

Financial Results for Fiscal Year Ended March 2017

[Japanese GAAP] (Consolidated)



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Okamura Corporation

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Scheduled date for Board Meeting for Consolidated Settlement of Accounts: June 29, 2017

Scheduled date for filing Annual Security Report: June 29, 2017

Scheduled date for commencement of dividend payments: June 30, 2017

Preparation of supplementary material to explain financial results: Prepared.

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

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

1. Consolidated Operating Results for FY Ended March 2017 (April 1, 2016 to March 31, 2017)

(1) Operating Results

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2017	236,776	(1.7)	11,815	(8.8)	12,761	(6.1)	8,295	(8.5)
FY ended March 2016	240,794	9.4	12,960	47.8	13,590	31.3	9,067	41.2

Note: Comprehensive income ¥8,633 million (25.4%) for FY ended March 2017, ¥6,886 million (-42.2%) for FY ended March 2016

	Profit per share	Diluted profit per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	yen	yen	%	%	%
FY ended March 2017	75.30	-	7.5	5.9	5.0
FY ended March 2016	82.31	-	8.6	6.4	5.4

Reference: Equity in earnings of affiliates ¥372 million for FY ended March 2017, ¥125 million for FY ended March 2016

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY ended March 2017	218,741	114,249	52.0	1,032.06
FY ended March 2016	217,485	108,491	49.7	980.32

Reference: Total equity ¥113,689 million for FY ended March 2017, ¥107,996 million for FY ended March 2016

(3) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the fiscal year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended March 2017	11,439	(9,153)	(4,184)	25,461
FY ended March 2016	13,870	(6,896)	(2,114)	27,547

2. Dividend

	Annual dividend					Total dividends amount	Dividend payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
FY ended March 2016	-	10.00	-	14.00	24.00	2,647	29.2	2.5
FY ended March 2017	-	12.00	-	12.00	24.00	2,647	31.9	2.4
FY ending March 2018 (forecast)	-	12.00	-	12.00	24.00		29.7	

3. Forecast of Consolidated Performance for FY Ending March 2018 (from April 1, 2017 to March 31, 2018)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
2Q (cumulative)	113,000	1.2	4,500	(11.9)	4,800	(12.7)	3,200	(16.2)	29.05
Full year	243,000	2.6	12,500	5.8	13,200	3.4	8,900	7.3	80.79

* Notes

(1) Changes in the number of material subsidiaries during the fiscal year 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) 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

(3) Number of shares of stock (common stock)

① Number of shares issued (including treasury stock) at the end of the fiscal year

② Number of shares of treasury stock at the end of the fiscal year

③ Average number of shares during the period

FY ended March 2017	112,391,530	FY ended March 2016	112,391,530
FY ended March 2017	2,233,725	FY ended March 2016	2,227,159
FY ended March 2017	110,161,260	FY ended March 2016	110,162,842

Reference: Non-Consolidated Operating Results

1. Non-Consolidated Operating Results for FY Ended March 2017 (April 1, 2016 to March 31, 2017)

(1) Operating Results

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

	Net sales		Operating income		Ordinary income		Profit			
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%		
FY ended March 2017	212,927	(2.2)	8,798	(19.0)	10,480	(11.2)	7,227	(6.9)		
FY ended March 2016	217,690	9.5	10,860	43.3	11,803	(16.9)	7,764	(23.5)		
		Profit per share		Diluted profit per share						
		yen		yen						
FY ended March 2017	65.51		—							
FY ended March 2016	70.38		—							

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY ended March 2017	192,743	101,532	52.7	920.30
FY ended March 2016	190,231	97,088	51.0	880.00

Note: Total equity ¥101,532 million for FY ended March 2017, ¥97,088 million for FY ended March 2016

* Financial Results summary is not subject to audits.

* 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, etc., please refer to (4) Future Earnings Forecast in 1. Overall State of Operating Results on page 4 of the Appendix to this Financial Results summary.

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1. Overall State of Operating Results

(1) Overall State of Operating Results for the Fiscal Year under Review

① General Situation

	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Profit per share (Yen)	ROE (%)
FY ended March 2017	236,776	11,815	12,761	8,295	75.30	7.5
FY ended March 2016	240,794	12,960	13,590	9,067	82.31	8.6
Changes (%)	(1.7%)	(8.8%)	(6.1%)	(8.5%)	(8.5%)	—

During the consolidated fiscal year under review, corporate earnings proved to be solid, and the employment situation showed improvement. The Japanese economy, however, remained uncertain due to the election of a new administration in the U.S., the influence of the U.K.'s decision to leave the European Union, and the risk of an economic downturn in China and other emerging countries.

Under these circumstances, the Okamura Group strove to develop new market potential, increase our market share in each of our business segments, and cultivate new customer bases by creating distinctive products and offering total solutions. The Group also endeavored to improve productivity and accelerate cost reduction.

As a result of the above, net sales for the current consolidated fiscal year amounted to ¥236,776 million (a year-over-year decrease of 1.7%).

From a profit-and-loss perspective, operating income amounted to ¥11,815 million (a year-over-year decrease of 8.8%), ordinary income amounted to ¥12,761 million (a year-over-year decrease of 6.1%) and profit attributable to owners of parent amounted to ¥8,295 million (a year-over-year decrease of 8.5%).

② Situation by Segment

Segment name	Net sales (Millions of yen)			Segment income (loss) (Millions of yen)		
	FY ended March 2016	FY ended March 2017	Increase/decrease	FY ended March 2016	FY ended March 2017	Increase/decrease
Office Furniture	124,988	124,446	(541)	9,182	8,879	(303)
Store Displays	99,204	96,220	(2,983)	3,516	3,034	(481)
Others	16,602	16,109	(493)	262	(98)	(360)
Total	240,794	236,776	(4,018)	12,960	11,815	(1,145)

Note: The total of segment income (loss) corresponds to the operating income in the Consolidated Statements of Income.

Office Furniture

In the Office Furniture segment, demand for office furniture remained strong during the first half of the fiscal year as a result of a stable supply of large-scale office buildings, mainly in the center of Tokyo. During the second half of the fiscal year, the supply of large-scale office buildings entered a temporary transitional period, which led to a reduction in major relocation projects. Under these circumstances, the Company proactively put forward ideas on creating a new office environment in response to changing working styles in offices and the growing interest in health. The Company also endeavored to engage in aggressive sales activities targeting strongly performing companies and the furniture market for other office-related facilities, including schools and libraries, as well as municipal offices. As a result, both net sales and income remained at the same level year-over-year.

