



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

February 3, 2014

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: February 13, 2014

Scheduled date for commencement of dividend payments: –

Preparation of supplementary materials to explain quarterly financial results: Not prepared.

Scheduling of meeting to explain quarterly financial results: Not scheduled.

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

## 1. Financial and Operational Review for Third Quarter (Apr. 1, 2013 to Dec. 31, 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	%
Third quarter of FY ending March 2014	150,134	7.9	5,020	58.6	5,660	45.0	3,673	37.3
Third quarter of FY ended March 2013	139,113	5.2	3,164	15.4	3,903	28.0	2,676	85.9

(Note) Comprehensive income ¥6,753 million (127.3%) for the third quarter of FY ending March 2014  
¥2,970 million (–%) for the third quarter of FY ended March 2013

	Net income per share	Diluted net income per share
	yen	yen
Third quarter of FY ending March 2014	33.34	–
Third quarter of FY ended March 2013	24.29	–

### (2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Third quarter of FY ending March 2014	187,166	91,884	48.9
FY ended March 2013	177,959	86,367	48.4

(Reference) Total equity ¥91,507 million for the third quarter 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: None

\* Notes

(1) Changes in the number of material subsidiaries during the third quarter 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)

3Q of FY ending March 2014	112,391,530	FY ended March 2013	112,391,530
3Q of FY ending March 2014	2,212,031	FY ended March 2013	2,196,231
3Q of FY ending March 2014	110,188,856	3Q of FY ended March 2013	110,203,899

\* 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) Explanation of 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 third quarter of the consolidated fiscal year under review, the yen depreciated and stock prices rose in Japan due to initiatives of the government such as monetary easing and fiscal policies, though concerns remained over the uncertain future for China and other emerging economies. Consequently, the market showed a modest recovery as a result of the improvement in overall business conditions in the manufacturing and non-manufacturing industries, mainly in export-related companies, and a recovery in consumer spending.

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 reduction.

Performance results by segment are discussed below.

Segment name	Net sales (Millions of yen)			Segment income (loss) (Millions of yen)		
	Third quarter of FY ended March 2013	Third quarter of FY ending March 2014	Increase/decrease	Third quarter of FY ended March 2013	Third quarter of FY ending March 2014	Increase/decrease
Office Furniture	72,840	76,032	3,191	2,191	1,861	(330)
Store Displays	57,984	63,667	5,682	1,469	2,616	1,147
Others	8,288	10,434	2,145	(496)	542	1,038
Total	139,113	150,134	11,020	3,164	5,020	1,855

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

## Office Furniture

In the Office Furniture segment, despite the continuing sluggishness since the previous fiscal year in demand for both office relocation and renewal, the performance of the segment improved in the second half of the term under review (April to December 2013) due to the decreasing number of large-scale projects and reduced corporate investments as a result of cautious attitudes toward the future of the economy during the first half of the term under review. 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 ¥76,032 million (an increase of 4.4% year-over-year), and the segment income amounted to ¥1,861 million (a decrease of 15.1% 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 increase our share in the refrigerated showcase market and to improve our 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 ¥63,667 million (an increase of 9.8% year-over-year), and the segment income amounted to ¥2,616 million (an increase of 78.1% 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 significantly increased net sales and income year-over-year.

As a result, net sales in this segment amounted to ¥10,434 million (an increase of 25.9% year-over-year), and the segment income amounted to ¥542 million (versus a segment loss of ¥496 million in the same period of the previous fiscal year).

As a result of the above, during the third quarter of the current fiscal year, the Company posted net sales of ¥150,134 million (an increase of 7.9% year-over-year), operating income of ¥5,020 million (an increase of 58.6% year-over-year), ordinary

income of ¥5,660 million (an increase of 45.0% year-over-year), and net income of ¥3,673 million (an increase of 37.3% year-over-year).

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

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

Total assets amounted to ¥187,166 million, up ¥9,206 million compared with the end of the previous consolidated fiscal year. Current assets increased by ¥1,668 million, mainly because of increases in cash and deposits as well as in inventories and decreases in notes and accounts receivable-trade, and noncurrent assets increased by ¥7,538 million, mainly because of increases in investment securities.

Liabilities amounted to ¥95,281 million, up ¥3,689 million over the end of the previous fiscal year, mainly because of increases in short-term loans payable and decreases in income taxes payable.

Net assets amounted to ¥91,884 million, up ¥5,517 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 48.9%, up 0.5 percentage points.

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

Operating activities generated a net cash increase of ¥9,327 million (an increase of ¥8,765 million in the same period of the previous fiscal year), reflecting inflows including income before income taxes and minority interests for the quarter of ¥5,963 million, depreciation and amortization of ¥3,305 million, and a decrease in notes and accounts receivable-trade of ¥8,040 million. Outflows included an increase in inventories of ¥3,087 million and income taxes paid of ¥4,266 million.

