

## Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2010 (Consolidated)

November 6, 2009

Okamura Corporation

Listing: Tokyo Stock Exchange, Osaka Securities Exchange

Code Number: 7994

URL: <http://www.okamura.co.jp/>

Representative

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Scheduled date of filing Quarterly Report:

November 13, 2009

Scheduled date of commencement of dividend payments: December 10, 2009

Note: Amounts of less than one million yen have been rounded down.

### 1. Financial and Operational Review for the Second Quarter (Apr. 1, 2009 - Sep. 30, 2009) of FY March 2010 (Apr. 1, 2009 - Mar. 31, 2010)

#### (1) Progress in (consolidated) business results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Second quarter of FY March 2010	79,224	(20.4)	234	(92.0)	421	(87.5)	231	(90.0)
Second quarter of FY March 2009	99,511	—	2,940	—	3,379	—	2,309	—

	Net income per share	Diluted net income per share
	yen	yen
Second quarter of FY March 2010	2.10	—
Second quarter of FY March 2009	20.94	—

#### (2) Changes in (consolidated) financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	yen
Second quarter of FY March 2010	156,814	77,932	49.3	701.81
FY March 2009	167,894	76,939	45.5	692.34

(Reference) Equity: Second quarter of FY March 2010: ¥77,374 million FY March 2009: ¥76,335 million

### 2. Dividend

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end dividend per share (in yen)	Total
	yen	yen	yen	yen	yen
FY March 2009	—	7.50	—	5.00	12.50
FY March 2010	—	3.75			
FY March 2010 (forecast)			—	3.75	7.50

(Note) Revision of dividend forecasts during quarter under review: Not revised

### 3. Forecast of consolidated performance for the fiscal year ending March 2010 (from April 1, 2009 to March 31, 2010)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net assets per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
FY March 2010	170,000	(10.6)	2,200	(50.6)	2,800	(49.8)	1,500	(54.5)	13.61

(Note) Revision of consolidated performance forecasts during quarter under review: Not revised

4. Others

(1) Changes in the scope of consolidation during the accounting period: None

New: – company(ies) (Company name: )

Excluded: – company(ies) (Company name: )

(2) Adoption of simplified accounting methods or special accounting methods applicable to preparation of quarterly consolidated financial statements: Adopted

[Note: For details, please refer to “4. Others (2)” in “Qualitative information, Financial statements, Etc.” on page 4.]

(3) Changes in accounting principles and procedures used in the preparation of quarterly consolidated financial statements or in the method of presentation of quarterly consolidated financial statements (Items contained in “Changes in the Basis of Presenting Quarterly Consolidated Financial Statements”)

i. by new accounting standard: Yes

ii. by others: Yes

[Note: For details, please refer to “4. Others (3)” in “Qualitative information, Financial statements, Etc.” on page 4.]

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

i. Number of shares (including treasury shares) outstanding at end of period

Second quarter of FY March 2010:	112,391,530	FY March 2009:	112,391,530
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ii. Number of treasury shares at end of period

Second quarter of FY March 2010:	2,141,471	FY March 2009:	2,133,951
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iii. Average number of shares outstanding during period (cumulative quarters)

Second quarter of FY March 2010:	110,253,119	Second quarter of FY March 2009:	110,282,959
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\* Explanation of Appropriate Use of Performance Forecasts and Other Issues Requiring Particular Mention

The performance forecasts and other forward-looking statements contained herein are based on the information available to the Company at the time, and contain certain assumptions that the Company considers to be reasonable. They are subject to diverse factors that may cause actual results of operations and other items to differ significantly from the statements and forecasts. For a description of the assumptions underlying the performance forecasts and points to note when using performance forecasts, please refer to “3. Qualitative information concerning the performance forecast” in “Qualitative information, Financial statements, Etc.” on page 4.

[Qualitative information, Financial statements, Etc.]

