November 10, 2006

Interim Consolidated Financial Results for FY March 2007

Okamura Corporation
Listing: Tokyo Stock Exchange, Osaka Securities Exchange
Code Number: 7994 (URL http://www.okamura.co.jp/)
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Date of Board Meeting for Consolidated Settlement of Accounts: May 12, 2006
Application of US Financial Accounting Standards: None

1. Consolidated Results for First Half (Apr.1,2006-Sep.30,2006)of FY March 2007 (Apr. 1, 2006 – Mar. 31, 2007)

* Amounts less than 1 million yen have been rounded down.

(1) Business Results

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Half of FY March 2007	103,042	6.1	5,666	35.9	6,048	32.8
First Half of FY March 2006	97,120	2.0	4,170	(4.5)	4,553	(0.6)
FY March 2006	202,266	2.9	9,111	1.5	9,764	3.8

	Interim Net Income		Interim Net Income per share(Yen)	Fully Diluted Interim Net Income per share
	Millions of yen	%	Yen	Yen
First Half of FY March 2007	3,489	33.9	31.15	—
First Half of FY March 2006	2,606	(5.5)	23.26	—
FY March 2006	8,307	51.4	74.14	—

Notes:
① Gain from investment in subsidiaries and affiliates accounted for by the equity method:
First Half of FY March 2007: ¥138 million First Half of FY March 2006: ¥47 million FY March 2006: ¥143 million
② Average number of shares outstanding (consolidated):
First Half of FY March 2007: 112,019,236 First Half of FY March 2006: 112,073,558 FY March 2006: 112,059,027
③ Changes in accounting method: Applicable
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

	Total Assets	Shareholders' Equity	Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
First Half of FY March 2007	177,757	82,154	44.2	701.89
First Half of FY March 2006	171,914	69,278	40.3	618.23
FY March 2006	185,968	77,148	41.5	688.63

Note: Number of shares outstanding at term-end (consolidated):
First Half of FY March 2007: 112,008,752 First Half of FY March 2006: 112,060,808 FY March 2006: 112,031,371

(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 2007	2,841	(4,452)	(1,195)	19,226
First Half of FY March 2006	4,678	(1,704)	(1,096)	22,310
FY March 2006	8,933	(5,284)	(2,068)	22,028

(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: None (Excluded from consolidation: None)

Newly included under equity method: None (Excluded under equity method: None)

2. Forecast for FY March 2007 (Apr. 1, 2006 – Mar. 31, 2007)

(Millions of yen)

