November 11, 2005

Interim Consolidated Financial Results for FY March 2006

Okamura Corporation
Listing: Tokyo Stock Exchange, Osaka Securities Exchange
Code Number: 7994 (URL http://www.okamura.co.jp/)
Head Office: Tenri Bldg 18F, 4-1, Kitasaiwai 1-chome, Nishi-Ku, Yokohama, Kanagawa Pref., Japan
Representative: Kazuyoshi Hisamatsu, President and Representative Director
Contact: Kiyoshi Sato, Director and General Manager of Accounting Div. TEL: 045-319-3445
Date of Board Meeting for Interim Consolidated Settlement of Accounts: November 11, 2005
Application of US Financial Accounting Standards: None

1. Consolidated Results for First Half (Apr. 1, 2005 – Sep. 30, 2005) of FY March 2006 (Apr. 1, 2005 – Mar. 31, 2006)
* Amounts less than 1 million yen have been rounded down.

(1) Business Results (Millions of yen, except for per share figures)

	Net Sales		Operating Income		Ordinary Income	
First Half of FY March 2006	97,120	2.0%	4,170	(4.5)%	4,553	(0.6)%
First Half of FY March 2005	95,245	10.2%	4,365	60.1%	4,581	58.1%
FY March 2005	196,526	7.4%	8,980	33.8%	9,410	34.7%

	Interim Net Income		Interim Net Income per Share (Yen)	Fully Diluted Interim Net Income per Share (Yen)
First Half of FY March 2006	2,606	(5.5)%	23.26	-
First Half of FY March 2005	2,757	65.0	24.59	-
FY March 2005	5,485	38.1	48.93	-

Notes:
① Gain from investment in subsidiaries and affiliates accounted for by the equity method:
First Half of FY March 2006: ¥47 million First Half of FY March 2005: ¥41 million FY March 2005: ¥91 million
② Average number of shares outstanding (consolidated):
First Half of FY March 2006: 112,073,558 First Half of FY March 2005: 112,137,660 FY March 2005: 112,120,955
③ Changes in accounting method: No changes
④ The percentages alongside the net sales, operating income, ordinary income, and interim net income indicate the percentage increase or decrease from the previous first half.

(2) Financial Position (Millions of yen, except for per share figures)

	Total Assets	Shareholders' Equity	Equity Ratio (%)	Shareholders' Equity per Share (Yen)
First Half of FY March 2006	171,914	69,278	40.3	618.23
First Half of FY March 2005	160,421	60,668	37.8	541.06
FY March 2005	173,622	63,964	36.8	570.68

Note: Number of shares outstanding at term-end (consolidated):
First Half of FY March 2006: 112,060,808 First Half of FY March 2005: 112,130,278 FY March 2005: 112,084,134

(3) Cash Flows (Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at Term-End
First Half of FY March 2006	4,678	(1,704)	(1,096)	22,310
First Half of FY March 2005	2,873	(721)	(5,049)	20,648
FY March 2005	7,009	(3,868)	(6,248)	20,426

(4) Number of Consolidated Subsidiaries and Subsidiaries and Affiliates Accounted for by the Equity Method
Number of consolidated subsidiaries: 12
Number of unconsolidated subsidiaries accounted for by the equity method: None
Number of affiliates accounted for by the equity method: 4

(5) Changes in Consolidation and Scope of Application for Equity Method
Newly consolidated subsidiaries: 1 (Excluded from consolidation: None)
Newly included under equity method: None (Excluded under equity method: None)

2. Forecast for FY March 2006 (Apr. 1, 2005 – Mar. 31, 2006) (Millions of yen)

	Net Sales	Ordinary Income	Net Income
FY March 2006	206,000	11,000	7,800

Reference: Expected net income per share ¥69.61

* The above forecast has been prepared based on data as of the announcement date. Actual results may differ from the forecasted figures due to various factors such as fluctuations in exchange. See the accompanying reference P.7 regarding the forecast above.

1. Group Companies

The Okamura Group (hereinafter the "Group") comprises Okamura Corporation (hereinafter the "Company"), twelve consolidated subsidiaries and four affiliates. The Group's principal business is the manufacture and sale of office furniture, store displays, and material handling systems. In these business segments the Group engages in physical distribution, installation, and other services.

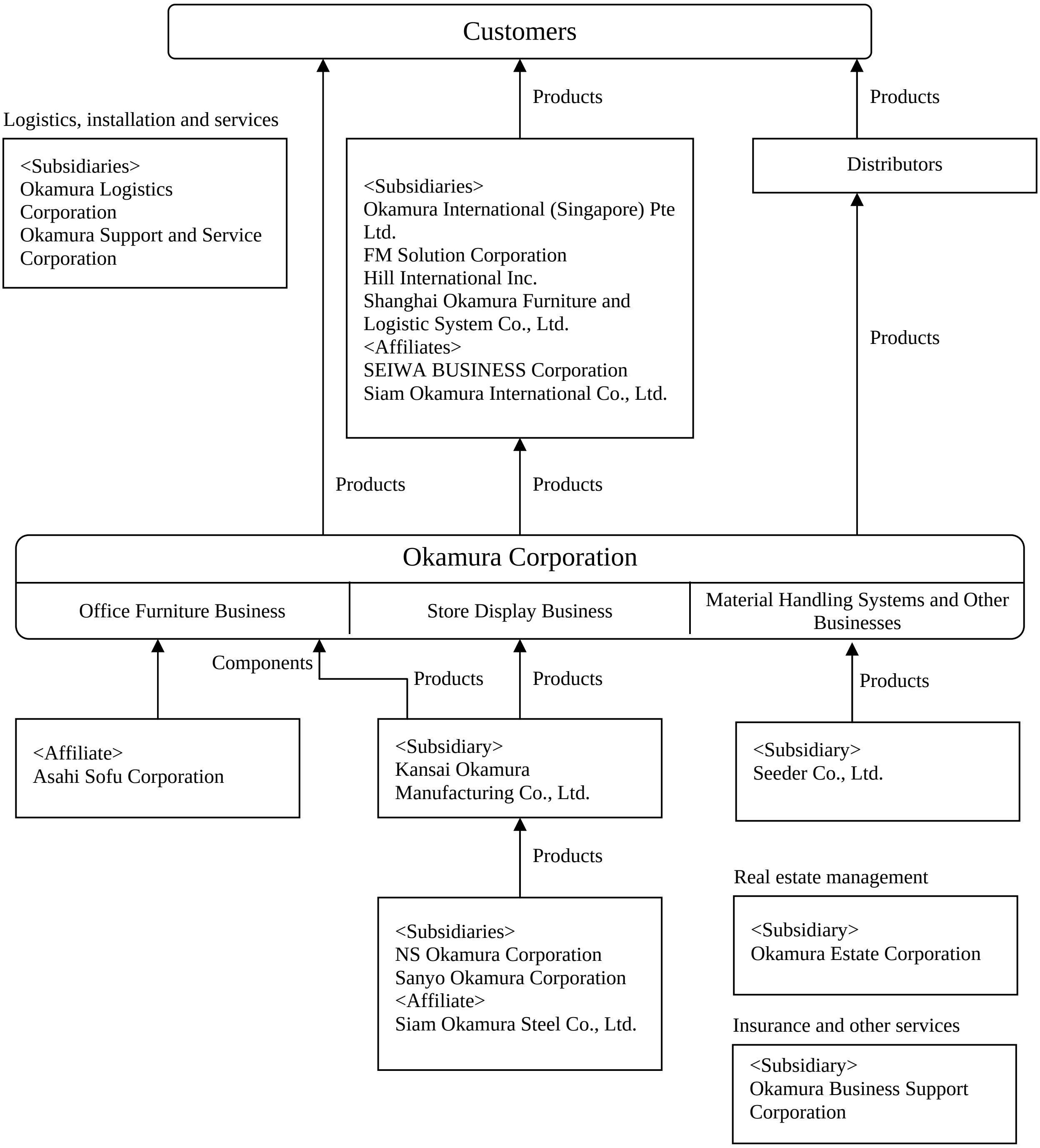
In the office furniture, store displays, and material handling systems business segments, the Company and consolidated subsidiaries, Kansai Okamura Manufacturing Co., Ltd., NS Okamura Corporation, Sanyo Okamura Corporation, and Seeder Co., Ltd., engage in manufacturing operations.