As a result, net sales in this segment amounted to ¥124,446 million (a year-over-year decrease of 0.4%) and the segment income amounted to ¥8,879 million (a year-over-year decrease of 3.3%).

Store Displays

In the Store Displays segment, by taking advantage of the Group's capacity in display fixtures, store carts, security products, and the like, the Company enhanced its capabilities to make proposals for total solutions for the retail industry, mainly among strongly performing retailers, such as a supermarkets and drugstores. In addition, the Company focused on increasing its market share in refrigerated showcases and on making cost reductions. However, both net sales and income decreased year-over-year due to lower demand for and postponement of: competition and reorganization among the business sectors within the retail industry, as well as renovations of existing stores in the retail industry.

As a result, net sales in this segment amounted to ¥96,220 million (a year-over-year decrease of 3.0%) and the segment income amounted to ¥3,034 million (a year-over-year decrease of 13.7%).

Others (including Material Handling Systems)

Materials Handling Systems focused its efforts on increasing sales of automated warehousing equipment to customers engaging in promising areas such as food, healthcare, and Internet shopping. It also strengthened collaboration with other segments and endeavored to engage in aggressive sales activities making full use of both its strength in proposing effective solutions and also its products, which are distinguished by their superiority.

As a result, net sales in this segment amounted to ¥16,109 million (a year-over-year decrease of 3.0%) and the segment loss amounted to ¥98 million (an income of ¥262 million for the previous year).

(2) Overall State of Financial Position for the Fiscal Year under Review

	At the end of FY ended March 2016	At the end of FY ended March 2017
Total assets (Millions of yen)	217,485	218,741
Net assets (Millions of yen)	108,491	114,249
Equity ratio	49.7%	52.0%
Net assets per share (Yen)	980.32	1,032.06

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

Total assets amounted to ¥218,741 million, up ¥1,255 million compared with the end of the previous consolidated fiscal year. Current assets decreased by ¥3,710 million, mainly because of a decrease in cash and deposits, and notes and accounts receivable-trade. Non-current assets increased by ¥4,965 million, mainly because of an increase in property, plant and equipment.

Liabilities amounted to ¥104,491 million, down ¥4,502 million over the end of the previous fiscal year, mainly because of a decrease in notes and accounts payable-trade, income taxes payable, and long-term loans payable.

Net assets amounted to ¥114,249 million, up ¥5,758 million over the end of the previous fiscal year, mainly because of an increase in retained earnings.

As a result of the above, the equity ratio increased by 2.3 percentage points to 52.0% compared with the end of the previous consolidated fiscal year, and the net assets per share increased from ¥980.32 at the end of the previous consolidated fiscal year to ¥1,032.06.

(3) Overall State of Cash Flows for the Fiscal Year under Review

	FY ended March 2016 (Millions of yen)	FY ended March 2017 (Millions of yen)
Net cash provided by (used in) operating activities	13,870	11,439
Net cash provided by (used in) investing activities	(6,896)	(9,153)
Net cash provided by (used in) financing activities	(2,114)	(4,184)
Cash and cash equivalents at the end of the fiscal year	27,547	25,461
Borrowings and corporate bonds at the end of the fiscal year	24,448	23,490

The situation with regard to cash flows for the current consolidated fiscal year is as follows:

Operating activities generated a net cash increase of ¥11,439 million (an increase of ¥13,870 million in the previous fiscal year), reflecting inflows including profit before income taxes of ¥11,996 million, depreciation and amortization of ¥5,257 million, and a decrease in notes and accounts receivable-trade of ¥1,753 million. Outflows included a decrease in notes and accounts payable-trade of ¥2,086 million and income taxes paid of ¥4,894 million.

Investment activities resulted in a net cash outflow of ¥9,153 million (versus a net cash outflow of ¥6,896 million in the previous fiscal year), reflecting outflows including disbursements of ¥9,168 million for the purchase of property, plant and equipment, ¥796 million for the purchase of intangible assets.

Financing activities resulted in a net cash outflow of ¥4,184 million (versus a net cash outflow of ¥2,114 million in the previous fiscal year), reflecting outflows including a decrease in long-term loans payable of ¥1,027 million and cash dividends paid by parent of ¥2,865 million.

As a result, the balance of cash and cash equivalents at the end of the consolidated fiscal year under review decreased by ¥2,085 million to ¥25,461 million.

The balance of interest-bearing debt (borrowings and corporate bonds) at the end of the consolidated fiscal year under review decreased by ¥958 million compared with the end of the previous fiscal year to ¥23,490 million.

(4) Future Earnings Forecast

	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Profit per share (Yen)
FY ending March 2018	243,000	12,500	13,200	8,900	80.79
FY ended March 2017	236,776	11,815	12,761	8,295	75.30
Change (%)	2.6%	5.8%	3.4%	7.3%	7.3%

Uncertainty over the future prospects for the Japanese economy increased owing to the trends in policies to be implemented by the new U.S. administration and concerns about the slowdown in the Chinese economy and other emerging economies. However, corporate earnings and the employment situation continued to improve. We expect that the Japanese economy will recover slowly but steadily.

In this business environment, the Okamura Group will aim at increasing business competitiveness, and thus net sales and income, by aggressively developing new competitive and distinctive products, and by pursuing solution-based business opportunities, taking the advantage of the Group's total strength.

In the mainstay Office Furniture segment, the supply of large-scale office buildings mainly in the center of Tokyo is expected to get through a transitional period and recover to a high level in the second half of the fiscal year. Accordingly, demand for office furniture is expected to be strong. In addition, the trend toward new office styles, such as the creation of innovations in working styles and growing awareness on health issues, is further accelerating. Under these circumstances, the Company will aim to increase sales in the office market by strengthening the promotion of sales to companies and sectors with strong performance and by enhancing total solutions, which is a core strength of the Group. Also, the company will endeavor to establish superiority in the office-related furniture market, improve profitability, and take full-fledged measures to strengthen its human resource development.

In the Store Displays segment, the Company anticipates that new stores will be opened and that demand for existing store renovation will be strong, mainly in the retail industry. Under these circumstances, the Company will strive to increase net sales by strengthening and expanding our product range to meet customers' needs, and by strengthening our capabilities to make proposals for total solutions in the areas of display fixtures, store carts, and security products.