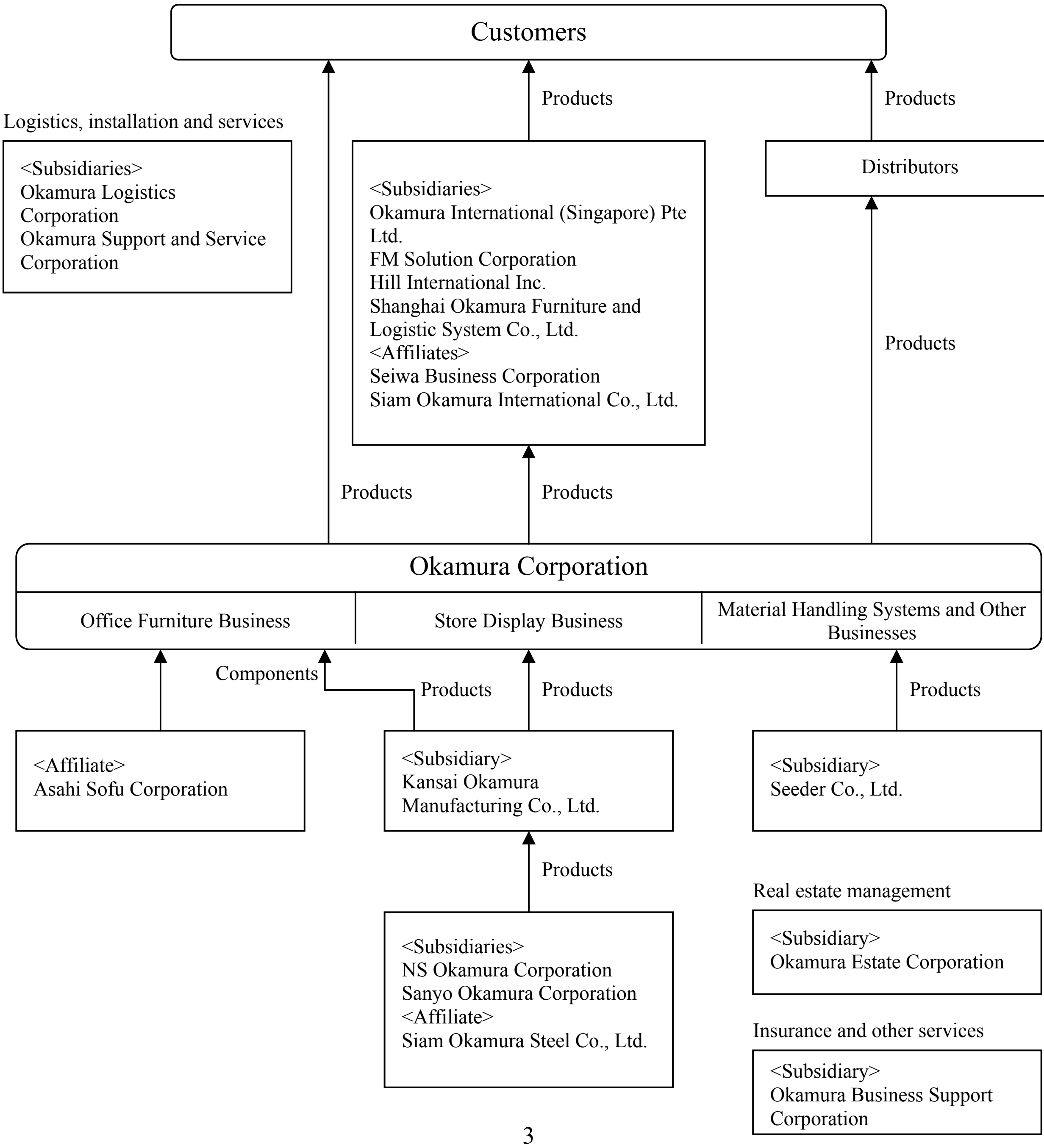
	Net Sales	Ordinary Income	Net Income
FY March 2007	210,000	11,700	6,800

Reference: Expected net income per share ¥60.71

* 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.

The Company proclaimed itself "Cooperative Industry—Okamura Seisakusho" when in 1945, a company of engineers, led by its founder, made mutual contributions of funds, technical expertise, and labor to launch it into operation. Throughout its existence, human bonds of the technologically minded have formed the foundation of its operations, primarily in the lines of office furniture, store displays, material handling systems and others. True to its motto that "Quality pays for itself" are the integrated development, manufacture, and distribution of high-quality products that customers feel enrich their amenity environment, as well as turnkey offerings tailored to customers' diverse space requirements. These comprise the Company's approach to setting itself apart from its competition in its pursuit of ensuring and enhancing its corporate value and hence its common shareholder value.

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 2007), the Company will distribute a dividend of ¥6.00 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 regional areas, bolstering our sales & marketing structure to better serve the architectural products, 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 wholesalers, 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 the global market.

(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 has periodically convened the Business Process Improvement Committee, flexibly and rapidly responded to the changes, 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. 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 2007	103,042	5,666	6,048	3,489	31.15
First Half of FY March 2006	97,120	4,170	4,553	2,606	23.26
Change (%)	6.1%	35.9%	32.8%	33.9%	33.9%
FY March 2006(Previous Term)	202,266	9,111	9,764	8,307	74.14

During the first half of the fiscal year under review, Japan's economy continued on its path of gradual expansion, despite the slowdown in the US economy, unstable prices of crude oil providing sources of concern, as improved corporate earnings and business sentiment led to increased capital investment.

In the industries in which the Company operates, the condition remained robust by the increase demand for relocation as well as the increase in renovations of existing buildings especially in the Tokyo Metropolitan area which showed rapid decline in the vacancy ratio, based on the increase capital expenditure due to the improved corporate performance. Also, toward distribution center and productive facilities, active trend in expansion of productive capacity and investment, sustained strong condition.

In these circumstances, the Company promoted new product development and proposal-based sales, made efforts to create and explore new markets by obtaining orders for total solutions, aiming toward future growth in each aspect of our business. The Company worked to securely tap into increase demand for offices in its mainstay office furniture segment, and in the store display segment, broadened its customer base by cultivating new categories and new customers. In the material handling systems and others segment, the Company worked to deepen its market by promoting solutions sector by sector.