1. Qualitative information concerning the progress in (consolidated) business performance

During the first two quarters of the current fiscal year under review, Japan's economy remained in the doldrums in the wake of the global financial crisis that erupted last year. Meanwhile, as the economy benefited from government stimulus packages, in some sectors the downturn showed signs of bottoming out. Still, with their earnings declining substantially, businesses showed no signs of regaining confidence in capital investment, especially when fears of a possible double-dip in the global economy made their future prospects all the more uncertain. This contributed to the persistence of the extremely challenging business conditions surrounding the Company.

Under such circumstances, the Company endeavored to develop new market possibilities and cultivate new customer bases by introducing new products differentiated by virtue of product creativity and design excellence and stepping up proposal-driven marketing approaches, with a view to ensuring continued growth in each segment the Company operates in.

In the Office Furniture segment, as an increasing number of companies began downsizing their personnel base, in addition to curbing investment and cutting expenses, demand arising from office relocations and from office renovations both weakened substantially. Meanwhile, office-related demand remained solid among companies seeking greater office efficiency and cost savings as a way of cutting expenses. In response to this, the Company aggressively pursued the solution-oriented business with a particular emphasis on proposals to introduce the "creative office" concept involving the transformation of offices into "intellectually creative spaces," combined with solutions to reviewing work styles. These efforts promoted enhanced value for office environments. Furthermore, although the Company put a strong emphasis on the marketing of proposals among a wide range of public facility providers, including educational and medical institutions, sales remained slow. As a result, net sales in this segment decreased to ¥45,695 million (Y-o-Y a decrease of 25.0%).

In the Store Displays segment, the business environment continued to remain challenging as retailers curbed their investments and shifted to smaller store formats in the face of slowing personal consumption as a consequence of increasingly adverse employment and income conditions. Under these circumstances, the Company sought to expand sales by marketing and acquiring new customers for total store solutions whose key concepts boiled down to "food safety and security," "energy efficiency enhancement," and "low-cost operation." Furthermore, the Company sought to expand and put these activities on a more competitive footing by exploring new markets and by developing the store maintenance and servicing business. As a result, net sales in this segment decreased to ¥29,957 million (Y-o-Y a decrease of 7.4%).

In the Material Handling Systems and Others segment, the Company aggressively stepped up the efforts to market solution proposals among logistics centers, production factories, and other facility operators. Nevertheless, as more and more customers moved to postpone or reduce investment, and as the number of deals decreased amid further market deterioration, net sales from this operation marked a decline as well.

As a result, net sales in this segment decreased to ¥3,571 million (Y-o-Y a decrease of 42.6%).

As a result of the above, during the first two quarters of the current fiscal year, the Company posted net sales of ¥79,224 million (Y-o-Y a decrease of 20.4%), operating income of ¥234 million (Y-o-Y a decrease of 92.0%), ordinary income of ¥421 million (Y-o-Y a decrease of 87.5%), and net income of ¥231 million (Y-o-Y a decrease of 90.0%).

2. Qualitative information concerning the changes in (consolidated) financial position

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

Total assets amounted to ¥156,814 million, down ¥11,079 million compared with the end of the previous fiscal year. Current assets decreased by ¥11,054 million as a result of a decrease in trade notes and accounts receivable despite an increase in cash and time deposits, and fixed assets decreased by ¥25 million primarily as a result of a decrease in tangible fixed assets despite an increase in investment securities.

Liabilities amounted to ¥78,881 million, down ¥12,072 million over the end of the previous fiscal year, mainly because of decreases in notes and accounts payable.

Net assets amounted to ¥77,932 million, primarily reflecting an increase in net unrealized holding gains on other securities. The equity ratio rose to 49.3%.

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

Operating activities generated a net cash increase of ¥7,380 million (versus a net cash increase of ¥5,470 million in the same period of the previous fiscal year), as a result of (1) inflows including depreciation expenses of ¥2,664 million and the decrease in notes and accounts receivable of ¥14,197 million and of (2) outflows including the decrease in notes and accounts payable of ¥11,720 million and the payment of income taxes of ¥430 million.