In the Others (including Material Handling Systems) segment, we expect that demand for large-scale logistics facilities will continue to be strong, owing to increased Internet shopping business in the wholesale and retail industries. Moreover, effort-saving processes, automation and high speed are expected due to the shortage of labor. Under these circumstances, the Company will aim to increase net sales and to secure stable income by focusing on promising areas such as food, healthcare, and Internet shopping, and by aggressively developing products that are distinguished by a range of distinctive features.

In its overseas business, with the aim of increasing net sales, the Company will acquire more distributors and strengthen its support for them, and will expand the market by increasing its brand recognition in the global market and by aggressively launching strategic products.

In terms of initiatives to improve profitability, the Company will improve market competitiveness by improving productivity and reducing acquisition and delivery costs, while also committing to consistent corporate reforms aiming for a stable and highly profitable corporate structure through the building of a stable managerial base that can flexibly respond to changes in the managerial environment, as well as carrying out prioritized and efficient investment in managerial resources.

As a result, the Company anticipates consolidated net sales of ¥243 billion, consolidated operating income of ¥12.5 billion, consolidated ordinary income of ¥13.2 billion, and profit attributable to owners of parent of ¥8.9 billion for the year ending March 2018.

2. Basic Standpoint on Selection of Accounting Standards

The Okamura Group intends to prepare consolidated financial statements according to Japanese accounting standards for the moment, taking into account the comparability of financial statements over time and comparability with statements of other entities.

We will appropriately apply IFRS with consideration to internal and external circumstances.

3. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	FY ended March 2016 (As of Mar. 31, 2016)	FY ended March 2017 (As of Mar. 31, 2017)
Assets		
Current assets		
Cash and deposits	28,933	26,536
Notes and accounts receivable-trade	66,318	64,565
Short-term investment securities	530	10
Merchandise and finished goods	9,191	10,113
Work in process	1,483	1,467
Raw materials and supplies	4,435	4,384
Deferred tax assets	2,123	2,018
Other	2,204	2,365
Allowance for doubtful accounts	(189)	(137)
Total current assets	115,032	111,322
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,897	15,268
Machinery, equipment and vehicles, net	9,471	10,091
Land	24,151	28,072
Construction in progress	178	77
Other, net	2,652	2,762
Total property, plant and equipment	*1, *3 51,350	*1, *3 56,273
Intangible assets		
Goodwill	176	18
Other	5,107	4,505
Total intangible assets	5,283	4,523
Investments and other assets		
Investment securities	*2 32,095	*2 32,632
Net defined benefit asset	5,998	6,627
Lease deposits	4,185	4,178
Deferred tax assets	1,920	1,665
Other	1,652	1,552
Allowance for doubtful accounts	(33)	(33)
Total investments and other assets	45,819	46,622
Total non-current assets	102,453	107,419
Total assets	217,485	218,741

(Millions of yen)

	FY ended March 2016 (As of Mar. 31, 2016)	FY ended March 2017 (As of Mar. 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	32,105	30,007
Electronically recorded obligations-operating	15,892	16,398
Short-term loans payable	*3, *4 6,066	*3, *4 6,147
Current portion of long-term loans payable	*3 2,341	*3 1,115
Current portion of bonds	–	5,000
Income taxes payable	3,720	2,988
Accrued consumption taxes	1,140	741
Provision for bonuses	3,738	3,685
Other	4,420	4,277
Total current liabilities	69,425	70,362
Non-current liabilities		
Bonds payable	10,000	5,000
Long-term loans payable	*3 6,041	*3 6,227
Net defined benefit liability	15,861	15,674
Deferred tax liabilities	3,344	2,967
Other	4,322	4,260
Total non-current liabilities	39,569	34,129
Total liabilities	108,994	104,491
Net assets		
Shareholders' equity		
Capital stock	18,670	18,670
Capital surplus	16,762	16,762
Retained earnings	65,392	70,819
Treasury stock	(2,415)	(2,422)
Total shareholders' equity	98,409	103,829
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,111	10,256
Foreign currency translation adjustment	302	56
Remeasurement of defined benefit plans	(826)	(452)
Total accumulated other comprehensive income	9,587	9,860
Non-controlling interests	494	559
Total net assets	108,491	114,249
Total liabilities and net assets	217,485	218,741

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)	FY ended March 2017 (From Apr. 1, 2016 to Mar. 31, 2017)
Net sales	240,794	236,776
Cost of sales	*1 167,301	*1 162,777
Gross profit	73,493	73,998
Selling, general and administrative expenses		
Selling expenses	3,047	3,152
Packing and transportation expenses	10,568	10,325
Salaries and allowances	19,244	19,791
Provision for bonuses	2,540	2,489
Retirement benefit expenses	860	1,207
Depreciation	1,662	2,120
Rent expenses	7,205	7,585
Other	15,402	15,510
Total selling, general and administrative expenses	*1 60,532	*1 62,182
Operating income	12,960	11,815
Non-operating income		
Interest income	21	23
Dividends income	500	531
Equity in earnings of affiliates	125	372
Other	669	740
Total non-operating income	1,316	1,667
Non-operating expenses		
Interest expenses	299	255
Foreign exchange losses	150	163
Loss on sales and retirement of non-current assets	71	121
Other	165	181
Total non-operating expenses	687	722
Ordinary income	13,590	12,761
Extraordinary income		
Gain on sales of investment securities	11	2
Gain on forgiveness of debts	199	–
Gain on liquidation of subsidiaries	–	22
Total extraordinary income	211	25
Extraordinary loss		
Impairment loss	*2 93	*2 787
Loss on valuation of investment securities	80	–
Loss on valuation of golf club membership	0	2
Total extraordinary loss	173	789
Profit (loss) before income taxes	13,627	11,996
Income taxes-current	5,009	3,862
Income taxes-deferred	(498)	(237)
Total income taxes	4,510	3,624
Profit	9,116	8,371
Profit attributable to non-controlling interests	48	76
Profit attributable to owners of parent	9,067	8,295