In the office furniture, store displays, and material handling systems business segments, the Company, consolidated subsidiaries Okamura International (Singapore) Pte Ltd., FM Solution Corporation, Hill International Inc., and Shanghai Okamura Furniture and Logistic System Co., Ltd., and equity method affiliates Seiwa Business Corporation, and Siam Okamura International Co., Ltd. engage in sales through distributors.

In other related businesses, consolidated subsidiary Okamura Logistics Corporation engages in physical distribution and installation and consolidated subsidiary Okamura Support and Service Corporation engages in installation and services in connection with the Group's office furniture, store displays, and material handling systems operations.

Consolidated subsidiaries Okamura Business Support Corporation and Okamura Estate Corporation engage in insurance and real estate management operations.

The organization chart below depicts the structure of the Group. Business segments in the chart correspond to those in the Segment Information section.



2. Management Policy

1. Basic Management Policy

Guided by its watchwords for corporate reform—information technology, globalization, and specialization—the Company engages in business activities grounded in a basic policy of building and strengthening a relationship of trust with society by constructing a stable management base, engaging in efficient, profit-oriented management, and demonstrating concern for the natural environment.

In keeping with its motto "Quality pays for itself," since its establishment the Company has continued to pursue total quality for every situation in which people gather—to work, to live, or to relax—and striven to increase customer satisfaction manifested as a sense of fulfillment and relaxation. The Company will continue to strive at all times to create and open up new markets and to develop and grow as a solutions company that seeks to create comfortable environments.

2. Basic Policy on Profit Distribution

The Company regards the appropriate return of profits to the shareholders as an important management policy.

The policy on the distribution of profits is to strive to maintain stable dividends, aiming for fair distribution of profits in keeping with business performance while taking into consideration factors such as the Company's financial position, future business development, and internal reserves.

Based on this policy, for the first half under review (the year ending March 2006), the Company will distribute a dividend of ¥5.00 per share.

3. Management Position and Company Policy on Reducing the Trading Unit

The Company recognizes that reducing the trading unit is an effective means of promoting individual investor participation and vitalizing the stock market. The Company intends to carefully consider reducing the trading unit, taking into account changes in the share price and the cost effectiveness of reducing the trading unit.

4. Target Performance Indicators

The Company places importance on return on assets (ROA), return on shareholders' equity (ROE), and ratio of operating income to sales as key indicators of business performance. The Company strives at all times to improve profitability through cost consciousness and to focus on improving investment efficiency by exercising selectivity and concentration in the allocation of management resources.

5. Medium- to Long-Term Business Strategy

On the basis of the Medium-Term Management Vision, the Company aims to further develop its mainstay office furniture and store display businesses and achieve stable growth, while making company-wide efforts to establish a more secure earnings base. To this end, as management efficiency measures, the Company aims to reduce costs and increase asset efficiency by proceeding further with the implementation of the Okamura Production System (OPS), the Company's own newly developed production method, and the Supply Chain Management System (SCM).

(1) Office Furniture
In its mainstay office furniture business, responding to an increase in demands for relocation connected to urban redevelopment projects, the Company aims to increase orders for total solutions by offering new product lines suited to the diverse workstyles of the IT era and engaging actively in business development. The Company will also strive to develop new demands by proposing solutions based on the concept of offices of the near future. Moreover, the Company will fortify marketing activities on a global scale by launching new products. As regards the security business, the Company seeks to reinforce its development and sales system for office security products, to complement its safe deposit box facilities for financial institutions. The Company will leverage the marketing and solutions capabilities developed in the office furniture business to engage in full-scale operations in the public facilities sector, primarily outside of major urban areas, bolstering our sales & marketing structure to better serve the building materials, educational facilities, and social services and medical institutions markets.

(2) Store Displays
In the store display business, the Company's second mainstay operation, the Company aims to increase sales and profits by focusing management resources on growth sectors. In the market for category killers, the Company will develop original fixtures tailored to store characteristics and engage in aggressive proposal-based selling targeting the drugstore, home center, and 100 yen shop retail formats, where further expansion of new store openings is expected.

(3) Material Handling Systems and Others
In the material handling systems and others segment, the Company will engage in active selling activities. In addition to pursuing synergy with other businesses, the Company will target the pharmaceutical, food products, automotive and other growth sectors, aiming to expand sales and secure stable income through development of products and proposal of

solutions tailored to the specific needs of each of these markets. The Company will also aim to be active in opening up new sales, with a focus on overseas markets.

(4) Promotion of Management Efficiency
The Company will further advance the development of the Okamura Production System (OPS), a new method of production aimed at reducing manufacturing costs, to its Group companies, through applications to Group companies. The secondary development of the Supply Chain Management System (SCM), aiming at efficient production by improving the accuracy of forecast for demands, has been achieving favorable results. The Company will aim to further enhance the efficiency of its inventory by increasing the products covered by this System. With respect to finance, the Company aims to establish a solid financial base through measures such as the reduction of interest-bearing debt.

(5) Protection of the Environment
The Company regards protection of the natural environment as an important management priority, and the entire Okamura Group engages in environmental protection activities. The Company will continue to pursue business activities that contribute to recycle-oriented society, notably environmentally conscious new products development.

6. Issues Facing the Company

To cope with a social milieu characterized by diversification, globalization and other sweeping social transformations that are likely to continue to occur in the coming years, the Company, by way of the Business Process Improvement Committee, flexibly and rapidly responded to the change, and implemented a series of profit improvement measures necessary to sustain and increase growth and profitability.

In future business development, the Company will aggressively invest management resources in growth business sectors on the basis of a medium-term management strategy grounded in selectivity and concentration, engage in continued restructuring across all businesses and organizations, work to increase capital efficiency, and promote management reform to establish a highly profitable corporate structure.

7. Basic Approach to Corporate Governance and Status of Corporate Governance Policy Implementation

(1) Basic Approach to Corporate Governance

At a time when society requires that corporate governance function effectively, the Company seeks to construct a good relationship with its various stakeholders.

In line with this basic policy, the Company has appointed external directors, enhanced the functions of the Board of Directors, and promoted the greater management efficiency. The Company has also appointed external auditors, and the corporate auditors rigorously audit the directors’ performance of their duties.

In addition to these measures, the Company has established a Compliance Committee and periodically engages in activities to ensure compliance with the law, fairness, and ethical behavior in the conduct of business activities.