Investing activities generated a net cash outflow of ¥2,258 million (versus a net cash outflow of ¥4,722 million in the same period of the previous fiscal year), as a result of outlays primarily reflecting a net change in time deposits of ¥850 million and disbursements of ¥1,203 million for the acquisition of tangible fixed assets.

Financing activities generated a net cash outflow of ¥1,212 million (versus a net cash outflow of ¥1,345 million in the same period of the previous fiscal year), as a result of outlays primarily reflecting a net change in long-term loans payable of ¥627 million and cash dividend payments of ¥552 million.

Consequently, consolidated cash and cash equivalents at the end of the current fiscal year's second quarter increased by ¥3,922 million from the end of the previous fiscal year (versus a decrease of ¥593 million over the same period of the previous fiscal year) to ¥22,347 million.

### 3. Qualitative information concerning the performance forecast

During the first two quarters of the current fiscal year under review, the Company's performance in terms of consolidated net sales, operating income, ordinary income, and net income turned out to be slower than in the same period of the previous fiscal year. While the business environment surrounding the Company is likely to remain challenging in the months ahead, we will continue to step up efforts to expand sales, improve productivity and reduce costs on a continuous basis.

Accordingly, the full-year consolidated performance forecasts for the current fiscal year ending in March 2010, which we announced on July 31, 2009, remain unchanged.

### 4. Others

#### (1) Changes in the scope of consolidation during the accounting period

Not applicable.

#### (2) Adoption of simplified accounting methods and special accounting methods applicable to preparation of quarterly consolidated financial statements

##### i. Simplified accounting methods

###### Calculation of depreciation expenses on fixed assets

In respect of the assets that are depreciated on a declining-balance basis, the Company applies a calculation method that allocates the amount of depreciation attributable to a specific fiscal year appropriately to the quarterly periods.

##### ii. Special accounting methods applicable to preparation of quarterly consolidated financial statements

Nothing in particular

#### (3) Changes in accounting principles and procedures used in the preparation of quarterly consolidated financial statements or in the method of presentation of quarterly consolidated financial statements

##### i. Change in accounting policy for recognizing revenues and costs related to completed construction work

For the purpose of accounting for contract construction work, previously the Company has applied a policy that recognizes related revenues upon the completion of the contract. Effective with the first quarter of the current fiscal year, the Company adopts the Accounting Standard for Construction Contracts (ASBJ Statement No. 15, issued by the Accounting Standards Board of Japan on December 27, 2007) and the Implementation Guidance for Accounting Standard for Construction Contracts (ASBJ Guidance No. 18, issued by the Accounting Standards Board of Japan on December 27, 2007). Accordingly, beginning with the construction contracts initiated during the first quarter of the current fiscal year, those contracts whose outcome can be estimated with certainty are accounted for on the percentage-of-completion method (the progress toward completion of construction work is estimated based on the proportion of costs incurred) in respect to the portion of work completed. The other contracts are accounted for on the completed-contract method.

This change has no material impact on corporate earnings.

##### ii. Change in method of presentation

###### (Quarterly Consolidated Income Statements)

"Loss on disposal of property, plant and equipment," subdivided and separately classified in the first two quarters of the previous fiscal year (which amounts to ¥60 million in the first two quarters of the current fiscal year), is included in "loss on disposal/sale of property, plant and equipment" commencing with the first two quarters of the current fiscal year.

###### (Quarterly Consolidated Cash Flow Statements)

"Loss on disposal of property, plant and equipment", subdivided and separately classified in the first two quarters of the previous fiscal year (which amounts to ¥60 million in the first two quarters of the current fiscal year), is included in "loss/gain on disposal/sale of property, plant and equipment (parentheses indicate a gain)" commencing with the first two quarters of the current fiscal year.