Investing activities resulted in a net cash outflow of ¥5,904 million (an outflow of ¥5,800 million in the same period of the previous fiscal year), reflecting outlays including disbursements of ¥3,253 million for the purchase of property, plant and equipment and of ¥1,126 million for the purchase of intangible assets.

Financing activities resulted in a net cash increase of ¥2,820 million (an increase of ¥3,573 million in the same period of the previous fiscal year), reflecting increases in short-term loans payable of ¥4,999 million and decreases in dividend payments of 1,349 million.

Consequently, consolidated cash and cash equivalents at the end of the current fiscal year's third quarter increased by ¥6,401 million from the end of the previous fiscal year (an increase of ¥6,561 million in the same period of the previous fiscal year) to ¥32,220 million.

(3) Explanation of the performance forecast

The consolidated performance forecasts for the fiscal year ending March 2014, which we announced on November 1, 2013, remain unchanged.

2. Summary Information (Notes)

- (1) Changes in the number of material subsidiaries during the third quarter 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)	Third quarter of the current fiscal year (As of December 31, 2013)
<b>Assets</b>		
Current assets		
Cash and deposits	27,260	33,869
Notes and accounts receivable-trade	51,384	43,368
Short-term investment securities	321	621
Merchandise and finished goods	8,208	10,625
Work in process	1,335	1,575
Raw materials and supplies	2,956	3,462
Other	3,482	3,092
Allowance for doubtful accounts	(20)	(16)
<b>Total current assets</b>	<b>94,928</b>	<b>96,597</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	13,719	13,444
Land	22,748	23,522
Other, net	9,445	10,619
<b>Total property, plant and equipment</b>	<b>45,913</b>	<b>47,586</b>
Intangible assets		
Goodwill	1,641	1,393
Other	2,704	3,181
<b>Total intangible assets</b>	<b>4,345</b>	<b>4,575</b>
Investments and other assets		
Investment securities	23,455	28,573
Other	9,347	9,863
Allowance for doubtful accounts	(31)	(29)
<b>Total investments and other assets</b>	<b>32,771</b>	<b>38,406</b>
<b>Total noncurrent assets</b>	<b>83,030</b>	<b>90,568</b>
<b>Total assets</b>	<b>177,959</b>	<b>187,166</b>

(Millions of yen)

	Previous fiscal year (As of March 31, 2013)	Third quarter of the current fiscal year (As of December 31, 2013)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	29,037	26,914
Electronically recorded obligations-operating	8,218	10,806
Short-term loans payable	6,160	11,170
Current portion of long-term loans payable	3,170	1,433
Current portion of bonds	5,000	—
Income taxes payable	2,831	436
Provision for bonuses	2,712	1,643
Other	3,960	4,108
<b>Total current liabilities</b>	<b>61,091</b>	<b>56,512</b>
Noncurrent liabilities		
Bonds payable	5,000	10,000
Long-term loans payable	7,601	8,427
Provision for retirement benefits	13,341	14,152
Other	4,558	6,189
<b>Total noncurrent liabilities</b>	<b>30,501</b>	<b>38,769</b>
<b>Total liabilities</b>	<b>91,592</b>	<b>95,281</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	18,670	18,670
Capital surplus	16,759	16,759
Retained earnings	48,853	51,092
Treasury stock	(2,388)	(2,400)
<b>Total equity</b>	<b>81,895</b>	<b>84,122</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,501	7,354
Foreign currency translation adjustment	(223)	29
<b>Total accumulated other comprehensive income</b>	<b>4,278</b>	<b>7,384</b>
Minority interests	193	376
<b>Total net assets</b>	<b>86,367</b>	<b>91,884</b>
<b>Total liabilities and net assets</b>	<b>177,959</b>	<b>187,166</b>



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

Quarterly Consolidated Income Statement  
[Third Quarter of Current Fiscal Year]

(Millions of yen)

	Third quarter of FY ended March 2013 (From April 1, 2012 to December 31, 2012)	Third quarter of FY ending March 2014 (From April 1, 2013 to December 31, 2013)
Net sales	139,113	150,134
Cost of sales	98,233	105,594
Gross profit	40,880	44,539
Selling, general and administrative expenses		
Packing and transportation expenses	5,858	6,239
Salaries and allowances	12,823	13,420
Provision for bonuses	960	1,141
Rent expenses	4,379	4,628
Other	13,694	14,088
Total selling, general and administrative expenses	37,715	39,518
Operating income	3,164	5,020
Non-operating income		
Interest income	32	32
Dividends income	396	436
Equity in earnings of affiliates	229	156
Other	637	647
Total non-operating income	1,297	1,273
Non-operating expenses		
Interest expenses	347	260
Other	210	373
Total non-operating expenses	558	633
Ordinary income	3,903	5,660
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	57	–
Loss on valuation of golf club memberships	–	1
Total extraordinary loss	57	1
Income before income taxes and minority interests	4,359	5,963
Income taxes-current	974	1,888
Income taxes-deferred	658	428
Total income taxes	1,632	2,316
Income before minority interests	2,726	3,646
Minority interests in income or loss	50	(26)
Net income	2,676	3,673