(2) Status of Corporate Governance Policy Implementation

① Status of management organizations related to corporate management decision-making, execution, supervision and other corporate governance systems

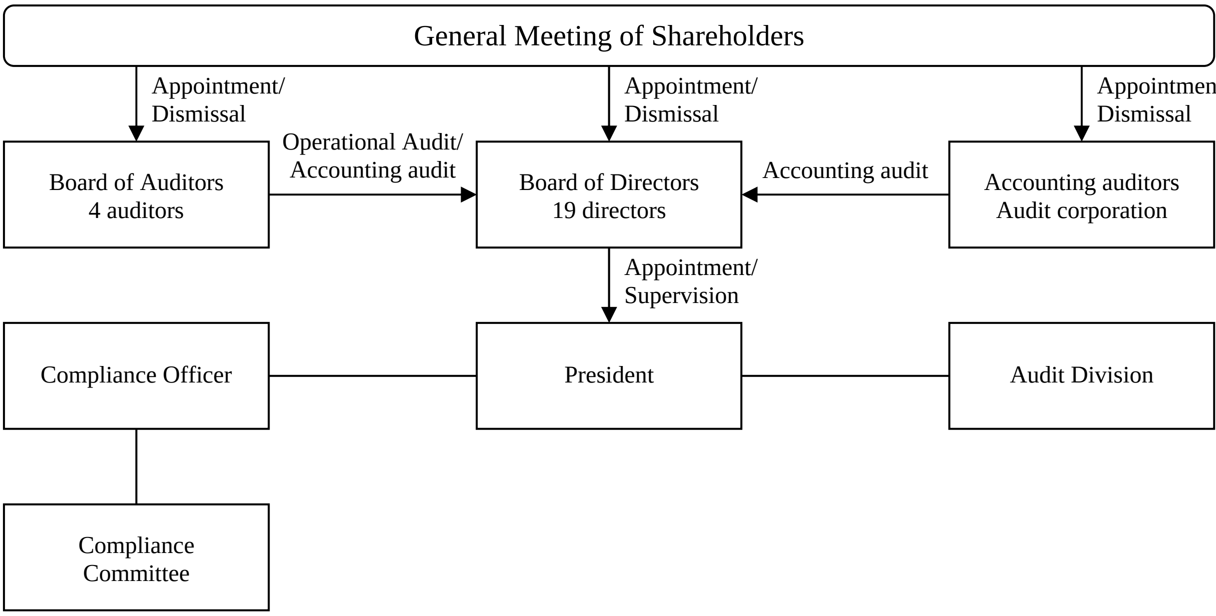
1. Categorization according to adoption of the Statutory Auditor System or the Committee System
The Company has adopted the Statutory Auditor System.

2. Status of appointment of external directors and external auditors
Two of the Company’s nineteen directors are external directors. Two of the Company’s four auditors are external auditors.

3. Description of committees (compensation committee, nomination committee, compliance committee, etc.)
The Company has established a compliance committee.

4. Assignment of fulltime staff to external officers
The Company does not assign fulltime staff to external officers.

5. The business execution, supervision, and internal control system is depicted below.



6. Status of attorneys, accounting auditors, and other third parties

- The Company has entered into a legal advisor agreement with three attorneys and receives advice as necessary.
- The Company has entered into an auditing agreement with audit corporation KPMG AZSA & Co. concerning audits under the Commercial Code and audits under the Securities and Exchange Law.

② Summary of personal relations, capital relations, trading relations, or other interests between the Company and its external directors and external auditors

- One of the Company's two external directors is a representative director of Mitsubishi Corporation.
- The Company's two external auditors are attorneys at law.
- Mitsubishi Corporation owns 8.15% of the Company's shares and engages in sales transactions with the Company.

③ Efforts to improve corporate governance during the past year

During the first half of the fiscal year under review, the Board of Directors held six meetings to determine essential business execution plans and to consider important management decisions. Progress has been made in implementing compliance initiatives, including the Code of Conduct and Rules of Conduct, and the Hotline System.

In April 2005, the Company set up a Personal Information Management Committee whose purpose is developing, operating and improving programs to safeguard personal information, in accordance with bylaws for the handling of personal information. All employees completed a course in "Education about the Personal Information Protection Law," provided via e-learning and designed for them to better understand and recognize the importance of appropriately handling personal data and confidential information.

④ Auditing accounts

The Company has an audit agreement with KPMG AZSA & Co., accounting auditors, to audit the Company pursuant to the Commercial Code and to the Securities and Exchange Law. The certified public accountants who performed the engagement for the year are as described below.

- CPAs who performed the service
  Kazutoshi Isogai, Takaaki Miura, and Takashi Okuhira (named by and from within KPMG AZSA & Co. to take charge of the service)
- Staff who assisted in auditing accounts
  Six CPAs and three junior CPAs

8. Information Concerning Parent Company

The Company has no parent entity.

3. Operating Results and Financial Position

I. Operating Results

1. Overview of the First Half under Review

1) Overview of Operating Results

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
First Half of FY March 2006	97,120	4,170	4,553	2,606	23.26
First Half of FY March 2005	95,245	4,365	4,581	2,757	24.59
Change (%)	2.0%	(4.5)%	(0.6)%	(5.5)%	(5.4)%
FY March 2005 (Previous Term)	196,526	8,980	9,410	5,485	48.93

During the first half of the fiscal year under review, Japan's economy rebounded from a period of sluggishness discernible since late last year, as improved corporate earnings and business confidence increased capital investment, and stayed back on the path of mild recovery.

In the industries in which the Company operates, the market for its mainstay office furniture remained strong, as mostly Tokyo-area redevelopment-triggered office relocations, along with corporate mergers, sustained demand, while demand recovered steadily in regional markets also. Meanwhile, difficult conditions persisted in the market for retail store fixtures.

In these circumstances, the Company set its sights on lifting each business segment to a new plateau in accordance with the Medium-Term Management Plan. The Company promoted new product development and proposed-based selling, and worked to create and open up new markets by obtaining orders for total solutions, with a view to catapulting its brand toward becoming a global name.

As a result of these initiatives, first half net sales were ¥97,120 million (an increase of 2.0% year on year).

From the perspective of profit and loss, the Company reduced production costs, mainly by means of stepped-up cellular manufacturing, as well as distribution costs and purchasing costs. This, coupled with increased sales in the office furniture and material handling systems and others segments, contributed to stronger gross profit. The scaling-down of interest-bearing debts to reduce interest expenses, together with other measures, continued to strengthen the financial base, whereas selling, general and administrative expenses increased. As a result, the Company posted an operating income of ¥4,170 million (a decrease of 4.5%), an ordinary income of ¥4,553 million (a decrease of 0.6%), and a first half net income of ¥2,606 million (a decrease of 5.5%).

2) Segment Information

(Millions of yen)

	Net sales			Operating income		
	Previous First Half	First Half under Review	Change	Previous First Half	First Half under Review	Change
Office Furniture	54,969	57,114	2,145	2,531	2,892	360
Store Display	35,339	33,790	(1,549)	1,715	841	(874)
Material Handling Systems and Others	4,935	6,216	1,280	118	436	318

① Office Furniture

In the office furniture segment, the Company sought to securely win demand arising from mostly Tokyo-area redevelopment-triggered relocations and from corporate mergers, just as corporations increased capital spending because of improved earnings. The Company aggressively marketed proposals to improve office productivity according to diversified work-styles, which, together with other endeavors to increase orders for total solutions, sustained good sales and profit.

Sales of the Contessa line of ergonomic mesh chairs, the first ever product line of global strategic importance from Japan's office furniture industry, have continued to be favorable. The Company has been expanding sales channels in markets throughout the world.

New products such as the Alzata total office system and Carrozza and Feego lines of office seating met with favorable receptions in the market and contributed to the sales.

In the security sector, with a diverse product range that includes vault and safe deposit box facilities for financial institutions and business offices, anti-crime equipment centering on room access control systems, and waterproof panels that prevent water leakage in buildings, and utilization of the effects of synergy with office furniture products, sales in this sector developed favorably.

As a result of these developments, net sales in this segment were ¥57,114 million (an increase of 3.9% year on year), and operating income was ¥2,892 million (an increase of 14.2%).

② Store Display

In the store display segment, the Company focused effort on cultivating new customers by leveraging competitive advantage as the only manufacturer that offers a total solution encompassing store display fixtures and freezer & refrigerator showcases and by stepping up the development of original products. Conditions in the market remained difficult, however, especially as a slowdown in the opening of outlets by mass retailers, the Company's major customers, reduced overall demand, and as the prices of material supplies, particularly steel products, appreciated substantially.

As a result, net sales in this segment were ¥33,790 million (a decrease of 4.4% year on year), and operating income was ¥841 million (a decrease of 51.0%).

③ Material Handling Systems and Others

In the material handling systems and others segment, the Company leveraged its synergy with other businesses for aggressively expanding sales of automated warehouse systems and storage warehouse system fixtures for physical distribution facilities for customers in the pharmaceutical, transport, and automotive industries, as well as for the Korean and Chinese markets. In addition to this, stepped-up solution marketing according to specific industrial sectors, enabled particularly as a result of entry into the growing field of systems for specially controlled environments, via the newly consolidated Seed Co., Ltd., contributed to stronger sales and profit.

