

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

July 31, 2009

Okamura Corporation Listing: Tokyo Stock Exchange, Osaka Securities Exchange
 Code Number: 7994 URL: <http://www.okamura.co.jp/>
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 Scheduled date of commencement of dividend payments: -

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

1. Financial and Operational Review for the First Quarter (Apr. 1, 2009 - Jun. 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	%
First quarter of FY March 2010	40,845	(19.8)	570	(72.4)	785	(69.2)	416	(78.2)
First quarter of FY March 2009	50,939	-	2,067	-	2,551	-	1,909	-

	Net income per share	Diluted net income per share
	yen	yen
First quarter of FY March 2010	3.78	-
First quarter of FY March 2009	17.31	-

(2) Changes in (consolidated) financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	yen
First quarter of FY March 2010	161,848	78,840	48.4	709.77
FY March 2009	167,894	76,939	45.5	692.34

(Reference) Equity: First quarter of FY March 2010: ¥78,254 million FY March 2009: ¥76,335 million

2. Dividend

(Record date)	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end dividend per share (in yen)	Full year dividend per share (in yen)
	yen	yen	yen	yen	yen
FY March 2009	-	7.50	-	5.00	12.50
FY March 2010	-				
FY March 2010 (forecast)		6.25	-	6.25	12.50

(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 for the first two quarters and for the full year.)

	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
First two quarters	80,000	(19.6)	500	(83.0)	800	(76.3)	400	(82.7)	3.63
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: 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

First 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

First quarter of FY March 2010:	2,138,793	FY March 2009:	2,133,951
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iii. Average number of shares outstanding during period (cumulative quarters)

First quarter of FY March 2010:	110,255,139	First quarter of FY March 2009:	110,288,353
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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 3.

[Qualitative information, Financial statements, Etc.]

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

During the first quarter of the current fiscal year under review, Japan's economy saw corporate earnings decline in the wake of the financial turmoil sweeping the world since last year. As businesses curbed capital investments and cut expenditures with their future prospects increasingly uncertain, the business environment surrounding the Company continued to remain extremely challenging.

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, but sales from the segment marked a decline after all.

As a result, net sales in this segment decreased to ¥22,978 million (Y-o-Y a decrease of 26.8%).

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 ¥15,902 million (Y-o-Y a decrease of 4.3%).

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 ¥1,963 million (Y-o-Y a decrease of 32.9%).

As a result of the above, during the first quarter of the current fiscal year, the Company posted net sales of ¥40,845 million (Y-o-Y a decrease of 19.8%), operating income of ¥570 million (Y-o-Y a decrease of 72.4%), ordinary income of ¥785 million (Y-o-Y a decrease of 69.2%), and net income of ¥416 million (Y-o-Y a decrease of 78.2%).

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

The Company's consolidated financial position at the end of the first quarter of the current fiscal year under review is as follows: Total assets amounted to ¥161,848 million, down ¥6,045 million compared with the end of the previous fiscal year. Current assets decreased by ¥8,397 million as a result of the decrease in notes and accounts receivable despite an increase in cash and time deposits, and fixed assets increased by ¥2,352 million because of an increase in investments and other assets caused primarily by an increase in investment securities despite a decrease in tangible fixed assets, which include buildings and structures.

Liabilities amounted to ¥83,007 million, down ¥7,946 million over the end of the previous fiscal year, mainly because of decreases in notes and accounts payable.

Net assets amounted to ¥78,840 million, primarily reflecting an increase in net unrealized holding gains on other securities. The equity ratio rose to 48.4%.

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

Operating activities generated a net cash increase of ¥5,303 million (versus a net cash increase of ¥6,166 million in the same period of the previous fiscal year), as a result of (1) inflows including net income before income taxes of ¥773 million, depreciation expenses of ¥1,324 million and the decrease in notes and accounts receivable of ¥11,672 million and of (2) outflows including the decrease in notes and accounts payable of ¥8,519 million, the decrease in allowance for bonus payable of ¥940 million and the payment of income taxes of ¥559 million.

Net cash used in investing activities was ¥1,881 million (versus a net cash outlay of ¥2,757 million in the same period of the previous fiscal year), which was mainly comprised of disbursements for the purchase of property, plant and equipment amounting to ¥740 million.

Net cash used in financial activities was ¥8 million (versus a net cash outlay of ¥613 million in the same period of the previous fiscal year), which was comprised of proceeds mainly from a net increase in short-term bank loans of ¥753 million and disbursements mainly for cash dividend paid by the Company of ¥485 million.

Consequently, consolidated cash and cash equivalents at the end of the current fiscal year's first quarter increased by ¥3,424 million from the end of the previous fiscal year (versus an increase of ¥2,781 million over the same period of the previous fiscal year) to ¥21,849 million.