As a result of these initiatives, first half net sales were ¥103,042 million (an increase of 6.1% year on year).

From the perspective of profit and loss, increased sales in the office furniture and material handling systems and others segments, contributed to strong gross profit. By the effort to reduce selling, general and administrative expenses, the Company posted an operating income of ¥5,666 million (an increase of 35.9%), an ordinary income of ¥6,048 million (an increase of 32.8%), and a first half net income of 3,489 million (an increase of 33.9%).

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	57,114	61,628	4,513	2,892	4,178	1,286
Store Displays	33,790	32,459	(1,330)	841	591	(249)
Material Handling Systems and Others	6,216	8,955	2,739	436	896	459

① Office Furniture

In the office furniture segment, focusing on new constructed large-scale buildings, in spite of off-crop season, the Company sought to securely win demands from the chain relocation and renovation, with accumulated orders from small and medium-properties, just as corporations increased capital spending due to the improved corporate performances. High-end seating "Contessa" and "Baron" have been steadily growing. In addition, aggressive efforts to develop solutions-based proposals, which is the strength of the Company, increase orders for total solutions, sustained good sales and profit.

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 ¥61,628 million (an increase of 7.9% year on year), and operating income was ¥4,178 million (an increase of 44.5%).

② Store Displays

In the store display segment, based on intense competition within the retail industry which involve corporate mergers, the Company has broadening its customers base, particularly within growing retail categories. Despite these efforts, however, results were impacted by the continuous slowdown in outlet openings by mass retailers.

As a results, net sales in this segment were ¥32,459 million (a decrease of 3.9% year on year), and operating income was ¥591 million (a decrease of 29.7%).

③ Material Handling System and Others

In the material handling system and others segment, active trend in expansion of productive capacity and investment, sales of automated storage warehouse systems for distribution center, and conveyor systems for clean rooms and other specially controlled environments increased strongly. The Company leveraged its synergy with other businesses for aggressively expanding sales of automated warehouse systems and storage warehouse system fixtures toward specific industries and growing industries, in order to deepen its market by promoting solutions sector by sector, contributed to stronger sales and profit.

As a result of these developments, net sales in this segment were ¥8,955 million (an increase of 44.1% year on year), and operating income was ¥896 million (an increase of 105.1%).

2. Outlook for Fiscal 2007

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (Yen)	ROE (%)
FY March 2007	210,000	11,000	11,700	6,800	60.71	8.5
FY March 2006	202,266	9,111	9,764	8,307	74.14	11.8
Change	3.8%	20.7%	19.8%	(18.2%)	(18.1%)	-

The domestic economy is likely to continue on its path of gradual expansion, as corporations continuously increase capital spending due to the improved corporate performances, while uncertainties remain, including the slowdown in the US economy, unstable prices of crude oil.

In the mainstay office furniture business, further boom in supply of large-scale office buildings in Tokyo, coming from later half of 2006, brings continuous demand for relocations. In such condition, the Company will create demand by emphasizing particularly on properties from large-scale office buildings as well as accumulated orders from small and medium-properties. The Company will position apart from others in high-end seating and continue to stimulate demand by introducing new product lineup, including proposal of an Intellectually Creative Workstyle, and leveraging strengths in solutions-based proposal marketing, in order to grow sales and earn profits.

In the security sector, as companies and individuals are becoming more concerned about safety, 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 Company will actively developing original and novel products, offering total solutions to expand share, while broadening customer base, particularly within new retail categories in growth sectors as well as capturing demand by cultivating new categories and new customers as the means to ensure a business turnaround.

In the material handling system and other segment, consistent with its recent strong showings, are expected to benefit by strong corporate performance and investment in logistics facilities. The Company will leverage its synergy with other businesses for aggressively expanding sales toward specific industries and growing industries, in order to deepen its market by cultivate demand from overseas specially in Asia to continue expanding sales and profit.

With respect to initiative 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 2007 the Company anticipates consolidated net sales of ¥210,000 million, consolidated ordinary income of ¥11,700 million, and consolidated net income of ¥6,800 million.