Brisk exports of forklifts favored increased sales of the lineup of torque converters.

As a result, net sales and operating income in this segment increased substantially to ¥6,216 million (an increase of 25.9% year on year) and to ¥436 million (an increase of 269.1%), respectively.

2. <u>Outlook for Fiscal 2006</u>

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (Yen)	ROE (%)
FY March 2006	206,000	10,500	11,000	7,800	69.61	11.6
FY March 2005	196,526	8,980	9,410	5,485	48.93	8.9
Change (%)	4.8	16.9	16.9	42.2	42.2	-

The domestic economy is likely to continue on the recovery path, as improved corporate earnings continue to increase private-sector capital investment, while uncertainties remain, including fears of sharply rising prices of crude oil and materials.

In the mainstay office furniture business, the Company will take advantage of demand stemming from redevelopment-triggered relocations and from corporate mergers and reorganizations, in both Tokyo and the outlying regions. The Company will create demand by introducing new products, and aggressively step up the solutions business at which we excel, especially by offering proposals for the future evolution of the office environment, in order to grow sales and earn profits.

In the security sector, as many companies are becoming more concerned about safety, now that the Personal Information Protection Law has taken full effect, market needs are also expected to increase, centering on products such as vault and safe deposit box facilities for financial institutions and room access control systems.

In the store display business, the second main business segment, the Company will increase its share of installed store showcases by proposing total solutions that combine shelves and freezer & refrigerator showcases as well as peripheral and backyard fixtures. The Company will work vigorously on the development of original products, and will focus on emerging and promising, as well as growing, retail categories to cultivate new markets in order to broaden its customer base. The Company will continue efforts to capture additional business from new store openings and renovation of existing stores.

In the material handling systems and others segment, consistent with its recent strong showings, the Company will augment its product portfolio by complementing its established lineup with that of the newly consolidated Seeder Co., Ltd., in order to expand sales and profit.

In overseas markets, the Company will work to strengthen its sales structure through the reinforcement of local branch offices and subsidiaries in order to increase sales of a high quality seating lineup, centered on Contessa, and to cultivate demand in the Chinese and other Asian markets.

With respect to initiatives to improve earnings, the Company intends to steadily advance corporate reform by cutbacks in selling, general and administrative expenses, curtailing production costs by enhancing productivity, cutting purchasing costs, controlling distribution costs, and reducing inventory and interest-bearing debts as well as by effecting a transformation to a solid, highly profitable corporate structure by constructing a stable financial base that can flexibly cope with changes in the economic environment and engaging in focused, efficient investments of management resources.

For fiscal 2006 the Company anticipates consolidated net sales of ¥206,000 million, consolidated ordinary income of ¥11,000 million, and consolidated net income of ¥7,800 million.

II. Financial Position

1) Assets, Liabilities and Shareholders' Equity (Millions of yen)

	Previous First Half	First Half under Review	Previous Fiscal Year
Total assets	160,421	171,914	173,622
Shareholders' equity	60,668	69,278	63,964
Equity ratio	37.8%	40.3%	36.8%
Shareholders' equity per share (Yen)	541.06	618.23	570.68

Total assets at the end of the interim term under review amounted to ¥171,914 million, a decrease of ¥1,707 million from the end of the previous fiscal year. Current assets decreased by ¥7,081 million, due primarily to a decrease of ¥9,179 million in trade receivables, whereas fixed assets increased by ¥5,373 million, due primarily to an increase of ¥5,487 million in investment securities as stock prices increased.

Total liabilities at the end of the interim term under review amounted to ¥99,358 million, a decrease of ¥7,048 million from the previous fiscal year-end, due primarily to a decrease of ¥5,207 million in trade payables.

Shareholders' equity at the end of the interim term under review was ¥69,278 million, an increase of ¥5,314 million over the previous fiscal year-end. The change is attributable primarily to increased retained earnings, reflecting net profit earned during the term, as well as increased unrealized gain on other securities. The shareholders' equity ratio increased by 3.5 percentage points to 40.3%.

2) Cash Flows (Millions of yen)

	Previous First Half	First Half under Review	Previous Fiscal Year
Cash flows from operating activities	2,873	4,678	7,009
Cash flows from investing activities	(721)	(1,704)	(3,868)
Cash flows from financing activities	(5,049)	(1,096)	(6,248)
Increase (Decrease) in cash and cash equivalents	(2,889)	1,884	(3,111)
Cash and cash equivalents at interim-term (year) end	20,648	22,310	20,426
Borrowings and corporate bonds at interim-term (year) end	30,720	29,620	29,980

The net cash provided by operating activities during the first half under review was ¥4,678 million, mainly as a result of net income before income taxes of ¥4,564 million, a decrease of ¥9,505 million in trade receivables, a decrease of ¥5,316 million in trade payables, and income corporate tax payments of ¥1,931 million.

The net cash used in investing activities was ¥1,704 million, mainly as a result of disbursements of ¥2,570 million to invest in establishing environment protection capabilities and upgrading information systems.

The net cash used in financing activities was ¥1,096 million, mainly as a result of a reduction of ¥360 million in interest-bearing debt and dividend payments of ¥701 million.

As a result of these developments, cash and cash equivalents at the end of the first half under review increased by ¥1,884 million compared to the end of the previous fiscal year, to ¥22,310 million.

The balance of interest-bearing debt (borrowings and corporate bonds) at the end of the first half under review decreased by ¥360 million, compared to the end of the previous fiscal year, to ¥29,620 million.

Trends of cash flow indicators

	FY March 2002	FY March 2003	FY March 2004	FY March 2005	First Half of FY March 2006
Equity ratio (%)	33.6	32.8	34.3	36.8	40.3
Market value-based equity ratio (%)	39.0	31.3	47.4	54.1	58.9
Debt repayment period (years)	16.8	4.7	2.8	4.3	-
Interest coverage ratio (times)	2.9	11.0	21.5	15.2	27.1

Equity ratio: Shareholder’s equity/Total assets
Market value-based equity ratio: Market capitalization/Total assets
Debt repayment period: Interest-bearing debt/Operating cash flow
(No posting for the first half of FY March 2006)
Interest coverage ratio: Operating cash flow/Interest payments

1. All of the above cash flow indicators are calculated on a consolidated basis.

2. Market capitalization is calculated by multiplying the closing share price on the final trading day of the fiscal year by the total number of shares issued and outstanding as of the corresponding fiscal year-end.

3. Operating cash flow equals cash flows from operating activities stated in the Consolidated Statements of Cash Flows. Interest-bearing debt equals all liabilities on which interests are paid, as stated in the Consolidated Balance Sheets. Interest payments are equal to interests paid as stated in the Consolidated Statements of Cash Flows.

III. Business and Other Risks

This section explains the risks that may affect the Company's operating results, price of stock, financial condition, and so on. The Company intends to make its best efforts to keep control of and avoid, as much as possible, the occurrence of such risks. The risks listed below do not constitute an exhaustive catalogue of all potential risks facing the Company's operations. In this section, the discussions of the future reflect the observations reached by the Company as of the end of the first half of the year under review.

(1) Factors Affecting Changes in Financial Condition or Operating Results

① Competitive Conditions, Trend of Pricing
The industry of which the Company is a part is highly competitive, and the Company takes advantage of its technological superiority to differentiate its products from their competitors. Still, the Company may lose its share of the market to a competitor whose product emulates the design or technology belonging to the Company's product, and undercuts its price, or whose own design or technology excels the Company's. Since the market constantly pressures its suppliers to mark down their prices, there is no assurance that the Company can consistently ensure a substantial profit margin for its products.