3. Qualitative information concerning the performance forecast

After reviewing the first-quarter performance results, we have revised the performance forecasts (consolidated and non-consolidated) for the first two quarters and for the full current fiscal year ending in March 2010, which was announced on May 11, 2009. For a description of the revised revenues and earnings forecasts, please refer to the “Announcement of Revised Earnings Forecast,” which we issued on July 31, 2009.

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

1) Method for valuation of inventories

For the purpose of valuing inventories at the end of the first quarter of the current fiscal year, the Company has dispensed with physical inventorying and applies a rational valuation method on the basis of inventory value physically verified at the end of the previous fiscal year.

2) 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 quarter of the previous fiscal year (which amounts to ¥30 million in the first quarter of the current fiscal year), is included in “loss on disposal/sale of property, plant and equipment” commencing with the first quarter 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 quarter of the previous fiscal year (which amounts to ¥30 million in the first quarter 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 quarter of the current fiscal year.

5. Quarterly financial statements

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	First quarter of FY March 2010 (As of Jun. 30, 2009)	Condensed consolidated balance sheet concerning FY March 2009 (As of March 31, 2009)
Assets		
Current assets:		
Cash and time deposits	24,273	19,488
Trade notes and accounts receivable	35,928	47,600
Marketable securities	172	172
Merchandise and finished products	11,306	12,254
Work in process	1,216	1,286
Raw material and supplies	2,138	2,248
Others	2,397	2,815
Allowance for doubtful debt	(46)	(82)
Total current assets	77,386	85,784
Fixed assets:		
Tangible fixed assets:		
Buildings and structures (at net book value)	16,601	16,880
Land	22,772	22,771
Others (at net book value)	11,106	11,438
Total tangible fixed assets	50,479	51,090
Intangible fixed assets:		
Goodwill	1,719	1,783
Others	2,319	2,347
Total intangible fixed assets	4,038	4,130
Investments and other assets:		
Investment securities	19,557	16,120
Others	10,477	10,859
Allowance for doubtful accounts	(91)	(91)
Total investment and other assets	29,943	26,888
Total fixed assets	84,462	82,109
Total assets	161,848	167,894

(Millions of yen)

	First quarter of FY March 2010 (As of Jun. 30, 2009)	Condensed consolidated balance sheet concerning FY March 2009 (As of March 31, 2009)
Liabilities		
Current liabilities:		
Trade notes and accounts payable	28,730	37,432
Short-term bank loans	10,631	9,878
Long-term debts due within one year	1,685	1,674
Bonds redeemed within one year	-	5,000
Income taxes payable	155	793
Allowance for bonus payable	594	1,535
Others	3,495	3,056
Total current liabilities	45,293	59,370
Long-term liabilities:		
Debenture bonds	10,000	5,000
Long-term loans payable	10,362	10,639
Severance and employee retirement benefits	11,967	11,710
Others	5,384	4,233
Total long-term liabilities	37,714	31,583
Total liabilities	83,007	90,954
Net assets		
Owners' equity		
Capital stock	18,670	18,670
Capital surplus	16,759	16,759
Retained earnings	42,411	42,547
Treasury stock, at cost	(2,357)	(2,354)
Total owners' equity	75,484	75,622
Net unrealized gain and translation adjustments		
Unrealized holding gains (losses) on securities	3,059	1,057
Foreign currency translation adjustment	(290)	(345)
Total Net unrealized gain and translation adjustments	2,769	712
Minority interests	586	604
Total net assets	78,840	76,939
Total liabilities and net assets	161,848	167,894

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

(Millions of yen)

	First quarter of FY March 2009 (From Apr. 1, 2008 to Jun. 30, 2008)	First quarter of FY March 2010 (From Apr. 1, 2009 to Jun. 30, 2009)
Net sales	50,939	40,845
Cost of sales	34,997	27,659
Gross profit	15,941	13,186
Selling, general and administrative expenses	13,873	12,616
Operating income	2,067	570
Other income:		
Interest income	20	8
Dividend income	236	144
Equity in earnings of affiliated companies	101	40
Others	291	266
Total other income	649	460
Other expenses:		
Interest expenses	124	161
Others	40	83
Total other expenses	165	244
Ordinary income	2,551	785
Extraordinary income:		
Reversal of allowance for doubtful accounts	-	39
Reversal of allowance for bonuses payable	639	-
Others	0	0
Total extraordinary income	640	39
Extraordinary losses:		
Loss on disposal of property, plant and equipment	26	-
Loss on disposal/sale of property, plant and equipment	-	45
Impairment loss on investment securities	50	-
Other losses	17	5
Total extraordinary losses	94	51
Income before income taxes for the quarter term	3,096	773
Income taxes	141	157
Adjustments on income taxes	1,024	217
Total income taxes	1,166	375
Minority interests in earnings (loss)	21	(18)
Net income for the quarter term	1,909	416