II. Financial Position

1) Assets, Liabilities and Net assets (Millions of yen)

	Previous First Half	First Half under Review	Previous Fiscal Year
Total assets	171,914	177,757	185,968
Net assets	69,278	82,154	77,148
Shareholders' equity ratio (note)	40.3%	44.2%	41.5%
Net assets per share (Yen)	618.23	701.89	688.63

(Note) Shareholders' equity ratio :(Net assets-minority interests in consolidated subsidiaries)/Total assets

Total assets at the end of the interim term under review amounted to ¥177,757 million, a decrease of ¥8,210 million from the end of the previous fiscal year. Current assets decreased by ¥8,611 million, due primarily to decrease in trade receivables, cash & time deposits and inventories, whereas fixed assets increased by ¥400 million, due primarily to an increase in construction in progress for new Tsurumi plant and decrease in investment securities as decline in stock prices.

Total liabilities at the end of the interim term under review amounted to ¥95,603 million, a decrease of 9,723 million from the previous fiscal year-end, due primarily to a decrease of 9,195 million in trade payables.

Net assets which include minority interests at the end of the interim term under review was ¥82,154 million, an increase of ¥1,513 million over the previous fiscal year-end. The change is attributable primarily to increase retained earnings, reflecting net profit earned during the term, as well as increased unrealized gain on other securities. The shareholders' equity ratio increased by 2.7 percentage points to 44.2%.

2) Cash Flows (Millions of yen)

	Previous First Half	First Half under Review	Previous Fiscal Year
Cash flows from operating activities	4,678	2,841	8,933
Cash flows from investing activities	(1,704)	(4,452)	(5,284)
Cash flows from financing activities	(1,096)	(1,195)	(2,068)
Increase(Decrease) in cash and cash equivalents	1,884	(2,802)	1,602
Cash and cash equivalents at the interim-term (year) end	22,310	19,226	22,028
Borrowings and corporate bonds at the interim-term (year) end	29,620	28,871	29,240

The net cash provided by operating activities during the first half under review was ¥2,841 million, mainly as a result of net income before income taxes of ¥5,954 million, depreciation and amortization of ¥2,319 million, a decrease of ¥3,913 million in trade receivables, and a decrease of ¥9,252 million in trade payables.

The net cash used in investing activities was ¥4,452 million, mainly as a result of disbursements of ¥3,931 million to invest in payment for purchase of property, plant and equipment and intangible fixed assets.

The net cash used in financing activities was ¥1,195 million, mainly as a result of reduction of ¥368 million in interest-bearing debt and dividend payments of ¥785 million.

As a result of these developments, cash and cash equivalents at the end of the first half under review decreased by ¥2,802 million compared to the end of the previous fiscal year ,to ¥19,226 million.

The balance of interest-bearing debt(borrowings and corporate bonds) at the end of the first half under review decreased by ¥368 million, compared to the end of the previous fiscal year, to ¥28,871 million.

Trends of cash flow indicators

	FY March 2003	FY March 2004	FY March 2005	FY March 2006	First Half of FY March 2007
Shareholders' equity ratio	32.8	34.3	36.8	41.5	44.2
Market value-based equity ratio (%)	31.3	47.4	54.1	69.8	86.8
Debt repayment period (years)	4.7	2.8	4.3	3.3	—
Interest coverage ratio (times)	11.0	21.5	15.2	25.6	14.4

Shareholders' equity ratio (Net assets-minority interests in consolidated subsidiaries)/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 2007)
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 (adjusted for treasury stocks).

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 Group'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 Group 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 Group 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 Group. 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 Group's operating results or financial condition.

③ Funding Risks, Consequences of Interest Rate Fluctuations
The Group 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 Group 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 Group 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 have a material impact on the Company's operating results in the future. Regarding the future, 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)