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)	FY ended March 2017 (From Apr. 1, 2016 to Mar. 31, 2017)
Profit	9,116	8,371
Other comprehensive income		
Valuation difference on available-for-sale securities	(191)	103
Foreign currency translation adjustment	(142)	(226)
Remeasurement of defined benefit plans, net of tax	(1,792)	374
Share of other comprehensive income of entities accounted for using equity method	(104)	10
Total other comprehensive income	*1 (2,229)	*1 261
Comprehensive income	6,886	8,633
Details:		
Comprehensive income attributable to owners of parent	6,858	8,568
Comprehensive income attributable to non-controlling interests	27	64

(3) Consolidated Statement of Changes in Equity

FY ended March 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	18,670	16,759	58,365	(2,413)	91,382
Changes of items during the period					
Dividends from surplus			(2,041)		(2,041)
Profit attributable to owners of parent			9,067		9,067
Purchase of treasury stock				(7)	(7)
Disposal of treasury stock		2		4	7
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	2	7,026	(2)	7,027
Ending balance	18,670	16,762	65,392	(2,415)	98,409

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurement of defined benefit plans	Total accumulated other comprehensive income		
Opening balance	10,308	522	965	11,796	366	103,544
Changes of items during the period						
Dividends from surplus						(2,041)
Profit attributable to owners of parent						9,067
Purchase of treasury stock						(7)
Disposal of treasury stock						7
Net changes of items other than shareholders' equity	(196)	(220)	(1,792)	(2,208)	128	(2,080)
Total changes of items during the period	(196)	(220)	(1,792)	(2,208)	128	4,946
Ending balance	10,111	302	(826)	9,587	494	108,491

FY ended March 2017 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	18,670	16,762	65,392	(2,415)	98,409
Changes of items during the period					
Dividends from surplus			(2,868)		(2,868)
Profit attributable to owners of parent			8,295		8,295
Purchase of treasury stock				(6)	(6)
Disposal of treasury stock					-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	5,426	(6)	5,420
Ending balance	18,670	16,762	70,819	(2,422)	103,829

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurement of defined benefit plans	Total accumulated other comprehensive income		
Opening balance	10,111	302	(826)	9,587	494	108,491
Changes of items during the period						
Dividends from surplus						(2,868)
Profit attributable to owners of parent						8,295
Purchase of treasury stock						(6)
Disposal of treasury stock						-
Net changes of items other than shareholders' equity	144	(245)	374	273	64	338
Total changes of items during the period	144	(245)	374	273	64	5,758
Ending balance	10,256	56	(452)	9,860	559	114,249

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)	FY ended March 2017 (From Apr. 1, 2016 to Mar. 31, 2017)
Net cash provided by (used in) operating activities		
Profit (loss) before income taxes	13,627	11,996
Depreciation and amortization	4,184	5,257
Impairment loss	93	787
Loss (gain) on liquidation of subsidiaries	–	(22)
Gain on forgiveness of debts	(199)	–
Loss (gain) on sales and retirement of non-current assets	69	121
Equity in (earnings) losses of affiliates	(125)	(372)
Increase (decrease) in allowance for doubtful accounts	93	(51)
Increase (decrease) in provision for bonuses	487	(53)
Increase (decrease) in net defined benefit liability	314	(265)
Interest and dividends income	(521)	(554)
Interest expenses	299	255
Loss (gain) on sales of investment securities	(11)	(2)
Loss (gain) on valuation of investment securities	80	–
Decrease (increase) in notes and accounts receivable-trade	(5,420)	1,753
Decrease (increase) in inventories	632	(853)
Increase (decrease) in notes and accounts payable-trade	2,866	(2,086)
Increase (decrease) in accrued consumption taxes	(259)	(470)
Other, net	1,137	584
Subtotal	17,349	16,022
Interest and dividends income received	547	581
Interest expenses paid	(291)	(269)
Income taxes paid	(3,733)	(4,894)
Net cash provided by (used in) operating activities	13,870	11,439
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,675)	(1,379)
Proceeds from withdrawal of time deposits	1,500	1,710
Purchase of property, plant and equipment	(4,425)	(9,168)
Proceeds from sales of property, plant and equipment	13	61
Purchase of intangible assets	(1,397)	(796)
Purchase of investment securities	(567)	(721)
Proceeds from sales and redemption of investment securities	22	1,191
Other, net	(367)	(50)
Net cash provided by (used in) investing activities	(6,896)	(9,153)

(Millions of yen)

	FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)	FY ended March 2017 (From Apr. 1, 2016 to Mar. 31, 2017)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(23)	97
Proceeds from long-term loans payable	3,400	1,337
Repayment of long-term loans payable	(3,194)	(2,364)
Purchase of treasury stock	(2)	(1)
Cash dividends paid	(2,039)	(2,865)
Other, net	(254)	(387)
Net cash provided by (used in) financing activities	(2,114)	(4,184)
Effect of exchange rate change on cash and cash equivalents	(121)	(187)
Net increase (decrease) in cash and cash equivalents	4,739	(2,085)
Cash and cash equivalents at beginning of the fiscal year	22,808	27,547
Cash and cash equivalents at the end of the fiscal year	*1 27,547	*1 25,461

(5) Notes regarding Consolidated Financial Statements

(Note regarding the Assumption of Going Concern)

There is no information that needs to be disclosed herein.

(Significant Items for the Preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Consolidated subsidiaries

Number of consolidated subsidiaries: 26

Names of the major consolidated subsidiaries:

Kansai Okamura Manufacturing Co., Ltd., Okamura Logistics Corporation, NS Okamura Corporation, Sanyo Okamura Corporation, Okamura Support and Service Corporation, Shanghai Okamura Furniture and Logistic System Co., Ltd., Seeder Co., Ltd., Fuji Seiko Co., Ltd., SEC Co., Ltd., Salotto (China) Limited., Hangzhou Okamura Transmission Co., Ltd.

Salotto (Foshan) Limited, which was a consolidated subsidiary in the previous fiscal year, is excluded from the scope of consolidation as the company was liquidated.

(2) Unconsolidated subsidiaries

Number of unconsolidated subsidiaries: 1

Name of the unconsolidated subsidiary

SINCO Co., Ltd.

Reason for exclusion from the scope of consolidation

The reason is that SINCO Co., Ltd. is a small company and its total assets, net sales, profit (in proportion to equity) and retained earnings (in proportion to equity) in total do not significantly affect consolidated financial statements.

2. Application of the equity method

(1) Equity method unconsolidated subsidiaries

Number of equity method unconsolidated subsidiaries: 1

Name of equity method unconsolidated subsidiary

SINCO Co., Ltd.