(3) Quarterly Consolidated Cash Flow Statement

(Millions of yen)

	First quarter of FY March 2009 (From Apr. 1, 2008 to Jun. 30, 2008)	First quarter of FY March 2010 (From Apr. 1, 2009 to Jun. 30, 2009)
Cash flows from operating activities		
Income before income taxes for the quarter term	3,096	773
Depreciation expense	1,413	1,324
Loss on disposal of property, plant and equipment	26	-
Loss/gain on disposal/sale of property, plant and equipment (parentheses indicate a gain)	-	45
Equity in earnings of affiliated companies (parentheses indicate a gain in earnings)	(101)	(40)
Increase/decrease in allowance for doubtful accounts (parentheses indicate a decrease)	6	(36)
Allowance for bonuses payable (parentheses indicate a decrease)	(2,344)	(940)
Increase/decrease in allowance for employee retirement benefits (parentheses indicate a decrease)	164	256
Interest and dividends income	(257)	(153)
Interest expense	124	161
Loss on devaluation of investment securities (parentheses indicate a revaluation gain)	50	-
Increase/decrease in notes and accounts receivable (parentheses indicate an increase)	8,379	11,672
Increase/decrease in inventories (parentheses indicate an increase)	555	1,129
Increase/decrease in notes and accounts payable (parentheses indicate a decrease)	(2,557)	(8,519)
Others	(547)	166
Sub-total	8,010	5,840
Interest and dividends received	259	155
Interest expenses paid	(119)	(133)
Income taxes paid	(1,984)	(559)
Net Cash provided by operating activities	6,166	5,303
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(1,561)	(740)
Payment for purchase of intangible fixed assets	(54)	(174)
Payment for purchase of investment securities	(11)	(5)
Proceeds from sale and redemption of investment securities	1,096	23
Outlay for acquisition of stock in subsidiary	(2,089)	-
Others	(138)	(984)
Net Cash used in investing activities	(2,757)	(1,881)
Cash flows from financing activities		
Net increase/decrease in short-term bank loans (parentheses indicate a decrease)	516	753
Proceeds from long-term bank loans	-	100
Repayments of long-term debt	(367)	(364)
Proceeds from issuance of corporate bonds	-	5,000
Outlays for redemption of corporate bonds	-	(5,000)
Payment for purchase of treasury stock	(3)	(1)
Cash dividends	(734)	(485)
Cash dividends paid to minority shareholders	(24)	-
Other	-	(9)
Net Cash used in financing activities	(613)	(8)
Effect on exchange rate changes on cash and cash equivalents	(13)	10
Increase/decrease in cash and cash equivalents (parentheses indicate a decrease)	2,781	3,424
Cash and cash equivalents at beginning of year	19,496	18,425
Cash and cash equivalents at term end	22,277	21,849

(4) Note regarding the assumption of going concern

First quarter of previous fiscal year (from April 1, 2008 to June 30, 2008)

There is no information that needs to be disclosed herein.

First quarter of current fiscal year (from April 1, 2009 to June 30, 2009)

There is no information that needs to be disclosed herein.

(5) Segment information

[Segment information by business type]

First quarter of previous fiscal year (from April 1, 2008 to June 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	31,386	16,624	2,928	50,939	–	50,939
(2) Internal sales or transfers between segments	–	–	–	–	(–)	–
Total	31,386	16,624	2,928	50,939	(–)	50,939
Operating income or (operating loss)	1,566	720	(219)	2,067	(–)	2,067

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 quarter of the current fiscal year by ¥238 million for the Office Furniture segment and by ¥47 million for the Store Displays segment, and to increase the segment operating loss by ¥33 million for the Material Handling Systems and Others segment respectively.

First quarter of current fiscal year (from April 1, 2009 to June 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	22,978	15,902	1,963	40,845	–	40,845
(2) Internal sales or transfers between segments	–	–	–	–	(–)	–
Total	22,978	15,902	1,963	40,845	(–)	40,845
Operating income or (operating loss)	323	340	(93)	570	(–)	570

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 quarter of previous fiscal year (from April 1, 2008 to June 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 quarter of current fiscal year (from April 1, 2009 to June 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 quarter of previous fiscal year (from April 1, 2008 to June 30, 2008)

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

First quarter of current fiscal year (from April 1, 2009 to June 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 quarter of previous fiscal year (from April 1, 2008 to June 30, 2008)

There is no information that needs to be disclosed herein.

First quarter of current fiscal year (from April 1, 2009 to June 30, 2009)

There is no information that needs to be disclosed herein.