② Macroeconomic Circumstances
Japan accounts for more than 90% of all sales generated by the Company. This causes demand for its products to be greatly affected by the capital-investment behavior of local customers. If a local economic downturn depresses corporate earnings, which in turn restrains business equipment investment, a shrinkage in demand for its products may adversely affect the Company's operating results or financial condition.

③ Funding Risks, Consequences of Interest Rate Fluctuations
The Company is in the business of manufacturing products, which calls for investing regularly in constructing and renewing/replacing facilities necessary to prepare for the future. At present, the Company enjoys good relationships with its banks and has no trouble raising funds as needed, but there is no assurance that the Company can continue to meet its funding needs readily over the years to come. Most outstanding long-term debts and bonds issued and owed by the Company are arranged already to pay fixed interest rates, and are little exposed to the risks of fluctuating interest rates generally. Yet, as far as its future funding is concerned, the movements of general interest rates might affect the Company's operating results.

④ Consequences of Investing in Securities
The Company owns shares of stock in the financial institutions it deals with, its associated businesses, and its primary trading relationships, which the Company intends to hold for the long term. Changes in the prices of the individual stock issues held by the Company might affect its operating results.

(2) Quality Control, Statutory Regulations

Product quality maintenance

The Company manufactures a variety of products in accordance with globally recognized quality standards (ISO 9001). This provides no assurance, however, of preventing severe contingencies or serious complaints from arising from or because of any of the products over the years ahead. The Company is insured against product liability claims, yet there is no assuring that the insurance could completely cover all eventual damages the Company might be found liable for in a case that might occur. A severe product deficiency might affect the reputation enjoyed by the Group, to the effect of adversely affecting its operating results or financial condition.

(3) Occurrence of Significant Litigation

At present, the Group is not in any way the subject of a claim or lawsuit seeking damages that could cause a material impact on the Company's operating results in the future. As far as the future goes, however, in the normal course of the Group's business activities, it is possible that a lawsuit or other claim might be initiated against the Group on charges of supplying a defective product, producing a hazardous substance, or breaching an intellectual property right, or on a range of other grounds. Depending upon the details, such an occurrence might adversely affect the Group's operating results.

4. Interim Consolidated Financial Statements

1. Interim Consolidated Balance Sheets

(Millions of yen)

	Previous First Half (As of Sep. 30, 2004)		First Half under Review (As of Sep. 30, 2005)		Previous Fiscal Year (As of Mar. 31, 2005)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Assets)		(%)		(%)		(%)
I. Current assets:						
Cash and time deposits	23,507		24,518		23,095	
Trade notes and accounts receivable	47,398		46,574		55,753	
Marketable securities	434		624		614	
Inventories	11,586		14,665		13,677	
Deferred income taxes	1,159		1,156		1,660	
Other current assets	1,736		1,993		1,966	
Allowance for doubtful accounts	(321)		(207)		(360)	
Total current assets	85,500	53.3	89,325	52.0	96,406	55.5
II. Fixed assets:						
1. Tangible fixed assets:						
Buildings and structures	15,241		14,320		14,799	
Machinery, equipment and vehicles	8,573		9,413		9,200	
Land	21,495		21,471		21,470	
Construction in progress	227		179		77	
Others	2,409		2,633		2,781	
Total tangible fixed assets	47,948	29.9	48,018	27.9	48,328	27.8
2. Intangible fixed assets:	1,584	1.0	2,303	1.3	1,889	1.1
3. Investments and other assets:						
Investment securities	17,545		24,777		19,290	
Guarantee deposits	4,110		3,949		4,095	
Deferred income taxes	2,494		2,304		2,406	
Others	1,451		1,397		1,377	
Allowance for doubtful accounts	(213)		(162)		(171)	
Total investments and other assets	25,388	15.8	32,267	18.8	26,997	15.6
Total fixed assets	74,920	46.7	82,589	48.0	77,216	44.5
Total assets	160,421	100.0	171,914	100.0	173,622	100.0

(Millions of yen)

	Previous First Half (As of Sep. 30, 2004)		First Half under Review (As of Sep. 30, 2005)		Previous Fiscal Year (As of Mar. 31, 2005)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Liabilities)		(%)		(%)		(%)
I. Current liabilities:						
Trade notes and accounts payable	41,202		44,091		49,298	
Short-term bank loans	13,880		12,000		16,900	
Long-term debts due within one year	1,020		4,410		3,940	
Bonds redeemed within one year	5,000		-		-	
Income taxes payable	1,931		1,259		2,233	
Consumption taxes payable	435		308		350	
Allowance for bonus payable	1,930		1,985		2,828	
Others	1,914		2,028		2,716	
Total current liabilities	67,314	42.0	66,083	38.4	78,266	45.1
II. Long-term liabilities:						
Bonds	5,000		10,000		5,000	
Long-term debt	5,820		3,210		4,140	
Deferred tax liabilities	32		3,070		367	
Severance and employee retirement benefits	15,878		14,491		16,086	
Reserve for directors' retirement benefits	477		500		519	
Consolidated adjustment account	265		166		226	
Other liabilities	1,775		1,835		1,799	
Total long-term liabilities	29,248	18.2	33,275	19.4	28,140	16.2
Total liabilities	96,563	60.2	99,358	57.8	106,407	61.3
Minority interests	3,189	2.0	3,277	1.9	3,251	1.9
(Shareholders' equity)						
I. Common stock	18,670	11.6	18,670	10.9	18,670	10.8
II. Capital surplus	16,759	10.5	16,759	9.7	16,759	9.6
III. Retained earnings	22,782	14.2	26,995	15.7	25,089	14.4
IV. Unrealized holding gains (losses) on securities	2,782	1.7	7,240	4.2	3,818	2.2
V. Foreign currency translation adjustment	(201)	(0.1)	(200)	(0.1)	(208)	(0.1)
VI. Treasury stock, at cost	(125)	(0.1)	(185)	(0.1)	(165)	(0.1)
Total shareholders' equity	60,668	37.8	69,278	40.3	63,964	36.8
Total liabilities, minority interests and shareholders' equity	160,421	100.0	171,914	100.0	173,622	100.0

2. Interim Consolidated Statements of Income

(Millions of yen)

	Previous First Half (From Apr. 1, 2004, to Sep. 30, 2004)		First Half under Review (From Apr. 1, 2005, to Sep. 30, 2005)		Previous Fiscal Year (From Apr. 1, 2004, to Mar. 31, 2005)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
		(%)		(%)		(%)
I. Net sales	95,245	100.0	97,120	100.0	196,526	100.0
II. Cost of sales	66,269	69.6	67,198	69.2	135,975	69.2
Gross profit	28,975	30.4	29,922	30.8	60,551	30.8
III. Selling, general and administrative expenses	24,609	25.8	25,752	26.5	51,570	26.2
Operating income	4,365	4.6	4,170	4.3	8,980	4.6
IV. Other income:	589	0.6	683	0.7	1,067	0.5
Interest and dividends income	173		216		212	
Amortization of consolidated adjustment account	38		36		76	
Equity in earnings of affiliated companies	41		47		91	
Others	335		383		687	
V. Other expenses:	374	0.4	299	0.3	638	0.3
Interest expenses	252		182		448	
Others	122		117		189	
Ordinary income	4,581	4.8	4,553	4.7	9,410	4.8
VI. Extraordinary income:	145	0.1	250	0.3	269	0.2
Gain on sale of property, plant and equipment	-		-		32	
Gain on sale of investment securities	145		81		236	
Reversal of allowance for doubtful accounts	-		162		-	
Others	-		5		-	
VII. Extraordinary losses:	128	0.1	239	0.3	332	0.2
Loss on disposal of property, plant and equipment	87		159		264	
Loss on devaluation of investment securities	-		47		33	
Loss on sale of investment securities	-		5		0	
Impairment loss	18		-		18	
Evaluation losses of corporate memberships	23		11		16	
Others	-		15		-	
Net income before income taxes for the interim term (fiscal year)	4,598	4.8	4,564	4.7	9,347	4.8
Income taxes	1,561	1.6	955	1.0	4,287	2.2
Adjustments on income taxes	279	0.3	959	1.0	(510)	(0.2)
Minority interests in earnings	0	0.0	41	0.0	84	0.0
Net income for the interim term (fiscal year)	2,757	2.9	2,606	2.7	5,485	2.8

