



# Financial Results for First Half of Fiscal Year Ending March 31, 2014 [Japanese GAAP] (Consolidated)

November 1, 2013

Listing: Tokyo Stock Exchange

Okamura Corporation

Code Number: 7994

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

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Scheduled date for filing of quarterly report: November 13, 2013

Scheduled date for commencement of dividend payments: December 10, 2013

Preparation of supplementary materials to explain quarterly financial results: Prepared.

Scheduling of meeting to explain quarterly financial results: Scheduled (for institutional investors and analysts).

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

## 1. Financial and Operational Review for First Half (Apr. 1, 2013 to September 30, 2013) of FY Ending March 2014 (Apr. 1, 2013 to Mar. 31, 2014)

### (1) Business Results (cumulative)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half of FY ending March 2014	99,394	6.3	3,776	28.5	4,015	20.2	2,701	18.7
First half of FY ended March 2013	93,498	8.8	2,939	53.5	3,341	52.7	2,274	76.8

(Note) Comprehensive income ¥4,254 million (172.7%) for the first half of FY ending March 2014  
¥1,560 million (214.3%) for the first half of FY ended March 2013

	Net income per share	Diluted net income per share
	yen	yen
First half of FY ending March 2014	24.51	—
First half of FY ended March 2013	20.64	—

### (2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
First half of FY ending March 2014	176,624	89,954	50.8
FY ended March 2013	177,959	86,367	48.4

(Reference) Total equity ¥89,799 million for the first half of FY ending March 2014  
¥86,174 million for FY ended March 2013

## 2. Dividend

	Annual dividend				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	yen	yen	yen	yen	yen
FY ended March 2013	—	6.00	—	6.00	12.00
FY ending March 2014	—	7.00			
FY ending March 2014 (forecast)			—	7.00	14.00

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

## 3. Forecast of Consolidated Performance for FY ending March 2014 (April 1, 2013 to March 31, 2014)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	210,000	7.8	9,500	32.9	10,000	23.5	6,300	19.6	57.18

(Note) Revision of the most recently released performance forecasts: Yes

\* Notes

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

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

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

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

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

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

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

First half of FY ending March 2014	112,391,530	FY ended March 2013	112,391,530
First half of FY ending March 2014	2,203,908	FY ended March 2013	2,196,231
First half of FY ending March 2014	110,191,291	First half of FY ended March 2013	110,205,306

\* Indication of Implementation Status of Quarterly Review Procedures

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

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

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

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## 1. Qualitative Information Concerning Quarterly Consolidated Financial Results

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

During the first half of the consolidated fiscal year under review, Japan's economy showed a recovery in stock prices as the yen's appreciation was corrected due to the government initiatives such as monetary easing and fiscal policy, though concerns remained over the slowdown in the U.S. economy, financial instability in Europe, and uncertainty in the future of emerging economies. Consequently, the market showed signs of recovery, though corporate profits improved only slowly, mainly in export-related companies and the manufacturing industry, and the recovery of consumer spending was lethargic.

Under these circumstances, the Okamura Group strove to develop new market potential and cultivate new customer bases by introducing new products that incorporate new technologies and offering total solutions. The Group also endeavored to improve productivity and accelerate the cost savings.

Performance results by segment are discussed below.

Segment name	Net sales (Millions of yen)			Segment income (loss) (Millions of yen)		
	First half of FY ended March 2013	First half of FY ending March 2014	Increase/decrease	First half of FY ended March 2013	First half of FY ending March 2014	Increase/decrease
Office Furniture	49,814	50,416	601	2,504	1,491	(1,013)
Store Displays	38,512	42,142	3,630	905	2,006	1,101
Others	5,171	6,836	1,664	(470)	278	749
Total	93,498	99,394	5,896	2,939	3,776	836

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

## Office Furniture

In the Office Furniture segment, though both office relocation and renewal demand continued to be sluggish since the previous fiscal year, due to decreases in the number of large-scale projects and reductions in corporate investments as a result of their taking a cautious attitude toward the future of the economy during the first half of the quarter under review, there were signs of recovery during the second half of the quarter. Under these circumstances, the Company proactively made proposals on how to use office space in an optimal way in order to respond to needs for greater office efficiency, reviews of working procedures and safety measures. It also concentrated on the creation of new demand in educational, healthcare, cultural, and research facilities in the office-related furniture market. The results of the above efforts increased net sales year-over-year.