Accounts \ Term	Previous First Half (As of Sep.30,2005)		First Half under Review (As of Sep.30,2006)		Previous Fiscal Year (As of Mar.31,2006)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Assets)		(%)		(%)		(%)
Ⅰ.Current assets:						
Cash and time deposits	24,518		21,173		24,676	
Trade notes and accounts receivable	46,574		51,052		54,965	
Marketable securities	624		938		584	
Inventories	14,665		13,604		14,935	
Deferred income taxes	1,156		1,403		1,647	
Other current assets	1,993		1,936		1,948	
Allowance for doubtful debt	(207)		(162)		(198)	
Total current assets	89,325	52.0	89,947	50.6	98,558	53.0
Ⅱ.Fixed assets:						
1.Tangible fixed assets:						
Buildings and structures	14,320		13,336		13,794	
Machinery, equipment and vehicles	9,413		9,334		9,315	
Land	21,471		21,744		21,471	
Construction in progress	179		1,692		101	
Others	2,633		2,898		2,894	
Total tangible fixed assets	48,018	27.9	49,006	27.6	47,577	25.6
2.Intangible fixed assets:	2,303	1.3	2,733	1.5	2,718	1.5
3.Investments and other assets:						
Investment securities	24,777		27,786		29,832	
Guarantee deposits	3,949		4,023		4,010	
Deferred income taxes	2,304		2,041		2,013	
Others	1,397		2,320		1,374	
Allowance for doubtful accounts	(162)		(102)		(117)	
Total investment and other assets	32,267	18.8	36,070	20.3	37,114	19.9
Total fixed assets	82,589	48.0	87,810	49.4	87,409	47.0
Total assets	171,914	100.0	177,757	100.0	185,968	100.0

(Millions of yen)

Term / Accounts	Previous First Half (As of Sep.30,2005) Amount	Ratio	First Half under Review (As of Sep.30,2006) Amount	Ratio	Previous Fiscal Year (As of Mar.31,2006) Amount	Ratio
(Liabilities)		(%)		(%)		(%)
Ⅰ.Current liabilities:						
Trade notes and accounts payable	44,091		41,294		50,490	
Short-term bank loans	12,000		10,000		9,900	
Long-term debts due within one year	4,410		1,528		1,670	
Bonds redeemed within one year	—		5,000		5,000	
Income taxes payable	1,259		2,606		1,578	
Consumption taxes payable	308		613		339	
Allowance for bonus payable	1,985		2,098		2,709	
Others	2,028		2,432		2,578	
Total current liabilities	66,083	38.4	65,573	36.9	74,267	39.9
Ⅱ.Long-term liabilities:						
Bonds	10,000		5,000		5,000	
Long-term loans payable	3,210		7,343		7,670	
Deffered tax liabilities	3,070		5,519		6,504	
Severance and employee retirement benefits	14,491		9,649		9,321	
Reserve for directors' retirement benefits	500		14		544	
Consolidated adjustment account	166		—		130	
Other liabilities	1,835		2,502		1,889	
Total long-term liabilities	33,275	19.4	30,029	16.9	31,060	16.7
Total liabilities	99,358	57.8	95,603	53.8	105,327	56.6
Minority interests	3,277	1.9	—	—	3,492	1.9
(Shareholders' equity)						
Ⅰ.Capital stock	18,670	10.9	—	—	18,670	10.0
Ⅱ.Capital surplus	16,759	9.7	—	—	16,759	9.0
Ⅲ.Retailed earnings	26,995	15.7	—	—	32,135	17.3
Ⅳ.Unrealized holding gains(loss) on				—		
securities	7,240	4.2	—	—	9,953	5.4
Ⅴ.Foreign currency translation				—		
adjustment	(200)	(0.1)	—	—	(152)	(0.1)
Ⅵ.Treasury stock, at cost	(185)	(0.1)	—	—	(218)	(0.1)
Total shareholders' equity	69,278	40.3	—	—	77,148	41.5
Total liabilities, minority interests and shareholders' equity	171,914	100.0	—	—	185,968	100.0
(Net assets)						
Ⅰ.Owners' equity						
Capital stock	—	—	18,670	10.5	—	—
Capital surplus	—	—	16,759	9.4	—	—
Retained earnings	—	—	34,825	19.6	—	—
Treasury stock, at cost	—	—	(245)	(0.1)	—	—
Total owners' equity	—	—	70,010	39.4	—	—
Ⅱ.Net unrealized gain and translation adjustments						
Unrealized holding gains (losses) on securities	—	—	8,729	4.9	—	—
Foreign currency translation adujustment	—	—	(121)	(0.1)	—	—
Total Net unrealized gain and translation adjustments	—	—	8,607	4.8	—	—
Ⅲ.Minority interests	—	—	3,535	2.0	—	—
Total net assets	—	—	82,154	46.2	—	—
Total liabilities and net assets	—	—	177,757	100.0	—	—

2. Interim Consolidated Statements of Income

(Millions of yen)