3. Interim Consolidated Statements of Retained Earnings

(Millions of yen)

	Previous First Half (From Apr. 1, 2004, to Sep. 30, 2004)	First Half under Review (From Apr. 1, 2005, to Sep. 30, 2005)	Previous Fiscal Year (From Apr. 1, 2004, to Mar. 31, 2005)
	Amount	Amount	Amount
(Capital Surplus)			
I. Capital surplus at beginning of year	16,759	16,759	16,759
II. Capital surplus at interim-term (year) end	16,759	16,759	16,759
(Retained Earnings)			
I. Retained earnings at beginning of year	20,586	25,089	20,586
II. Increase in retained earnings:	2,757	2,606	5,485
Net income for the interim term (fiscal year)	2,757	2,606	5,485
III. Decrease in retained earnings:	561	701	982
Cash dividends	561	701	982
IV. Retained earnings at interim-term (year) end	22,782	26,995	25,089

4. Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Previous First Half (From Apr. 1, 2004, to Sep. 30, 2004)	First Half under Review (From Apr. 1, 2005, to Sep. 30, 2005)	Previous Fiscal Year (From Apr. 1, 2004, to Mar. 31, 2005)
I. Cash flows from operating activities			
Net income before income taxes for the interim term (fiscal year)	4,598	4,564	9,347
Depreciation and amortization	2,062	2,262	4,485
Loss on disposal of property, plant and equipment	87	121	264
Equity in earnings of affiliated companies	(41)	(47)	(91)
Amortization of consolidation adjustments accounts	(38)	(36)	(76)
Decrease in allowance for doubtful accounts	(69)	(164)	65
Increase in allowance for bonuses payable	(597)	(869)	299
Increase in reserve for employee retirement benefits	200	(1,614)	408
Increase (Decrease) in reserve for directors' retirement benefits	(12)	(18)	30
Interest and dividends income	(173)	(216)	(212)
Interest expenses	252	182	448
Loss on sale of property, plant and equipment	-	-	(32)
Loss (Gain) on sale of investment securities	(145)	(75)	(236)
Loss on devaluation of investment securities	-	47	33
Decrease in notes and accounts receivable	6,963	9,505	(1,391)
Decrease (Increase)in inventories	144	(886)	(1,953)
Increase in notes and accounts payable	(5,143)	(5,316)	2,788
Others	(573)	(871)	314
Sub-total	7,650	6,566	14,490
Interest and dividends received	177	217	225
Interest expenses paid	(260)	(172)	(460)
Income taxes paid	(4,693)	(1,931)	(7,245)
Net Cash provided by operating activities	2,873	4,678	7,009
II. Cash flows from investing activities			
Term deposits paid	(2,703)	(2,343)	(5,466)
Term deposits withdrawn	2,753	2,795	5,526
Payment for purchase of property, plant and equipment	(1,142)	(1,904)	(3,858)
Proceeds from sale of property, plant and equipment	33	5	94
Payment for purchase of intangible fixed assets	(188)	(665)	(681)
Payment for purchase of investment securities	(31)	(83)	(87)
Proceeds from sale of investments securities	230	436	483
Increase due to the acquisition of subsidiaries' stocks accompanied by changes in the scope of consolidation	41	-	61
Payment for acquisition of stock in newly consolidated subsidiary	-	(74)	-
Others	286	129	59
Net cash used in investing activities	(721)	(1,704)	(3,868)
III. Cash flows from financing activities			
Net increase (decrease) of short-term bank loans	(10)	(4,900)	3,010
Proceeds from long-term debt	200	-	2,000
Repayments of long-term debt	(650)	(460)	(1,210)
Issuance of bonds	-	5,000	-
Redemption of bonds	(4,000)	-	(9,000)
Purchase of treasury stock	(11)	(19)	(50)
Cash dividends paid by the Company	(561)	(701)	(982)
Cash dividends paid to minority shareholders	(16)	(16)	(16)
Net cash used in financing activities	(5,049)	(1,096)	(6,248)
IV. Effect on exchange rate changes on cash and cash equivalents	6	6	(3)
V. Increase (Decrease) in cash and cash equivalents	(2,889)	1,884	(3,111)
VI. Cash and cash equivalents at beginning of year	20,341	20,426	23,538
VII. Cash and cash equivalents at interim-term (year) end	20,648	22,310	20,426

Significant Items for the Preparation of Interim Consolidated Financial Statements

1. Scope of consolidation

Consolidated subsidiaries: All 12 subsidiaries of the Company are consolidated.

Consolidated subsidiaries	Kansai Okamura Manufacturing Co., Ltd. Okamura Logistics Corporation NS Okamura Corporation Sanyo Okamura Corporation Okamura Estate Corporation Okamura International (Singapore) Pte Ltd. Okamura Business Support Corporation FM Solution Corporation Okamura Support and Service Corporation HILL INTERNATIONAL INC. Shanghai Okamura Furniture and Logistic System Co., Ltd. Seeder Co., Ltd.

Effective with the interim term under review, Seeder Co., Ltd., is a consolidated subsidiary as a result of the Company's acquisition of its stock on May 31, 2005. The deemed date of acquisition is the beginning of the current fiscal year.

2. Application of the equity method

Affiliates subject to the equity method: All of 4 affiliates of the Company were accounted for by the equity method.

Affiliates subject to the equity method	Siam Okamura Steel Co., Ltd. Siam Okamura International Co., Ltd. Asahi Sofu Corporation SEIWA BUSINESS Corporation

3. Operating year of consolidated subsidiaries

Of the consolidated subsidiaries, the date of interim settlement of accounts is June 30 for Okamura International (Singapore) Pte Ltd. and Shanghai Okamura Furniture and Logistic System Co., Ltd. For other consolidated subsidiaries, the date of interim settlement of consolidated accounts is the same as that of the Company. The difference between the date of interim settlement of accounts for Okamura International (Singapore) Pte Ltd. and Shanghai Okamura Furniture and Logistic System Co., Ltd., and the date of interim settlement of consolidated accounts is three months or less, so that the financial statements of the two subsidiaries at the date of interim settlement of accounts could be used for preparing consolidated financial statements with adjustments for any significant transactions made between the date of interim settlement of accounts and date of interim settlement of consolidated accounts.

4. Accounting policies

(a) Standards and methods for valuation of significant assets

(1) Securities
Other securities
Securities with market value
Market value method based on values such as the market price at the end of the interim term
(All valuation differences were accounted for as separate components of shareholders' equity, and the cost of selling was calculated on the moving average method.)
Securities without market value
Cost method based on the moving average method

(2) Derivatives
Market value method

(3) Inventories
Cost method based on the moving average method

(b) Methods of depreciation of significant depreciable assets

(1) Tangible fixed assets
Fixed percentage method, except that buildings (excluding building equipment) acquired on or after April 1, 1998 are depreciated by the straight-line method.
The duration of useful lives and residual value were determined subject to the standards prescribed in the Japanese Corporation Tax Law.

(2) Intangible fixed assets
Straight-line method.
The years of depreciation and amortization were determined subject to the standards prescribed in the Japanese Corporation Tax Law.
Software for in-house use is depreciated on the straight-line method based on an estimated period of office use (5 years).

(c) Method of accounting for significant deferred assets
The expense incurred for issuing bonds was charged in full to income as the issuance occurred.

(d) Standards for providing for significant allowances

(1) Allowance for doubtful accounts
In order to provide against loss arising from bad debts, the Company has provided for estimated uncollectable amounts.

① General receivables
Based on the method of actual bad debt rates.

② Receivables from doubtful, bankrupt, or reorganized debtors
Based on the method of valuating financial positions.