(2) Equity method affiliates

Number of equity method affiliates: 7

Names of major equity method affiliates:

Siam Okamura Steel Co., Ltd., Siam Okamura International Co., Ltd.

(3) Unconsolidated subsidiaries not accounting for the equity method

There is no information that needs to be disclosed herein.

(4) Affiliates not accounting for the equity method

There is no information that needs to be disclosed herein.

(5) Those equity method affiliates whose date of yearly settlement of accounts differs from the date of yearly settlement of consolidated accounts are accounted for using their financial statements prepared according to their operating year, or financial statements based on the provisional settlement of accounts.

3. Operating year of consolidated subsidiaries

The date of yearly settlement of accounts is December 31 for Shanghai Okamura Furniture and Logistics System Co., Ltd., Salotto (China) Limited, its three subsidiaries, Hangzhou Okamura Transmission Co., Ltd., Okamura Trading (Shanghai) Co., Ltd., Shanghai Okamura Architecture Co., Ltd., Okamura International (Singapore) Pte Ltd and PT. Okamura Chitose Indonesia. The date of yearly settlement of accounts is August 31 for Sunahata Co., Ltd. and Ichie Co., Ltd. For all other consolidated subsidiaries, the date of yearly settlement of accounts is March 31, which is the same date the Company files Consolidated Financial Statements. The difference between the date of yearly settlement of accounts for Shanghai Okamura Furniture and Logistics System Co., Ltd., Salotto (China) Limited, its three subsidiaries, Hangzhou Okamura Transmission Co., Ltd., Okamura Trading (Shanghai) Co., Ltd., Shanghai Okamura Architecture Co., Ltd., Okamura International (Singapore) Pte Ltd and PT. Okamura Chitose Indonesia and the date of yearly settlement of consolidated accounts is three months or less, so the financial statements of these subsidiaries according to their operating year are used as the basis for consolidating them. The financial statements of Sunahata Co., Ltd. and Ichie Co., Ltd. with their assumed settling day, which is February 28, are used as the basis for consolidating them. However, any significant transactions that occurred following the end of such operating year through the date of yearly settlement of consolidated accounts were adjusted in a manner required for consolidation.

(Changes in Presentation)

(Consolidated Statements of Cash Flows)

Impairment losses included in "Other, net" under "Net cash provided by (used in) operating activities" in the previous fiscal year are independently stated from the fiscal year under review due to their increased importance. The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect this change in presentation.

As a result, ¥1,230 million indicated in "Other, net" under "Net cash provided by (used in) operating activities" in the consolidated statements of cash flows for the previous fiscal year has been reclassified to ¥93 million as "Impairment loss" and ¥1,137 million as "Other, net."

(Consolidated Balance Sheet)

*1 Accumulated depreciation of property, plant and equipment is as follows:

	FY ended March 2016 (As of Mar. 31, 2016)	FY ended March 2017 (As of Mar. 31, 2017)
Accumulated depreciation of property, plant and equipment	¥101,900 million	¥103,273 million

*2 Balances held in unconsolidated subsidiaries and affiliates are as follows:

	FY ended March 2016 (As of Mar. 31, 2016)	FY ended March 2017 (As of Mar. 31, 2017)
Investment securities (equity shares)	¥2,702 million	¥3,056 million

*3 Pledged assets and secured obligations

Pledged assets and secured obligations are as follows:

Pledged assets

	FY ended March 2016 (As of Mar. 31, 2016)	FY ended March 2017 (As of Mar. 31, 2017)
Buildings and structures	¥2,139 million	¥2,063 million
Land	¥7,732 million	¥7,732 million
Total	¥9,872 million	¥9,796 million

Within the above, assets offered as mortgage for factory foundation

	FY ended March 2016 (As of Mar. 31, 2016)	FY ended March 2017 (As of Mar. 31, 2017)
Buildings and structures	¥328 million	¥331 million
Land	¥282 million	¥282 million
Total	¥610 million	¥613 million

Secured obligations

	FY ended March 2016 (As of Mar. 31, 2016)	FY ended March 2017 (As of Mar. 31, 2017)
Short-term loans payable	¥1,500 million	¥1,600 million
Current portion of long-term loans payable	¥759 million	¥53 million
Long-term loans payable	¥53 million	¥500 million
Total	¥2,313 million	¥2,153 million

Within the above, obligations corresponding to mortgage for factory foundation

	FY ended March 2016 (As of Mar. 31, 2016)	FY ended March 2017 (As of Mar. 31, 2017)
Short-term loans payable	¥100 million	¥200 million
Current portion of long-term loans payable	¥159 million	¥53 million
Long-term loans payable	¥53 million	–
Total	¥313 million	¥253 million

*4 For the purpose of raising working capital efficiently, the Company has entered into a specified commitment line agreement with the main financial institutions it transacts with.

	FY ended March 2016 (As of Mar. 31, 2016)	FY ended March 2017 (As of Mar. 31, 2017)
Total amount under specified commitment line agreements	¥14,000 million	¥14,000 million
Outstanding loans borrowed	–	–
Balance	¥14,000 million	¥14,000 million

(Consolidated Statements of Income)

- *1 Total research and development expenses included in selling, general and administrative expenses and manufacturing cost incurred for the current term are as follows:

	FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)	FY ended March 2017 (From Apr. 1, 2016 to Mar. 31, 2017)
Research and development expenses	¥1,074 million	¥1,037 million

- *2 Impairment loss

The Okamura Group recorded impairment losses for the following asset groups:

FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)

Purpose	Location	Type
Assets used for business	Shanghai, etc., in the People's Republic of China.	Structures, etc.

The Okamura Group groups assets put into business for each managerial accounting category.

We recorded the total book value of the above asset groups at the end of the current consolidated fiscal year as impairment loss (¥93 million), because net cash from operating activities for these groups have continued to be negative and recovery of the book value cannot be expected.

The breakdown of the account is ¥61 million for structures and ¥31 million for others.

The recoverable value from the relevant asset groups is measured based on value in use, and the value in use is estimated as zero.

FY ended March 2017 (From Apr. 1, 2016 to Mar. 31, 2017)

Purpose	Location	Type
Production equipment, etc.	Yokohama-shi, Kanagawa	Machinery, equipment, structures, etc.
Assets used for business	Shanghai in the People's Republic of China.	Construction in progress
Company dormitory	Yokohama-shi, Kanagawa	Land, buildings, etc.