Accounts \ Term	Previous First Half (From Apr.1,2005 to Sep.30,2005)		First Half under Review (From Apr.1,2006 to Sep.30,2006)		Previous Fiscal Year (From Apr.1,2005 to Mar.31,2006)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
		(%)		(%)		(%)
Ⅰ.Net sales	97,120	100.0	103,042	100.0	202,266	100.0
Ⅱ.Cost of sales	67,198	69.2	71,375	69.3	139,642	69.0
Gross profit	29,922	30.8	31,666	30.7	62,624	31.0
Ⅲ.Selling, general and administrative expenses	25,752	26.5	26,000	25.2	53,512	26.5
Operating income	4,170	4.3	5,666	5.5	9,111	4.5
Ⅳ.Other income:	683	0.7	723	0.7	1,215	0.6
Interest and divideds income	216		236		282	
Amortization of consolidated adujsutment account	36		—		72	
Equity in earnings of affiliated companies	47		138		143	
Others	383		347		717	
Ⅴ.Other expenses:	299	0.3	340	0.3	562	0.3
Interest expenses	182		203		369	
Others	117		137		192	
Ordinary income	4,553	4.7	6,048	5.9	9,764	4.8
Ⅵ.Extraordinary income:	244	0.2	32	0.0	5,054	2.5
Gain on sales of investment securities	81		—		82	
Reversal of allowance for doubtful accounts	162		32		120	
Gain from the transfer of the substitutional portion of the government's WelfarePension Insurance Scheme	—		—		3,493	
Gain from termination of the tax-qualified defined benefit plan	—		—		1,357	
Ⅶ.Extraordinary losses:	233	0.2	127	0.1	355	0.1
Loss on disposal of property, plant and equipment	159		115		238	
Loss on devaluation of investment securities	5		2		5	
Impairment loss	47		8		55	
Evaluation losses of golf memberships	11		0		11	
Other losses	10		—		43	
Income before income taxes for the quarter term(fiscal year)	4,564	4.7	5,954	5.8	14,463	7.2
Income taxes	955	1.0	2,332	2.3	3,568	1.8
Adjustments on income taxes	959	1.0	72	0.1	2,330	1.2
Minority intersts in earnings	41	0.0	59	0.0	256	0.1
Net income for the interim term (fiscal year)	2,606	2.7	3,489	3.4	8,307	4.1

3. Interim Consolidated Statements of Retained Earnings

(Millions of yen)

Accounts \ Term	Previous First Half (From Apr.1,2005 to Sep.30,2005)	Previous Fiscal Year (From Apr.1,2005 to Mar.31,2006)
	Amount	Amount
(Capital Surplus)		
Ⅰ.Capital surplus at beginning of year	16,759	16,759
Ⅱ.Capital surplus at interim-term (year) end	16,759	16,759
(Retained Earnings)		
Ⅰ.Retained earnings at beginning of year	25,089	25,089
Ⅱ.Increase in retained earnings:	2,606	8,307
Net income for the interim term (fiscal year)	2,606	8,307
Ⅲ.Decease in retained earnings:	701	1,262
Cash dividends	701	1,262
Ⅳ.Retained earnings at interim-term (year) end	26,995	32,135

4. Interim Consolidated Statements of Change in Net Assets

First Half under Review (From Apr.1,2006, to Sep.30,2006) (Millions of yen)

	Owners' equity					Net unrealized gain and translation adjustments			Minority Interests	Net assets (Total)
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gains on for-sale securities	Foreign currency translation adjustments	Total		
Balance at the end of prior period (March 31,2006)	18,670	16,759	32,135	(218)	67,346	9,953	(152)	9,801	3,492	80,641
Changes of items during the interim-term										
Dividends			(785)		(785)					(785)
Directros' bonus			(14)		(14)					(14)
Net income for the interim term			3,489		3,489					3,489
Acquisition of treasury stock				(27)	(27)					(27)
Changes of items other items during the interim-term (Net)						(1,223)	30	(1,193)	42	(1,150)
Changes of items during the interim-term (Total)	—	—	2,690	(27)	2,663	(1,223)	30	(1,193)	42	1,513
Balance at the end of interim-term (Sep.30, 2006)	18,670	16,759	34,825	(245)	70,010	8,729	(121)	8,607	3,535	82,154

