,286
Offset against deferred tax liabilities	0	-	-
Net deferred income taxes (current assets)	¥ 1,238	¥ 957	$ 10,286
Deferred income taxes (current liabilities):			
Net unrealized holding gains on securities	¥ 0	¥ -	$ -
Total deferred income taxes (current liabilities)	0	-	-
Offset against deferred tax assets	0	-	-
Net deferred income taxes (current liabilities)	¥ -	¥ -	$ -
Deferred income taxes (non-current assets):			
Retirement benefits	¥ 4,900	¥ 5,099	$ 54,805
Unrealized gross profits from sales of property, plant and equipment	745	745	8,007
Other	1,310	1,494	16,058
Sub-total deferred income taxes (non-current assets)	6,955	7,338	78,870
Valuation allowance	(1,052)	(1,771)	(19,035)
Total deferred income taxes (non-current assets)	5,903	5,567	59,835
Offset against deferred tax liabilities	(3,738)	(3,953)	(42,487)
Net deferred income taxes (non-current assets)	¥ 2,165	¥ 1,614	$ 17,348
Deferred income taxes (long-term liabilities):			
Deferred gains on fixed assets	¥ (3,504)	¥ (3,447)	$ (37,049)
Net unrealized holding gains on securities	(787)	(1,975)	(21,227)
Other	(116)	(124)	(1,333)
Total deferred income taxes (long-term liabilities)	(4,407)	(5,546)	(59,609)
Offset against deferred tax assets	3,738	3,953	42,487
Net deferred income taxes (long-term liabilities)	¥ (669)	¥ (1,593)	$ (17,122)

12. Net assets

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Japanese Corporate Law (the “Law”), in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Law, legal earning reserve and additional paid in capital could be used to eliminate or reduce a deficit or could be capitalized by resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. However, all additional paid-in-capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

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 Law.

13. Rental Property

Effective April 1, 2009, the Company and its consolidated domestic subsidiaries adopted ASBJ Statement No.20, "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" and ASBJ Guidance No.23, "Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property", issued by the Accounting Standards Board of Japan on November 28, 2008.

The Company and certain domestic consolidated subsidiaries own available-for-lease parking lots in Kanagawa Prefecture and other areas of Japan. During the year ended March 31, 2010, rental income on this real estate amounted to ¥142 million ($1,526 thousand). Rental income is recorded in net sales, whereas leasing expenses are principally recorded as operating expenses.

Pursuant to the new accounting standard, information about fair value of rental property is disclosed as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Book value as of March 31, 2009	¥ 992	$ 10,662
Decrease of book value during the year	(6)	(64)
Book value as of March 31, 2010	986	10,598
Fair value as of March 31, 2010	7,703	82,792

Book values recorded in the balance sheets represent acquisition costs, net of accumulated depreciation.

Method of calculating fair value: fair value is principally calculated according to real estate appraisal value.

14. Segment information

The business operations of the Company and its consolidated subsidiaries are classified into three business segments: "Office Furniture", "Store Displays" and "Material Handling System and Others".

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Sales:			
Office Furniture	¥ 115,626	¥ 93,191	$ 1,001,623
Store Displays	62,570	59,144	635,684
Material Handling System and Others	11,912	8,889	95,539
Consolidated	¥ 190,108	¥ 161,224	$ 1,732,846
Operating expenses:			
Office Furniture	¥ 111,819	¥ 92,039	$ 989,241
Store Displays	61,495	58,622	630,073
Material Handling System and Others	12,339	9,206	98,947
Consolidated	¥ 185,653	¥ 159,867	$ 1,718,261

Operating income (loss):			
Office Furniture	¥ 3,807	¥ 1,152	$ 12,382
Store Displays	1,075	522	5,610
Material Handling System and Others	(427)	(317)	(3,407)
Consolidated	¥4,455	¥1,357	$ 14,585
Identifiable assets:			
Office Furniture	¥ 86,017	¥ 76,456	$ 821,754
Store Displays	39,987	34,932	375,452
Material Handling System and Others	9,506	9,704	104,299
	135,510	121,092	1,301,505
Corporate assets	32,384	39,331	422,732
Consolidated	¥ 167,894	¥ 160,423	$ 1,724,237
Depreciation:			
Office Furniture	¥ 4,368	¥ 3,886	$ 41,767
Store Displays	1,130	1,009	10,845
Material Handling System and Others	609	555	5,965
Consolidated	¥ 6,107	¥ 5,450	$ 58,577
Capital expenditures:			
Office Furniture	¥ 4,679	¥ 1,963	$ 21,098
Store Displays	454	333	3,579
Material Handling System and Others	450	171	1,838
Consolidated	5,583	2,467	26,515

As discussed in Note 1(6), the Company and its consolidated domestic subsidiaries adopted the new accounting standard for inventories in the year ended March 31, 2009. As a result, in 2009, operating income of Office Furniture division and Store Displays division decreased by ¥282 million and ¥110 million, respectively and operating loss of Material Handling System and Others division increased ¥63 million.

As discussed in Note 1(7), the Company and its consolidated domestic subsidiaries have changed their depreciation period of machinery and equipment in accordance with the fiscal 2008 amendment in the Corporation Tax Law. As a result, in 2009, operating income of Office Furniture division and Store Displays division decreased by ¥68 million and ¥48 million, respectively and operating loss of Material Handling System and Others division increased ¥32 million.

Geographic segment information has not been disclosed since aggregate sales of overseas consolidated subsidiaries were less than 10% of the consolidated net sales for the years ended March 31, 2009 and 2010, and assets of overseas consolidated subsidiaries were less than 10% of the consolidated assets at March 31, 2009 and 2010.

Overseas sales have not been disclosed, since overseas sales were less than 10% of the Company's consolidated net sales for the years ended March 31, 2009 and 2010.

Independent Auditors' Report

To the Board of Directors of
OKAMURA CORPORATION:

We have audited the accompanying consolidated balance sheets of OKAMURA CORPORATION and its consolidated subsidiaries as of March 31, 2009 and 2010, the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of OKAMURA CORPORATION and its consolidated subsidiaries as of March 31, 2009 and 2010, 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.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1(1) to the consolidated financial statements.

KPMG AZSA & Co.

(KPMG AZSA & Co.)
Yokohama, Japan
June 29, 2010