(2) Allowance for bonuses payable
To prepare for the payment of bonuses to employees, the amount expected to be payable to all employees for the interim term under review was determined based on the portion of total amount expected to be payable corresponding to the current interim term.

(3) Severance and employee retirement benefits
To prepare for payment of severance and retirement benefits to employees, the amount considered to have been accrued as of the end of the current interim term was given based on the estimated amount of liabilities for severance and retirement benefits and pension assets at term end.
Past service liabilities were accounted for as an expense by the amount prorated over a certain number of years (14 and 15 years) not exceeding the average remaining service period of employees in the year in which the liabilities are recognized.
Actuarial differences were accounted for as expenses effective the year following their accrual by the amount prorated over a certain number of years (14 and 15 years) not exceeding the average remaining service period of employees in each year of accrual.

(4) Reserve for directors' retirement benefits
To prepare for payment of retirement benefits to directors of the Company and major consolidated subsidiaries, the Company has provided for the amount considered necessary at the end of the interim term end under the internal rules.

(e) Method of accounting for significant lease transactions
Excluding transactions where the ownership of the leasehold asset is transferred to the lessee, finance lease transactions were accounted for in accordance with the normal lease transaction method.

(f) Significant hedge accounting method

(1) Hedge accounting method for deferred hedges and the like
The Company has adopted an exceptional treatment for interest rate swap transactions since the requirements for the treatment have been met. Foreign currency denominated receivables that are hedged by forward foreign exchange contracts are accounted for using the contracted forward rates.

(2) Hedge method and transactions to be hedged

Hedge method	Transactions to be hedged	
Interest rate swap transactions	Interest on borrowings	(with the risk of loss that may arise due to fluctuations in the interest rate market and will consequently change cash flows)
Forward exchange transactions	Foreign currency receivables	(with the risk of loss that may arise due to fluctuations in the foreign exchange market and will consequently change cash flows)

(3) Hedging policy
The Company will engage in derivatives transactions in order to avoid risk of interest rate fluctuations or reduce the burden of interest payment, not in those with a speculative purpose or high leverage effect.
The Company will also engage in currency derivatives transactions within the volume of contracts for assets, liabilities, or transactions in foreign currency, since the purpose of derivatives transactions is to hedge transactions in foreign currency against the risk of exchange rate fluctuations. The Company will therefore not conduct derivatives transactions for speculative purposes.

(4) Method for valuating the effectiveness of hedge transactions
The Company has adopted an exceptional treatment for interest rate swap transactions since the notional principal, conditions for receipt and payment of interest (such as the interest rate and dates of receipt and payment of interest) and contract terms are the same as those for transactions being hedged. The Company has not therefore conducted post tests to evaluate the effectiveness of interest rate transactions. Forward exchange contracts are used to hedge foreign currency exposures under a risk management policy of designing the contract, as it is concluded to have the same amount and maturity in order to establish a relationship that cancels out any subsequent change in the exchange rate. This allows the Company to dispense with evaluation of the effectiveness of such hedges at the settlement of accounts.

(5) Other risk control methods concerned with hedge accounting
Since the issuance of corporate bonds to be hedged, borrowing of a large amount of money, and similar acts are subject to resolutions by the board of directors, the conclusion of currency swap or interest rate swap contracts as a means of hedging such bond issuances, borrowings, and the like are to be resolved at the time of the act by the board of directors. Currency and interest derivatives transactions are conducted and managed by the Accounting Department subject to the Corporate Management Rules.

(g) Other significant items for the preparation of Interim Consolidated Financial Statements
Accounting for consumption taxes
National and local consumption taxes are accounted for using the tax exclusion method.

5. Scope of funds in Interim Consolidated Cash Flow Statement

Cash and cash equivalents in the interim consolidated cash flow statement are comprised of items such as cash on hand, demand deposits, time deposits due within three months of the date of acquisition, and beneficiary certificates of trust that are due within three months of the date of acquisition, are easily converted into money, and have a small risk of price fluctuation.

Notes

(Interim Consolidated Balance Sheet)

(Millions of yen)

	(Previous First Half)	(First Half under Review)	(Previous Fiscal Year)
1. Accumulated depreciation of tangible fixed assets	79,069	80,953	79,829
2. Hypothecated assets and secured liabilities			
Amount of pledged assets (book value)			
Land	7,629	7,269	7,269
Other tangible fixed assets	8,064	3,306	3,444
Total	15,694	10,575	10,713
Liabilities relevant to the above			
Short-term debts	2,720	2,000	2,000

(Interim Consolidated Income Statement)

(Millions of yen)

	(Previous First Half)	(First Half under Review)	(Previous Fiscal Year)
1. Major items and amounts of selling, general and administrative expenses			
Transportation and packing expense	4,731	4,761	10,663
Salaries and allowances	6,552	6,889	13,996
Provision for allowance for bonus payable	1,255	1,289	1,856
Retirement benefits	1,063	944	2,039
Depreciation and amortization expense	671	743	1,399
Rent	2,989	2,996	6,006
2. R&D costs included in selling, general and administrative expenses and manufacturing costs during the year	465	478	834

	(Previous First Half)	(First Half under Review)	(Previous Fiscal Year)
			(Millions of yen)
3. Breakdown of gain on sale of fixed assets			
Buildings and structures	-	-	2
Machinery, equipment and vehicles	-	-	0
Land	-	-	29
Others	-	-	0
Total	-	-	32
4. Breakdown of loss on retirement of fixed assets			
Buildings and structures	11	4	46
Machinery, equipment and vehicles	48	107	155
Land	-	-	18
Others	26	46	43
Total	87	159	264

(Interim Consolidated Cash Flow Statement)

Relations between the balance of cash and cash equivalents at the end of the interim term (fiscal year) and the amount of the item posted in the interim [(fiscal year)] consolidated balance sheet

(Millions of yen)

	(Previous First Half)	(First Half under Review)	(Previous Fiscal Year)
Cash and deposit accounts	23,507	24,518	23,095
Securities account	434	624	614
Total	23,941	25,142	23,709
Time deposits - over 3 months	(3,292)	(2,831)	(3,283)
Cash and cash equivalents	20,648	22,310	20,426

(Lease Transactions)

Non-ownership-transfer finance lease transactions

1. Amounts equivalent to the cost of acquisition, accumulated depreciation, and balance as of the end of the interim term (fiscal year) for lease properties

(Millions of yen)

	(Previous First Half)	(First Half under Review)	(Previous Fiscal Year)
Amount equivalent to acquisition cost	1,812	1,792	1,861
Amount equivalent to accumulated depreciation	1,322	1,414	1,441
Amount equivalent to the balance as of the end of the interim term (fiscal year)	490	378	420

2. Amount equivalent to the balance of prepaid rent at the end of the interim term (fiscal year)

One year or less	353	353	357
More than one year	587	414	504
Total	940	768	862

3. Amounts equivalent to lease payment, accumulated depreciation and interest expense

Lease payment	269	213	483
Amount equivalent to depreciation expense	172	142	357
Amount equivalent to interest expense	22	17	43

4. Method of calculating the amounts equivalent to depreciation expense and interest
   The amount equivalent to depreciation expense was computed by multiplying the depreciation expense by 9/10 (0.9) calculated on the straight-line method considering the lease period to be the durable years and residual value to be 10%.
   The amount equivalent to interest was computed considering the difference between the total lease payment and the amount equivalent to the cost of acquisition to be the amount equivalent to interest. The difference was distributed to each term using the interest method.