## 5. Quarterly financial statements

## (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Second quarter of FY March 2010 (As of Sep. 30, 2009)	Condensed consolidated balance sheet concerning FY March 2009 (As of March 31, 2009)
<b>Assets</b>		
Current assets		
Cash and time deposits	24,877	19,488
Trade notes and accounts receivable	33,403	47,600
Marketable securities	122	172
Merchandise and finished products	10,580	12,254
Work in process	1,320	1,286
Raw material and supplies	2,065	2,248
Others	2,401	2,815
Allowance for doubtful debt	(41)	(82)
<b>Total current assets</b>	<b>74,730</b>	<b>85,784</b>
Fixed assets:		
Tangible fixed assets:		
Buildings and structures (at net book value)	16,303	16,880
Land	22,717	22,771
Others (at net book value)	10,663	11,438
<b>Total tangible fixed assets</b>	<b>49,683</b>	<b>51,090</b>
Intangible fixed assets:		
Goodwill	1,654	1,783
Others	2,194	2,347
<b>Total intangible fixed assets</b>	<b>3,848</b>	<b>4,130</b>
Investments and other assets:		
Investment securities	18,396	16,120
Others	10,205	10,859
Allowance for doubtful accounts	(50)	(91)
<b>Total investment and other assets</b>	<b>28,551</b>	<b>26,888</b>
<b>Total fixed assets</b>	<b>82,084</b>	<b>82,109</b>
<b>Total assets</b>	<b>156,814</b>	<b>167,894</b>

(Millions of yen)

	Second quarter of FY March 2010 (As of Sep. 30, 2009)	Condensed consolidated balance sheet concerning FY March 2009 (As of March 31, 2009)
<b>Liabilities</b>		
Current liabilities:		
Trade notes and accounts payable	25,527	37,432
Short-term bank loans	9,868	9,878
Long-term debts due within one year	1,818	1,674
Bonds redeemed within one year	–	5,000
Income taxes payable	440	793
Allowance for bonus payable	1,759	1,535
Others	2,660	3,056
Total current liabilities	42,074	59,370
Long-term liabilities:		
Debenture bonds	10,000	5,000
Long-term loans payable	9,867	10,639
Severance and employee retirement benefits	12,162	11,710
Others	4,777	4,233
Total long-term liabilities	36,807	31,583
Total liabilities	78,881	90,954
Net assets		
Owners' equity		
Capital stock	18,670	18,670
Capital surplus	16,759	16,759
Retained earnings	42,227	42,547
Treasury stock, at cost	(2,358)	(2,354)
Total owners' equity	75,298	75,622
Net unrealized gain and translation adjustments		
Unrealized holding gains (losses) on securities	2,348	1,057
Foreign currency translation adjustment	(272)	(345)
Total Net unrealized gain and translation adjustments	2,076	712
Minority interests	558	604
Total net assets	77,932	76,939
Total liabilities and net assets	156,814	167,894

(2) Quarterly Consolidated Income Statement  
[First Two Quarters of Current Fiscal Year]

(Millions of yen)

	First two quarters of FY March 2009 (From Apr. 1, 2008 to Sep. 30, 2008)	First two quarters of FY March 2010 (From Apr. 1, 2009 to Sep. 30, 2009)
Net sales	99,511	79,224
Cost of sales	68,905	54,284
Gross profit	30,605	24,939
Selling, general and administrative expenses	27,664	24,705
Operating income	2,940	234
Other income:		
Interest income	33	16
Dividend income	254	163
Equity in earnings of affiliated companies	116	17
Others	406	523
Total other income	810	721
Other expenses:		
Interest expenses	253	319
Others	118	214
Total other expenses	371	534
Ordinary income	3,379	421
Extraordinary income:		
Gain on sale of investment securities	73	–
Reversal of allowance for doubtful accounts	–	43
Reversal of allowance for bonuses payable	639	–
Others	3	1
Total extraordinary income	716	44
Extraordinary losses:		
Loss on disposal of property, plant and equipment	44	–
Loss on disposal/sale of property, plant and equipment	–	80
Impairment loss	–	36
Impairment loss on investment securities	78	61
Provision for doubtful receivables from affiliated companies	99	–
Other losses	17	3
Total extraordinary losses	239	182
Income before income taxes for the quarter term	3,855	283
Income taxes	1,304	397
Adjustments on income taxes	249	(299)
Total income taxes	1,553	98
Minority interests in earnings (losses)	(7)	(46)
Net income for the quarter term	2,309	231