5. Interim Consolidated Statements of Cash Flows

(Millions of yen)

Accounts / Term	Previous First Half (From Apr.1,2005 to Sep.30,2005)	First Half under Review (From Apr.1,2006 to Sep.30,2006)	Previous Fiscal Year (From Apr.1,2005 to Mar.31,2006)
Ⅰ.Cash flows from operating activities			
Income before income taxes for the interim term (fiscal year)	4,564	5,954	14,463
Depreciation and amortization	2,262	2,319	4,885
Loss on disposal of property, plant and equipment	121	109	230
Equity in earnings of affiliated companies	(47)	(138)	(143)
Amortization of consolidated adjustment accounts	(36)	—	(72)
Increase/decrease in allowance for doubtful accounts	(164)	(51)	(218)
Allowance for bonuses payable	(869)	(611)	(145)
Increase/decrease in allowance for employee retirement benefits	(1,614)	328	(1,934)
Gain from the transfer of the substitutional portion of the government's WelfarePension Insurance Scheme	—	—	(3,493)
Gain from termination of the tax-qualified defined benefit plan	—	—	(1,357)
Increase/decrease in allowance for directors' retirement benefits	(18)	(31)	25
Interest and dividends income	(216)	(236)	(282)
Interest expense	182	203	369
Gain/loss on sale of investment securities	(75)	2	(77)
Loss on devaluation of investment securities	47	8	55
Increase/decrease in notes and accounts receivable	9,505	3,913	1,113
Increase/decrease in inventories	(886)	1,328	(1,155)
Increase/decrease in notes and accounts payable	(5,316)	(9,252)	1,082
Others	(871)	139	(31)
Sub-total	6,566	3,984	13,313
Interest and dividends received	217	239	322
Interest expenses paid	(172)	(196)	(348)
Income taxes paid	(1,931)	(1,185)	(4,353)
Net Cash provided by operating activities	4,678	2,841	8,933
Ⅱ.Cash flows from investing activities			
Term deposits paid	(2,343)	(3,993)	(5,085)
Term deposits withdrawn	2,795	3,593	5,136
Payment for purchase of property, plant and equipment	(1,904)	(3,607)	(3,934)
Proceeds from sale of property, plant and equipment	5	7	59
Payment for purchase of intangible fixed assets	(665)	(323)	(1,392)
Payment for purchase of investment securities	(83)	(25)	(484)
Proceeds from sale of investment securities	436	3	415
Payment for acquisition of stock in newly consolidated subusidiary	(74)	—	(74)
Others	129	(106)	75
Net Cash used in investing activities	(1,704)	(4,452)	(5,284)
Ⅲ.Cash flows from financing activities			
Increase/decrease in short-term bank loans	(4,900)	100	(7,000)
Proceeds from long-term debt	—	600	5,200
Repayments of long-term debt	(460)	(1,068)	(3,940)
Issuance of bonds	5,000	—	5,000
Purchase of treasury stock	(19)	(26)	(50)
Cash dividends paid by the Company	(701)	(785)	(1,262)
Cash dividends paid to minority shareholders	(16)	(16)	(16)
Net Cash used in financing activities equivalents	(1,096)	(1,195)	(2,068)
Ⅳ.Effect on exchange rate changes on cash and cash equivalents	6	4	21
Ⅴ.Increase/decrease in cash and cash equivalents	1,884	(2,802)	1,602
Ⅵ.Cash and cash equivalents at beginning of year	20,426	22,028	20,426
Ⅶ.Cash and cash equivalents at interim-term (year) end	22,310	19,226	22,028

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.

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

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 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.

Goodwill is amortized in equal amounts over five years, and software for in-house use is amortized using the straight-line method over an estimated useful life for internal use (5 years).

(c) 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 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 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 years) not exceeding the average remaining service period of employees in each year of accrual.
(Change in accounting method)
The differences caused by mathematical calculation had been amortized by the straight-line method heretofore. However, the Company has announced the change of structure of the retirement benefits provided from the current regime of tax qualified pension plan to newly instituted defined contribution pension plan, from this fiscal year calculation method has changed to fixed percentage method in order to contribute to healthy financial standing.
As this change of method, comparing with the method before, operating income, ordinary income and Interim net income have decreased 47million yen.