The Okamura Group groups assets put into business for each managerial accounting category.

As a result, book value is reduced to the recoverable value for production equipment, etc. and assets used for business for which net cash from operating activities have continued to be negative and the recovery of the book value cannot be expected, and for a company dormitory that the Okamura Group possesses and has determined to dispose of by sale. The breakdown of impairment losses is ¥86 million for buildings, ¥27 million for structures, ¥66 million for machinery and equipment, ¥37 million for construction in progress, ¥565 million for land, and ¥4 million for others.

The recoverable values for production equipment, etc. and assets used for business are measured based on value in use, and the value in use is estimated as zero. The recoverable value for the company dormitory is measured by net realizable value, and the net realizable value is calculated based on the estimated selling price.

(Consolidated Statements of Comprehensive Income)

*1 Amount of recycling and amount of income tax effect associated with other comprehensive income

	FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)	FY ended March 2017 (From Apr. 1, 2016 to Mar. 31, 2017)
Valuation difference on available-for-sale securities		
Amount recognized in the period under review	(¥638 million)	¥152 million
Amount of recycling	(¥0 million)	(¥2 million)
Before income tax effect adjustment	(¥638 million)	¥149 million
Amount of income tax effect	¥447 million	(¥46 million)
Valuation difference on available-for-sale securities	(¥191 million)	¥103 million
Foreign currency exchange adjustments		
Amount recognized in the period under review	(¥142 million)	(¥204 million)
Amount of recycling	–	(¥22 million)
Foreign currency exchange adjustments	(¥142 million)	(¥226 million)
Remeasurement of defined benefit plans		
Amount recognized in the period under review	(¥2,292 million)	¥523 million
Amount of recycling	(¥362 million)	¥26 million
Before income tax effect adjustment	(¥2,655 million)	¥550 million
Amount of income tax effect	¥862 million	(¥176 million)
Remeasurement of defined benefit plans	(¥1,792 million)	¥374 million
Share of other comprehensive income of entities accounted for using equity method		
Amount recognized in the period under review	(¥104 million)	¥10 million
Total other comprehensive income	(¥2,229 million)	¥261 million

(Consolidated Statement of Changes in Equity)

FY ended March 2016 (From April 1, 2015 to March 31, 2016)

1. Types and numbers of shares issued

Type of stock	Number of shares at the beginning of the year	Increase	Decrease	Number of shares at the end of the fiscal year
Common stock (shares)	112,391,530	-	-	112,391,530

2. Treasury stock

Type of stock	Number of shares at the beginning of the year	Increase	Decrease	Number of shares at the end of the fiscal year
Common stock (shares)	2,228,194	6,465	7,500	2,227,159

(Outline of change factors)

The details of increase are as stated below:

Increase due to purchase of fractional shares 2,082 shares

Increase due to purchase of treasury stock by equity method affiliates which belongs to us 4,383 shares

The details of decrease are as stated below:

Decrease due to sale of treasury stock by equity method affiliates which belongs to us 7,500 shares

3. Stock acquisition rights and others

There is no information that needs to be disclosed herein.

4. Dividends

(1) Dividends paid during the fiscal year

Resolved	Type	Total amount (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 26, 2015	Common stock	937	8.50	March 31, 2015	June 29, 2015
Board of Directors held on October 21, 2015	Common stock	1,103	10.00	September 30, 2015	December 10, 2015

(2) Dividends to be paid after the fiscal year balance sheet date, but the record date for the payment of dividends belongs to the fiscal year.

Resolved	Type	Resource of the dividends to be paid	Total amount (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 28, 2016	Common stock	Retained earnings	1,544	14.00	March 31, 2016	June 29, 2016

FY ended March 2017 (From April 1, 2016 to March 31, 2017)

1 Types and numbers of shares issued

Type of stock	Number of shares at the beginning of the year	Increase	Decrease	Number of shares at the end of the fiscal year
Common stock (shares)	112,391,530	-	-	112,391,530

2 Treasury stock

Type of stock	Number of shares at the beginning of the year	Increase	Decrease	Number of shares at the end of the fiscal year
Common stock (shares)	2,227,159	6,566	-	2,233,725

(Outline of change factors)

The details of increase are as stated below:

Increase due to purchase of fractional shares 1,481 shares

Increase due to purchase of treasury stock by equity method affiliates which belongs to us 5,085 shares

3. Stock acquisition rights and others

There is no information that needs to be disclosed herein.

4. Dividends

(1) Dividends paid during the fiscal year

Resolved	Type	Total amount (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 28, 2016	Common stock	1,544	14.00	March 31, 2016	June 29, 2016
Board of Directors held on October 19, 2016	Common stock	1,323	12.00	September 30, 2016	December 9, 2016

(2) Dividends to be paid after the fiscal year balance sheet date, but the record date for the payment of dividends belongs to the fiscal year.

Resolved	Type	Resource of the dividends to be paid	Total amount (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29, 2017	Common stock	Retained earnings	1,323	12.00	March 31, 2017	June 30, 2017

(Consolidated Statements of Cash Flows)

*1 Relations between the balance of cash and cash equivalents at the end of the fiscal year and the amount of the item posted in the consolidated balance sheet

	FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)	FY ended March 2017 (From Apr. 1, 2016 to Mar. 31, 2017)
Cash and deposit accounts	¥28,933 million	¥26,536 million
Time deposits—over three months	(¥1,407 million)	(¥1,074 million)
Short-term investment securities— within three months	¥21 million	—
Cash and cash equivalents	¥27,547 million	¥25,461 million

(Segment Information and Others)

(Segment Information)

1. Overview of Reporting Segments

The Group's reporting segments are those segments of the Group's organizations for which separate financial information is available, and subject to the Board of Directors' regular review carried out to make decisions on the allocation of management resources and evaluate their performance.

The Group engages in business activities by developing comprehensive product and service strategies under product- and service-specific manufacturing and sales systems.

Consequently, the Group comprises product- and service-specific segments based on manufacturing and sales systems, and there are specifically two reporting segments, "Office Furniture" and "Store Displays."

In the Office Furniture segment, we manufacture and sell office furniture, furniture for public and educational facilities, office security systems, and other products. In the Store Displays segment, we manufacture and sell display fixtures, refrigerated showcases, store counters, etc.