## (3) Quarterly Consolidated Cash Flow Statement

(Millions of yen)

	First two quarters of FY March 2009 (From Apr. 1, 2008 to Sep. 30, 2008)	First two quarters of FY March 2010 (From Apr. 1, 2009 to Sep. 30, 2009)
<b>Cash flows from operating activities</b>		
Income before income taxes for the quarter term	3,855	283
Depreciation expense	2,901	2,664
Loss on disposal of property, plant and equipment	44	-
Loss/gain on disposal/sale of property, plant and equipment (parentheses indicate a gain)	-	80
Equity in earnings of affiliated companies (parentheses indicate a gain in earnings)	(116)	(17)
Increase/decrease in allowance for doubtful accounts (parentheses indicate a decrease)	86	(81)
Allowance for bonuses payable (parentheses indicate a decrease)	(864)	224
Increase/decrease in allowance for employee retirement benefits (parentheses indicate a decrease)	320	451
Increase/decrease in reserve for directors' retirement benefits (parentheses indicate a decrease)	(20)	-
Interest and dividends income	(287)	(180)
Interest expense	253	319
Loss/gain on sale of investment securities (parentheses indicate a gain)	(64)	-
Loss on devaluation of investment securities (parentheses indicate a revaluation gain)	78	61
Increase/decrease in notes and accounts receivable (parentheses indicate an increase)	10,909	14,197
Increase/decrease in inventories (parentheses indicate an increase)	624	1,823
Increase/decrease in notes and accounts payable (parentheses indicate a decrease)	(9,587)	(11,720)
Others	(740)	(192)
Sub-total	7,395	7,914
Interest and dividends received	318	195
Interest expenses paid	(255)	(299)
Income taxes paid	(1,987)	(430)
Net Cash provided by operating activities	5,470	7,380
<b>Cash flows from investing activities</b>		
Outlay for placement of time deposits	(469)	(1,897)
Proceeds from withdrawal of time deposits	518	1,046
Payment for purchase of property, plant and equipment	(3,266)	(1,203)
Payment for purchase of intangible fixed assets	(114)	(236)
Payment for purchase of investment securities	(13)	(130)
Proceeds from sale and redemption of investment securities	1,194	74
Outlay for acquisition of stock in subsidiary	(2,089)	-
Others	(483)	87
Net Cash used in investing activities	(4,722)	(2,258)

(Millions of yen)

	First two quarters of FY March 2009 (From Apr. 1, 2008 to Sep. 30, 2008)	First two quarters of FY March 2010 (From Apr. 1, 2009 to Sep. 30, 2009)
<b>Cash flows from financing activities</b>		
Net increase/decrease in short-term bank loans (parentheses indicate a decrease)	288	(10)
Proceeds from long-term bank loans	–	600
Repayments of long-term debt	(766)	(1,227)
Proceeds from issuance of corporate bonds	–	5,000
Outlays for redemption of corporate bonds	–	(5,000)
Payment for purchase of treasury stock	(11)	(2)
Cash dividends	(828)	(552)
Cash dividends paid to minority shareholders	(24)	–
Others	(2)	(18)
Net Cash used in financing activities	(1,345)	(1,212)
Effect on exchange rate changes on cash and cash equivalents	4	13
Increase/decrease in cash and cash equivalents (parentheses indicate a decrease)	(593)	3,922
Cash and cash equivalents at beginning of year	19,496	18,425
Cash and cash equivalents at term end	18,902	22,347

## (4) Note regarding the assumption of going concern

First two quarters of previous fiscal year (from April 1, 2008 to September 30, 2008)

There is no information that needs to be disclosed herein.

First two quarters of current fiscal year (from April 1, 2009 to September 30, 2009)

There is no information that needs to be disclosed herein.