As a result, net sales in this segment amounted to ¥50,416 million (an increase of 1.2% year-over-year), and the segment income amounted to ¥1,491 million (a decrease of 40.5% year-over-year).

## Store Displays

In the Store Displays segment, the Company developed new products to meet the needs of members of the retail industry who planned to develop business globally, and also those planning to create smaller stores. We also aggressively promoted total store solutions designed to meet consumer needs in creating stores, to improve store energy efficiency, and to provide store safety and security measures and systems as well as anticrime measures. Furthermore, we concentrated on winning more orders from retailers for new stores and store renovations, as well as endeavoring to improve profit margins. The results of the above efforts significantly increased net sales and income year-over-year.

As a result, net sales in this segment amounted to ¥42,142 million (an increase of 9.4% year-over-year), and the segment income amounted to ¥2,006 million (an increase of 121.6% year-over-year).

## Others (including Material Handling Systems business)

In the Material Handling Systems segment (which focuses on outsourcing services for logistics management with the objective of cost savings and other promising areas such as retailing and wholesaling as well as transport and warehousing), the Company strove to attract more orders for total solutions by making maximum use of its proposal-making abilities and its new products, which were distinguished by their competitive superiority, and undertook full-fledged action to promote sector-specific solutions in closer collaboration with other businesses. The results of the above efforts increased net sales and income year-over-year.

As a result, net sales in this segment amounted to ¥6,836 million (an increase of 32.2% year-over-year), and the segment income amounted to ¥278 million (versus a segment loss of ¥470 million in the same period of the previous fiscal year).

As a result of the above, during the first half of the current fiscal year, the Company posted net sales of ¥99,394 million (an increase of 6.3% year-over-year), operating income of ¥3,776 million (an increase of 28.5% year-over-year), ordinary income of ¥4,015 million (an increase of 20.2% year-over-year), and net income of ¥2,701 million (an increase of 18.7% year-over-year).

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

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

Total assets amounted to ¥176,624 million, down ¥1,335 million compared with the end of the previous consolidated fiscal year. Current assets decreased by ¥4,920 million, mainly because of decreases in notes and accounts receivable-trade, and noncurrent assets increased by ¥3,584 million, mainly because of increases in investment securities.

Liabilities amounted to ¥86,669 million, down ¥4,922 million over the end of the previous fiscal year, mainly because of decreases in notes and accounts payable-trade as well as income taxes payable.

Net assets amounted to ¥89,954 million, up ¥3,587 million over the end of the previous fiscal year, mainly because of an increase in retained earnings and valuation difference on available-for-sale securities. The equity ratio amounted to 50.8%, up 2.4 percentage points.

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

Operating activities generated a net cash increase of ¥5,197 million (an increase of ¥5,947 million in the same period of the previous fiscal year), reflecting inflows including income before income taxes and minority interests for the quarter of ¥4,317 million, depreciation and amortization of ¥2,122 million, and a decrease in notes and accounts receivable-trade of ¥6,328 million. Outflows included a decrease in notes and accounts payable-trade of ¥3,324 million and income taxes paid of ¥2,702 million.

Investing activities resulted in a net cash outflow of ¥3,479 million (an outflow of ¥3,041 million in the same period of the previous fiscal year), reflecting outlays including disbursements of ¥1,439 million for the purchase of property, plant and equipment, of ¥627 million for the purchase of intangible assets, and of ¥822 million for the purchase of investment securities.

Financing activities resulted in a net cash increase of ¥1,833 million (an outflow of ¥1,186 million in the same period of the previous fiscal year), reflecting outflows including a decrease in long-term loans payable of ¥1,225 million and dividend payments of ¥661 million.

Consequently, consolidated cash and cash equivalents at the end of the current fiscal year's first half increased by ¥44 million from the end of the previous fiscal year (an increase of ¥1,733 million in the same period of the previous fiscal year) to ¥25,863 million.

(3) Explanation of the performance forecast

Regarding the financial and operational review for the first half under review, we have revised the consolidated performance forecasts for the fiscal year ending March 2014 from those announced on May 10, 2013.