(Securities)

1. Other securities with market value

(Millions of yen)

	Previous First Half (As of Sep. 30, 2004)			First Half under Review (As of Sep. 30, 2005)			Previous Fiscal Year (As of Mar. 31, 2005)		
	Acquisition cost	Consolidated Balance Sheet Amount at Consolidated Settlement Date	Difference	Acquisition cost	Consolidated Balance Sheet Amount at Consolidated Settlement Date	Difference	Acquisition cost	Consolidated Balance Sheet Amount at Consolidated Settlement Date	Difference
Other securities									
① Stocks	10,293	14,932	4,639	10,100	22,301	12,201	10,154	16,524	6,369
② Bonds	-	-	-	149	157	8	149	160	10
③ Others	297	341	43	50	49	(0)	323	383	59
Total	10,591	15,274	4,682	10,300	22,509	12,209	10,627	17,067	6,440

2. Securities not marked to market

(Millions of yen)

	Previous First Half (As of Sep. 30, 2004)	First Half under Review (As of Sep. 30, 2005)	Previous Fiscal Year (As of Mar. 31, 2005)
	Interim Consolidated Balance Sheet Amount	Interim Consolidated Balance Sheet Amount	Consolidated Balance Sheet Amount
(1) Held-to-maturity bonds			
Corporate bonds	149	-	-
Total	149	-	-
(2) Stocks of subsidiaries and affiliates			
Stocks of affiliates	824	957	914
Total	824	957	914
(3) Other securities			
① MMF	333	523	513
② Medium-term government securities fund	100	100	100
③ Unlisted stocks (except OTC stocks)	297	310	308
④ Preferred subscription certificate	1,000	1,000	1,000
Total	1,731	1,934	1,922

(Derivatives Transactions)

Amount of contracts on derivatives transactions, market value and valuation income (loss)

(Millions of yen)

Classification	Types of transactions	Previous First Half (As of Sep. 30, 2004)			First Half under Review (As of Sep. 30, 2005)			Previous Fiscal Year (As of Mar. 31, 2005)		
		Contract amount etc.	Market value	Valuation profit/loss	Contract amount etc.	Market value	Valuation profit/loss	Contract amount etc.	Market value	Valuation profit/loss
Currency	Exchange options	818	(15)	(15)	523	(4)	(4)	664	(19)	(19)
Total		818	(15)	(15)	523	(4)	(4)	664	(19)	(19)

Notes:
1. The above transactions are collar transactions, which have the effect of limiting exchange risk by combining the long open position of call options and the short open position of put options.
2. Contract amounts and the like were posted by translating the balance of unsettled amount in foreign currency as of the end of the interim term (fiscal year) by the spot exchange rate.
3. Market values were based on the price presented by the transaction companies.
4. Items subjected to hedge accounting were excluded from the scope of disclosure.

(Segment Information)

1. Business Segment Information

Previous First Half (From Apr. 1, 2004, to Sep. 30, 2004)

(Millions of yen)

Item \ Segment	Office Furniture	Store Displays	Material Handling Systems and Others	Total	Unallocated and Eliminations	Consolidated
I. Net sales and operating income (loss)						
Net sales						
1) Net sales to external customers	54,969	35,339	4,935	95,245	-	95,245
2) Internal sales or transfers between segments	-	-	-	-	(-)	-
Total	54,969	35,339	4,935	95,245	(-)	95,245
Operating expenses	52,437	33,624	4,817	90,879	(-)	90,879
Operating income	2,531	1,715	118	4,365	(-)	4,365

First Half under Review (From Apr. 1, 2005, to Sep. 30, 2005)

(Millions of yen)

Item \ Segment	Office Furniture	Store Displays	Material Handling Systems and Others	Total	Unallocated and Eliminations	Consolidated
I. Net sales and operating income (loss)						
Net sales						
1) Net sales to external customers	57,114	33,790	6,216	97,120	-	97,120
2) Internal sales or transfers between segments	-	-	-	-	(-)	-
Total	57,114	33,790	6,216	97,120	(-)	97,120
Operating expenses	54,222	32,948	5,779	92,950	(-)	92,950
Operating income	2,892	841	436	4,170	(-)	4,170

Previous Fiscal Year (From Apr. 1, 2004, to Mar. 31, 2005)

(Millions of yen)

Item \ Segment	Office Furniture	Store Displays	Material Handling Systems and Others	Total	Unallocated and Eliminations	Consolidated
I. Net sales and operating income (loss)						
Net sales						
(1) Net sales to external customers	118,040	68,595	9,891	196,526	-	196,526
(2) Internal sales or transfers between segments	-	-	-	-	(-)	-
Total	118,040	68,595	9,891	196,526	(-)	196,526
Operating expenses	111,730	66,021	9,793	187,546	(-)	187,546
Operating income	6,310	2,573	97	8,980	(-)	8,980

Notes: 1. Business segmentation method
Business segmentation is based on considerations of similarities among product types (inclusive of operations) and markets.

2. Classification of main products by business segment

Business Segment	Main Products
Office Furniture	Office furniture, Cultural and educational facilities, Partition, Medical and research facilities, Security systems, SOHO-related products
Store Displays	Store display shelving(s), Refrigerated showcases, Store counters
Material Handling Systems and Others	Racks and stackers for factories and warehouses, Automated material handling systems, Torque converters for industrial and construction equipment, Insurance

2. Geographically Segmented Information (Current interim term, previous interim term, and previous term)
Because net sales for Japan exceed 90% of aggregate net sales for all segments, geographically segmented information is omitted.

3. Overseas sales (Current interim term, previous interim term, and previous term)
Overseas sales were omitted, since they accounted for less than 10% of total consolidated sales for each term.

(Significant Subsequent Events)

Employees Pension Fund's Return of Payment Obligation Back to Government

The Okamura Corporation Employees Pension Fund, in which the Company and its major Japan-based consolidated subsidiaries participate, was relieved by the Minister of Health, Labour and Welfare on August 27, 2004, of its government-subcontracted payment obligation as it related to future employee service. The Fund was authorized again on October 1, 2005, to transfer back to the government its government-subcontracted obligation as it related to past employee service. This took advantage of the enforcement of the Defined Benefit Corporate Pension Law.

The consequent impact of this on the Company's consolidated income in the current fiscal year is estimated to be a gain of 3,319 million yen in extraordinary income.

5. Manufacturing, orders and sales

1. Results of manufacturing

(Millions of yen)

Business Segment	Previous First Half (From Apr. 1, 2004, to Sep. 30, 2004)	First Half under Review (From Apr. 1, 2005, to Sept. 30, 2005)	Previous Fiscal Year (From Apr. 1, 2004, to Mar. 31, 2005)
Office Furniture	29,741	32,531	67,408
Store Displays	10,476	10,764	21,215
Material Handling Systems and Others	2,577	3,393	5,690
Total	42,795	46,689	94,314

Notes: 1. The above figures represent selling prices.
2. Consumption taxes are excluded from the above figures.

2. Orders received

(Millions of yen)

Business Segment	Previous First Half (From Apr. 1, 2004, to Sep. 30, 2004)		First Half under Review (From Apr. 1, 2005, to Sept. 30, 2005)		Previous Fiscal Year (From Apr. 1, 2004, to Mar. 31, 2005)	
	Amount of orders	Unfilled orders	Amount of orders	Unfilled orders	Amount of orders	Unfilled orders
Office Furniture	52,799	5,658	56,520	7,048	117,855	7,642
Store Displays	35,044	1,759	33,575	1,458	68,214	1,673
Material Handling Systems and Others	5,052		6,237	742	10,061	721
Total	92,895	8,085	96,332	9,248	196,130	10,036

Notes: 1. Total orders received during the term were posted as orders received since most products are manufactured on a market production basis.
2. Consumption taxes are excluded from the above figures.

3. Sales results

(Millions of yen)

Business Segment	Previous First Half (From Apr. 1, 2004, to Sep. 30, 2004)	First Half under Review (From Apr. 1, 2005, to Sept. 30, 2005)	Previous Fiscal Year (From Apr. 1, 2004, to Mar. 31, 2005)
Office Furniture	54,969	57,114	118,040
Store Displays	35,339	33,790	68,595
Material Handling Systems and Others	4,935	6,216	9,891
Total	95,245	97,120	196,526

Note: Consumption taxes are excluded from the above figures.