## (5) Segment information

[Segment information by business type]

First two quarters of previous fiscal year (from April 1, 2008 to September 30, 2008)

	Office Furniture (Millions of yen)	Store Displays (Millions of yen)	Material Handling Systems and Others (Millions of yen)	Total (Millions of yen)	Unallocated and Eliminations (Millions of yen)	Consolidated (Millions of yen)
Net sales						
(1) Net sales to external customers	60,945	32,341	6,224	99,511	–	99,511
(2) Internal sales or transfers between segments	–	–	–	–	(–)	–
Total	60,945	32,341	6,224	99,511	(–)	99,511
Operating income or (operating loss)	2,203	987	(249)	2,940	(–)	2,940

Notes: 1. Business segmentation method

Business segmentation is based on considerations of similarities among types, characteristics and markets, etc. for products (inclusive of operations) delivered under business activities of consolidated companies.

2. Classification of main products by business segment

Business segment	Main products
Office Furniture	Office furniture, cultural and educational facilities, partitions, medical and research facilities, security systems, SOHO-related products
Store Displays	Showcases for stores, refrigerated showcases, counters for stores
Material Handling Systems and Others	Racks and stackers for factories and warehouses, automated material handling systems, torque converters for industrial and construction equipment, real estate leasing, insurance

3. Effective with the first quarter of the current fiscal year, the Company adopts the Accounting Standard for Valuation of Inventories (ASBJ Statement No. 9, issued by the Accounting Standards Board of Japan on July 5, 2006). The effect of this change is to reduce the segment operating income for the first two quarters of the current fiscal year by ¥239 million for the Office Furniture segment and by ¥48 million for the Store Displays segment, and to increase the segment operating loss by ¥35 million for the Material Handling Systems and Others segment respectively.

First two quarters of current fiscal year (from April 1, 2009 to September 30, 2009)

	Office Furniture (Millions of yen)	Store Displays (Millions of yen)	Material Handling Systems and Others (Millions of yen)	Total (Millions of yen)	Unallocated and Eliminations (Millions of yen)	Consolidated (Millions of yen)
Net sales						
(1) Net sales to external customers	45,695	29,957	3,571	79,224	–	79,224
(2) Internal sales or transfers between segments	–	–	–	–	(–)	–
Total	45,695	29,957	3,571	79,224	(–)	79,224
Operating income or (operating loss)	263	352	(381)	234	(–)	234

Notes: 1. Business segmentation method

Business segmentation is based on consideration of the similarities among types, characteristics and markets for products (including of operations) provided through the business activities of consolidated companies.

2. Classification of main products by business segment

Business segment	Main products
Office Furniture	Office furniture, cultural and educational facilities, partitions, medical and research facilities, security systems, SOHO-related products
Store Displays	Showcases for stores, refrigerated showcases, counters for stores
Material Handling Systems and Others	Racks and stackers for factories and warehouses, automated material handling systems, torque converters for industrial and construction equipment, real estate leasing, insurance

[Geographically Segmented Information]

First two quarters of previous fiscal year (from April 1, 2008 to September 30, 2008)

Geographically segmented information is omitted. This is because Japan accounts for over 90% of the Company's total net sales across all segments.

First two quarters of current fiscal year (from April 1, 2009 to September 30, 2009)

Geographically segmented information is omitted. This is because Japan accounts for over 90% of the Company's total net sales across all segments.

[Overseas sales]

First two quarters of previous fiscal year (from April 1, 2008 to September 30, 2008)

Information on overseas sales is omitted, because they account for less than 10% of the Company's consolidated net sales.

First two quarters of current fiscal year (from April 1, 2009 to September 30, 2009)

Information on overseas sales is omitted, because they account for less than 10% of the Company's consolidated net sales.

(6) Note regarding occurrence of significant change in amount of shareholders' equity

First two quarters of previous fiscal year (from April 1, 2008 to September 30, 2008)

There is no information that needs to be disclosed herein.

First two quarters of current fiscal year (from April 1, 2009 to September 30, 2009)

There is no information that needs to be disclosed herein.