2. Summary Information (Notes)

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

Nothing in particular.

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

Nothing in particular.

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

Nothing in particular.

## 3. Quarterly Financial Statements

## (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Previous fiscal year (As of March 31, 2013)	First half of the current fiscal year (As of September 30, 2013)
<b>Assets</b>		
Current assets		
Cash and deposits	27,260	27,612
Notes and accounts receivable-trade	51,384	45,079
Short-term investment securities	321	621
Merchandise and finished goods	8,208	8,606
Work in process	1,335	1,575
Raw materials and supplies	2,956	3,220
Other	3,482	3,311
Allowance for doubtful accounts	(20)	(18)
Total current assets	94,928	90,008
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	13,719	13,549
Land	22,748	23,337
Other, net	9,445	9,556
Total property, plant and equipment	45,913	46,443
Intangible assets		
Goodwill	1,641	1,495
Other	2,704	3,014
Total intangible assets	4,345	4,509
Investments and other assets		
Investment securities	23,455	26,062
Other	9,347	9,628
Allowance for doubtful accounts	(31)	(30)
Total investments and other assets	32,771	35,661
Total noncurrent assets	83,030	86,615
Total assets	177,959	176,624

(Millions of yen)

	Previous fiscal year (As of March 31, 2013)	First half of the current fiscal year (As of September 30, 2013)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	29,037	25,933
Electronically recorded obligations-operating	8,218	8,111
Short-term loans payable	6,160	6,220
Current portion of long-term loans payable	3,170	2,405
Current portion of bonds	5,000	–
Income taxes payable	2,831	1,468
Provision for bonuses	2,712	2,083
Other	3,960	3,904
Total current liabilities	61,091	50,126
Noncurrent liabilities		
Bonds payable	5,000	10,000
Long-term loans payable	7,601	7,241
Provision for retirement benefits	13,341	13,887
Other	4,558	5,413
Total noncurrent liabilities	30,501	36,542
Total liabilities	91,592	86,669
<b>Net assets</b>		
Shareholders' equity		
Capital stock	18,670	18,670
Capital surplus	16,759	16,759
Retained earnings	48,853	50,892
Treasury stock	(2,388)	(2,393)
Total equity	81,895	83,929
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,501	5,822
Foreign currency translation adjustment	(223)	48
Total accumulated other comprehensive income	4,278	5,870
Minority interests	193	154
Total net assets	86,367	89,954
Total liabilities and net assets	177,959	176,624

## (2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Income Statement  
[First Half of Current Fiscal Year]

(Millions of yen)

	First half of FY ended March 2013 (From April 1, 2012 to September 30, 2012)	First half of FY ending March 2014 (From April 1, 2013 to September 30, 2013)
Net sales	93,498	99,394
Cost of sales	65,755	69,844
Gross profit	27,742	29,550
Selling, general and administrative expenses		
Packing and transportation expenses	3,925	4,032
Salaries and allowances	7,905	8,212
Provision for bonuses	1,308	1,382
Rent expenses	2,916	3,026
Other	8,746	9,120
Total selling, general and administrative expenses	24,802	25,773
Operating income	2,939	3,776
Non-operating income		
Interest income	23	23
Dividends income	226	239
Equity in earnings of affiliates	202	64
Other	342	363
Total non-operating income	795	690
Non-operating expenses		
Interest expenses	234	181
Office relocation expenses	15	116
Other	144	154
Total non-operating expenses	394	452
Ordinary income	3,341	4,015
Extraordinary income		
Gain on sales of investment securities	13	24
Gain on negative goodwill	–	279
Subsidy income	499	–
Total extraordinary income	513	304
Extraordinary loss		
Loss on valuation of investment securities	249	–
Loss on valuation of golf club memberships	0	1
Total extraordinary loss	250	1
Income before income taxes and minority interests	3,604	4,317
Income taxes-current	778	1,432
Income taxes-deferred	471	222
Total income taxes	1,250	1,655
Income before minority interests	2,354	2,662
Minority interests in income or loss	79	(38)
Net income	2,274	2,701

Quarterly Consolidated Statement of Comprehensive Income  
 [First Half of Current Fiscal Year]

(Millions of yen)