Quarterly Consolidated Statement of Comprehensive Income  
 [Third Quarter of Current Fiscal Year]

(Millions of yen)

	Third quarter of FY ended March 2013 (From April 1, 2012 to December 31, 2012)	Third quarter of FY ending March 2014 (From April 1, 2013 to December 31, 2013)
Income before minority interests	2,726	3,646
Other comprehensive income		
Valuation difference on available-for-sale securities	148	2,840
Deferred gains or losses on hedges	48	–
Foreign currency translation adjustment	21	175
Share of other comprehensive income of associates accounted for using equity method	26	90
Total other comprehensive income	244	3,106
Comprehensive income	2,970	6,753
(Details)		
Comprehensive income attributable to owners of the parent	2,920	6,779
Comprehensive income attributable to minority interests	50	(26)

## (3) Quarterly Consolidated Cash Flow Statement

(Millions of yen)

	Third quarter of FY ended March 2013 (From April 1, 2012 to December 31, 2012)	Third quarter of FY ending March 2014 (From April 1, 2013 to December 31, 2013)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests	4,359	5,963
Depreciation and amortization	3,223	3,305
Gain on negative goodwill	–	(279)
Loss (gain) on sales and retirement of noncurrent assets	96	103
Equity in (earnings) losses of affiliates	(229)	(156)
Increase (decrease) in allowance for doubtful accounts	(26)	(7)
Increase (decrease) in provision for bonuses	(1,237)	(1,079)
Increase (decrease) in provision for retirement benefits	567	487
Interest and dividends income	(429)	(469)
Interest expenses	347	260
Loss (gain) on sale of investment securities	(13)	(24)
Loss (gain) on valuation of investment securities	57	–
Decrease (increase) in notes and accounts receivable-trade	13,757	8,040
Decrease (increase) in inventories	(1,768)	(3,087)
Increase (decrease) in notes and accounts payable-trade	(5,066)	131
Subsidy income	(499)	–
Other, net	83	205
<b>Subtotal</b>	<b>13,221</b>	<b>13,392</b>
Interest and dividends income received	449	491
Interest expenses paid	(350)	(290)
Income taxes paid	(4,554)	(4,266)
<b>Net cash provided by (used in) operating activities</b>	<b>8,765</b>	<b>9,327</b>
<b>Net cash provided by (used in) investing activities</b>		
Payments into time deposits	(1,397)	(1,394)
Proceeds from withdrawals of time deposits	1,443	1,705
Purchase of property, plant and equipment	(5,455)	(3,253)
Purchase of intangible assets	(721)	(1,126)
Purchase of investment securities	(665)	(884)
Proceeds from sales and redemption of investment securities	528	92
Purchase of investments in subsidiaries resulting in change in scope of consolidation	–	(554)
Subsidy received	497	–
Other, net	(31)	(488)
<b>Net cash provided by (used in) investing activities</b>	<b>(5,800)</b>	<b>(5,904)</b>
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	3,571	4,999
Proceeds from long-term loans payable	3,605	1,407
Repayment of long-term loans payable	(2,378)	(2,318)
Proceeds from issuance of bonds	–	5,000
Redemption of bonds	–	(5,000)
Purchase of treasury stock	(2)	(8)
Cash dividends paid	(1,142)	(1,349)
Other, net	(79)	91
<b>Net cash provided by (used in) financing activities</b>	<b>3,573</b>	<b>2,820</b>

	Third quarter of FY ended March 2013 (From April 1, 2012 to December 31, 2012)	Third quarter of FY ending March 2014 (From April 1, 2013 to December 31, 2013)
Effect of exchange rate change on cash and cash equivalents	22	158
Net increase (decrease) in cash and cash equivalents	6,561	6,401
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	32,740	32,220

## (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

Third quarter of FY ended March 2013 (from April 1, 2012 to December 31, 2012)

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	72,840	57,984	130,825	8,288	139,113	–	139,113
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	72,840	57,984	130,825	8,288	139,113	–	139,113
Segment income (loss)	2,191	1,469	3,661	(496)	3,164	–	3,164

(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.

Third quarter of FY ending March 2014 (from April 1, 2013 to December 31, 2013)

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	76,032	63,667	139,699	10,434	150,134	–	150,134
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	76,032	63,667	139,699	10,434	150,134	–	150,134
Segment income	1,861	2,616	4,477	542	5,020	–	5,020

(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.