2. Calculation methods for net sales, profit/loss, assets, liabilities and other items by reporting segment

The accounting methods used for reported business segments are generally to the same as the description of "Significant Items for the Preparation of Consolidated Financial Statements."

3. Information about net sales, profit/loss, assets, liabilities and other items by segment

FY ended March 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reporting Segments			Others (Note 1)	Total	Adjusted amount (Note 2)	Amount reported in the Consolidated Financial Statements (Note 3)
	Office Furniture	Store Displays	Total				
Net sales							
Net sales to external customers	124,988	99,204	224,192	16,602	240,794	–	240,794
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	124,988	99,204	224,192	16,602	240,794	–	240,794
Segment income	9,182	3,516	12,698	262	12,960	–	12,960
Segment property	94,965	49,672	144,637	14,438	159,076	58,409	217,485
Other items							
Depreciation	2,724	1,006	3,730	441	4,172	–	4,172
Increase in property, plant and equipment and intangible assets	3,975	1,477	5,453	518	5,972	–	5,972

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 adjusted amount of ¥58,409 million of segment property includes corporate assets that are not allocated to each reporting segment. Corporate assets consist primarily of cash and deposits and investment securities not attributing to the reporting segments.

3. Total of segment income corresponds to the operating income on Consolidated Statements of Income.

FY ended March 2017 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Report Segments			Others (Note 1)	Total	Adjusted amount (Note 2)	Amount reported in the Consolidated Financial Statements (Note 3)
	Office Furniture	Store Displays	Total				
Net sales							
Net sales to external customers	124,446	96,220	220,667	16,109	236,776	–	236,776
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	124,446	96,220	220,667	16,109	236,776	–	236,776
Segment income (loss)	8,879	3,034	11,914	(98)	11,815	–	11,815
Segment property	96,103	48,478	144,582	19,352	163,935	54,806	218,741
Other items							
Depreciation	3,523	1,218	4,742	503	5,245	–	5,245
Increase in property, plant and equipment and intangible assets	3,609	1,250	4,859	5,747	10,607	–	10,607

- 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 adjusted amount of ¥54,806 million of segment property includes corporate assets that are not allocated to each reporting segment. Corporate assets consist primarily of cash and deposits and investment securities not attributing to the reporting segments.
3. Total of segment income (loss) corresponds to the operating income on Consolidated Statements of Income.

(Related Information)

1. Product and Service Segmented Information

Because no net sales from external customers account for 10% or more of aggregate net sales in the Consolidated Statements of Income, product and service segmented information is omitted.

2. Geographically Segmented Information

(1) Net sales

Because net sales from external customers based in Japan account for more than 90% of aggregated net sales in the Consolidated Statements of Income, geographically segmented net sales information is omitted.

(2) Property, plant and equipment

Because property, plant and equipment located in Japan exceed 90% of aggregated property, plant and equipment in the Consolidated Balance Sheet, geographically segmented tangible fixed asset information is omitted.

3. Primary Customer Segmented Information

Because there is no customer with net sales accounting for 10% or more of aggregated net sales in the Consolidated Statements of Income, primary customer segmented information is omitted.

(Information about impairment loss on non-current assets by segment)

FY ended March 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Report Segments			Others	Total	Adjusted amount	Amount reported in the Consolidated Statements of Income
	Office Furniture	Store Displays	Total				
Impairment loss	74	2	77	15	93	–	93

FY ended March 2017 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Report Segments			Others	Total	Adjusted amount	Amount reported in the Consolidated Statements of Income
	Office Furniture	Store Displays	Total				
Impairment loss	8	7	15	111	127	660	787

Note: For the company dormitory, which does not belong to any segment, an impairment loss of ¥660 million is recorded, following a decrease in the recoverable value.

(Information about amortization and unamortized balance of goodwill by segment)

Description is omitted due to lack of significance.

(Information about gain on bargain purchase by segment)

There is no information that needs to be disclosed herein.

(Per Share Data)

	FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)	FY ended March 2017 (From Apr. 1, 2016 to Mar. 31, 2017)
Net assets per share of common stock	980.32 yen	1,032.06 yen
Profit per share of common stock	82.31 yen	75.30 yen

Notes: 1. The diluted profit per share of common stock is not presented, since there were no securities with dilutive effect outstanding through the period.

2. The basis for calculating profit per share of common stock was as follows:

	FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)	FY ended March 2017 (From Apr. 1, 2016 to Mar. 31, 2017)
Profit attributable to owners of parent (in million yen)	9,067	8,295
Amount not reverting to common shareholders (in million yen)	–	–
Profit relating to common stock attributable to owners of parent (in million yen)	9,067	8,295
Average number of shares of common stock during the period (in thousand shares)	110,162	110,161

(Material Subsequent Events)

Based on a resolution approved at the Board of Directors held on February 15, 2017, the Company issued the 14th series of unsecured bonds as follows:

Total amount issued	¥5,000 million
Issue price	¥100 per face value of ¥100
Date of payment	April 25, 2017
Term of redemption	April 25, 2022
Interest rate	0.18% annually
Use of funds	For bond redemption
Security	None

4. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of yen)

	FY ended March 2016 (As of Mar. 31, 2016)	FY ended March 2017 (As of Mar. 31, 2017)
Assets		
Current assets		
Cash and deposits	14,882	12,535
Notes receivable-trade	8,845	8,551
Accounts receivable-trade	53,252	51,987
Short-term investment securities	530	10
Merchandise and finished goods	8,493	9,790
Work in process	714	735
Raw materials and supplies	3,407	3,405
Prepaid expenses	781	806
Deferred tax assets	1,665	1,619
Other	1,622	1,159
Allowance for doubtful accounts	(13)	(25)
Total current assets	94,182	90,575
Non-current assets		
Property, plant and equipment		
Buildings	11,723	12,193
Structures	851	805
Machinery and equipment	5,611	6,406
Vehicles	87	78
Tools, furniture and fixtures	1,554	1,610
Land	21,464	25,433
Construction in progress	153	56
Total property, plant and equipment	41,447	46,585
Intangible assets		
Patent right	3	3
Leasehold right	560	560
Software	4,366	3,807
Other	114	112
Total intangible assets	5,045	4,482
Investments and other assets		
Investment securities	28,660	28,836
Shares of subsidiaries and associates	10,484	10,483
Long-term loans receivable from subsidiaries and associates	1,840	2,693
Claims provable in bankruptcy, claims provable in rehabilitation and other	33	33
Prepaid pension cost	4,781	5,424
Lease deposits	3,799	3,906
Other	1,027	984
Allowance for doubtful accounts	(1,073)	(1,263)
Total investments and other assets	49,554	51,098
Total non-current assets	96,048	102,167
Total assets	190,231	192,743