	First half of FY ended March 2013 (From April 1, 2012 to September 30, 2012)	First half of FY ending March 2014 (From April 1, 2013 to September 30, 2013)
Income before minority interests	2,354	2,662
Other comprehensive income		
Valuation difference on available-for-sale securities	(826)	1,320
Foreign currency translation adjustment	18	179
Share of other comprehensive income of associates accounted for using equity method	14	91
Total other comprehensive income	(794)	1,592
Comprehensive income	1,560	4,254
(Details)		
Comprehensive income attributable to owners of the parent	1,480	4,293
Comprehensive income attributable to minority interests	79	(38)

## (3) Quarterly Consolidated Cash Flow Statement

(Millions of yen)

	First half of FY ended March 2013 (From April 1, 2012 to September 30, 2012)	First half of FY ending March 2014 (From April 1, 2013 to September 30, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	3,604	4,317
Depreciation and amortization	2,028	2,122
Gain on negative goodwill	–	(279)
Loss (gain) on sales and retirement of noncurrent assets	50	59
Equity in (earnings) losses of affiliates	(202)	(64)
Increase (decrease) in allowance for doubtful accounts	(29)	(5)
Increase (decrease) in provision for bonuses	(675)	(639)
Increase (decrease) in provision for retirement benefits	339	323
Interest and dividends income	(250)	(262)
Interest expenses	234	181
Loss (gain) on sale of investment securities	(13)	(24)
Loss (gain) on valuation of investment securities	249	–
Decrease (increase) in notes and accounts receivable-trade	10,664	6,328
Decrease (increase) in inventories	(39)	(825)
Increase (decrease) in notes and accounts payable-trade	(5,335)	(3,324)
Other, net	(949)	(82)
Subtotal	9,676	7,822
Interest and dividends income received	276	294
Interest expenses paid	(228)	(216)
Income taxes paid	(3,777)	(2,702)
Net cash provided by (used in) operating activities	5,947	5,197
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,034)	(964)
Proceeds from withdrawals of time deposits	1,034	1,084
Purchase of property, plant and equipment	(2,758)	(1,439)
Purchase of intangible assets	(465)	(627)
Purchase of investment securities	(352)	(822)
Proceeds from sales and redemption of investment securities	418	92
Purchase of investments in subsidiaries resulting in change in scope of consolidation	–	(554)
Other, net	117	(247)
Net cash provided by (used in) investing activities	(3,041)	(3,479)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(718)	48
Proceeds from long-term loans payable	1,975	100
Repayment of long-term loans payable	(1,838)	(1,225)
Proceeds from issuance of bonds	–	5,000
Redemption of bonds	–	(5,000)
Purchase of treasury stock	(1)	(3)
Cash dividends paid	(551)	(661)
Other, net	(52)	(92)
Net cash provided by (used in) financing activities	(1,186)	(1,833)
Effect of exchange rate change on cash and cash equivalents	14	159
Net increase (decrease) in cash and cash equivalents	1,733	44
Cash and cash equivalents at the beginning of the fiscal year	26,179	25,818
Cash and cash equivalents at the end of the quarter term	27,913	25,863

## (4) Note regarding consolidated quarterly financial statements

Note regarding the assumption of going concern

There is no information that needs to be disclosed herein.

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

There is no information that needs to be disclosed herein.

Segment information

First half of FY ended March 2013 (from April 1, 2012 to September 30, 2012)

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

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustment	Amount recorded on Quarterly Consolidated Income Statement (Note 2)
	Office Furniture	Store Displays	Total				
Net sales							
Net sales to external customers	49,814	38,512	88,326	5,171	93,498	–	93,498
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	49,814	38,512	88,326	5,171	93,498	–	93,498
Segment income (loss)	2,504	905	3,410	(470)	2,939	–	2,939

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

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

First half of FY ending March 2014 (from April 1, 2013 to September 30, 2013)

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

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustment	Amount recorded on Quarterly Consolidated Income Statement (Note 2)
	Office Furniture	Store Displays	Total				
Net sales							
Net sales to external customers	50,416	42,142	92,558	6,836	99,394	–	99,394
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	50,416	42,142	92,558	6,836	99,394	–	99,394
Segment income	1,491	2,006	3,497	278	3,776	–	3,776

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

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

Material subsequent events

There is no information that needs to be disclosed herein.