(Millions of yen)

	FY ended March 2016 (As of Mar. 31, 2016)	FY ended March 2017 (As of Mar. 31, 2017)
Liabilities		
Current liabilities		
Notes payable-trade	7,312	7,090
Electronically recorded obligations-operating	15,892	16,398
Accounts payable-trade	22,968	21,428
Short-term loans payable	5,200	5,200
Short-term loans payable to subsidiaries and associates	–	100
Current portion of long-term loans payable	1,700	300
Current portion of bonds	–	5,000
Lease obligations	109	94
Accounts payable-other	519	444
Accrued expenses	1,884	1,915
Income taxes payable	3,010	2,431
Accrued consumption taxes	820	467
Advances received	266	285
Deposits received	180	170
Provision for bonuses	2,889	2,963
Total current liabilities	62,752	64,291
Non-current liabilities		
Bonds payable	10,000	5,000
Long-term loans payable	3,650	4,650
Lease obligations	295	237
Provision for retirement benefits	10,251	11,165
Long-term deposits received	2,337	2,526
Deferred tax liabilities	3,372	2,877
Other	483	462
Total non-current liabilities	30,390	26,919
Total liabilities	93,142	91,210
Net assets		
Shareholders' equity		
Capital stock	18,670	18,670
Capital surplus		
Legal capital surplus	16,759	16,759
Total capital surplus	16,759	16,759
Retained earnings		
Legal retained earnings	1,874	1,874
Other retained earnings		
Reserve for reduction entry	4,595	4,556
General reserve	4,180	4,180
Retained earnings brought forward	43,682	48,079
Total retained earnings	54,331	58,690
Treasury stock	(2,334)	(2,335)
Total shareholders' equity	87,428	91,785
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	9,660	9,747
Total valuation and translation adjustments	9,660	9,747
Total net assets	97,088	101,532
Total liabilities and net assets	190,231	192,743

(2) Non-Consolidated Statements of Income

(Millions of yen)

	FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)	FY ended March 2017 (From Apr. 1, 2016 to Mar. 31, 2017)
Net sales	217,690	212,927
Cost of sales	154,781	148,685
Gross profit	62,909	64,241
Selling, general and administrative expenses	52,048	55,442
Operating income	10,860	8,798
Non-operating income		
Interest income	38	38
Dividend income	1,147	1,612
Other	609	676
Total non-operating income	1,796	2,328
Non-operating expenses		
Interest expenses	182	146
Interest on bonds	51	51
Loss on sales and retirement of non-current assets	52	67
Provision of allowance for doubtful accounts for subsidiaries and associates	335	190
Foreign exchange losses	94	64
Other	138	126
Total non-operating expenses	853	645
Ordinary income	11,803	10,480
Extraordinary income		
Gain on sales of investment securities	10	0
Gain on extinguishment of tie-in shares	–	24
Total extraordinary income	10	24
Extraordinary loss		
Loss on valuation of investment securities	80	–
Loss on valuation of shares of subsidiaries and associates	55	–
Loss on valuation of golf club membership	0	1
Impairment loss	–	660
Total extraordinary loss	135	661
Profit before income taxes	11,678	9,843
Income taxes-current	3,980	2,855
Income taxes-deferred	(66)	(238)
Total income taxes	3,913	2,616
Profit	7,764	7,227

(3) Non-Consolidated Statement of Changes in Equity

FY ended March 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
					Reserve for reduction entry	General reserve	Retained earnings brought forward	
Opening balance	18,670	16,759	16,759	1,874	4,634	4,180	37,919	48,608
Changes of items during the period								
Dividends from surplus							(2,041)	(2,041)
Reversal of reserve for reduction entry					(39)		39	-
Profit							7,764	7,764
Purchase of treasury stock								
Net changes of items other than shareholders' equity								
Total changes of items during the period	-	-	-	-	(39)	-	5,762	5,723
Ending balance	18,670	16,759	16,759	1,874	4,595	4,180	43,682	54,331

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Opening balance	(2,331)	81,706	9,895	9,895	91,602
Changes of items during the period					
Dividends from surplus		(2,041)			(2,041)
Reversal of reserve for reduction entry		-			-
Profit		7,764			7,764
Purchase of treasury stock	(2)	(2)			(2)
Net changes of items other than shareholders' equity			(235)	(235)	(235)
Total changes of items during the period	(2)	5,721	(235)	(235)	5,486
Ending balance	(2,334)	87,428	9,660	9,660	97,088

FY ended March 2017 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
					Reserve for reduction entry	General reserve	Retained earnings brought forward	
Opening balance	18,670	16,759	16,759	1,874	4,595	4,180	43,682	54,331
Changes of items during the period								
Dividends from surplus							(2,868)	(2,868)
Reversal of reserve for reduction entry					(38)		38	-
Profit							7,227	7,227
Purchase of treasury stock								
Net changes of items other than shareholders' equity								
Total changes of items during the period	-	-	-	-	(38)	-	4,397	4,358
Ending balance	18,670	16,759	16,759	1,874	4,556	4,180	48,079	58,690

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Opening balance	(2,334)	87,428	9,660	9,660	97,088
Changes of items during the period					
Dividends from surplus		(2,868)			(2,868)
Reversal of reserve for reduction entry		-			-
Profit		7,227			7,227
Purchase of treasury stock	(1)	(1)			(1)
Net changes of items other than shareholders' equity			87	87	87
Total changes of items during the period	(1)	4,357	87	87	4,444
Ending balance	(2,335)	91,785	9,747	9,747	101,532

5. Other

Changes in Board Members

(1) Change of Representative Director

As announced by the "Notification concerning the reassignment of the Chairman & CEO" dated April 19, 2017, the Chairman & CEO Kikuo Nakamura is scheduled to assume the position of Executive Advisor on June 29, 2017.

(2) Change in other board members (scheduled on June 29, 2017)

① Candidate Directors to be Newly Appointed

Outside Director	Hiroyoshi Ito	(Former Representative Director, Executive Vice President at Mitsubishi Estate Co., Ltd.)
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② Directors to be Retired

Outside Director	Nobuyuki Iizuka
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