(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.
(Additional information)
Heretofore, to prepare for payment of retirement benefits to directors of the Company and major consolidated subsidiaries, the Company had provided for the amount considered necessary under the internal rules, though the Company has announced the abolishment of retirement allowance system of directors effective as of the general meeting of shareholders held on June. According to the abolishment, directors who are in continuing services, shall be furnished with the amount of retirement appropriate to their service time to the date of abolishment and will be calculated based on the system before abolishment. This subject has resolved at the ordinary general meeting of shareholders and the amount involved by this abolishment which was 497million yen recognized as Other liabilities in Long –term liabilities.

(d) 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.

(e) 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 that 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.

(f) Other significant items for the preparation of 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 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.

Significant Changes for the preparation of Interim Consolidated Financial Statements

(Presentation on Net assets)
On December 9,2005, the Accounting Standards Board of Japan(the "ASBJ") published a new accounting standard and related guidance for presentation of net assets (the ASBJ Statement No.5) and related guidance (the ASBJ Guidance No.8) are applied from April 1,2006.The shareholders' equity amounted to 78,618 million based on the former regulation. The net assets at the interim balance sheet date is presented in accordance with modification of the Regulations Concerning Interim Consolidated Financial Statement.
(Accounting standards of business combination and others)
Accounting Standards Board of Japan(the "ASBJ") published a new accounting standard and related guidance for business combination, business separation(the ASBJ Statement No.7), and the application guideline of accounting standard of business combination and business separation(the ASBJ Statement No.10) are applied from April 1,2006.
The application of the new standards did not affect the amount of profit.
Changes in presentation which caused by the modification of the Regulations Concerning Interim Consolidated Financial Statement are as follows:
①Interim Consolidated Balance Sheets
Consolidated goodwill is presented as negative goodwill(¥94 million) included in other liabilities in Long-term liabilities. Applied from April,12006.
②Interim Consolidated Statements of Income
Amortization of consolidated goodwill is presented as negative amortization goodwill(¥36 million) included in others in Other income.
③Interim Consolidated Statements of Cash Flows
Amortization of consolidation goodwill is presented as negative amortization goodwill(¥36 million) included in others in Cash flows from operating activities.

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	80,953	83,040	82,366
2. Hypothecated assets and secured liabilities			
Amount of pledged assets (book value)			
Land	7,269	7,269	7,269
Other tangible fixed assets	3,306	2,908	3,165
Total	10,575	10,177	10,434
Liabilities relevant to the above			
Short-term debts	2,000	2,000	2,000

3.The notes at maturity are regarded as settled on the clearance date. Since the balance sheet date was a bank holiday, the notes at maturity on the balance sheet date was included into the balance of the related account as follows:

Trade notes receivable ¥748 million
Trade noted payable ¥1,788 million

(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			
Selling expense	1,007	1,209	2,882
Transportation and packing expense	4,761	4,860	10,749
Salaries and allowances	6,889	7,199	14,657
Provision for allowance for bonus payable	1,289	1,350	1,789
Retirement benefits	944	463	1,460
Depreciation and amortization expenses	743	721	1,575
Rent	2,996	3,252	6,493
2. R&D cost included selling, general and administrative expenses and manufacturing costs during the year	478	546	957
3. Breakdown of loss on retirement of fixed assets			
Buildings and structures	4	13	15
Machinery, equipment and vehicles	107	79	143
Others	46	22	79
Total	159	115	238

(Interim Consolidated Statement of Change in Net Assets)

First Half under Review (from Apr.1,2006 to Sep.30,2006)
1. Types and numbers of stocks issued and treasury

(thousand of stocks)

Type of stock	Number of stocks at the end of the previous year	Increase	Decrease	Number of stocks at the end of the interim term
Stocks issued Common stock	112,391	—	—	112,391
Total	112,391	—	—	112,391
Treasury stocks Common stock	360	22	—	382
Total	360	22	—	382

(Note) The increase of the treasury stocks(common stock) of 22 thousand is composed of the purchase of 1 thousand treasury stocks, and the purchase of 21 thousand of fractional shares.

2. Dividends
(1) Dividends paid during the current interim term

Resolved	Type	Total amount (Millions of yen)	Cash dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders' held on June 29,2006	cash	785	7.00	March 31,2006	June 30,2006

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

Resolved	Type	Resource of the dividends to be paid	Total amount (Millions of yen)	Cash dividends per share	Record date	Effective date
Board of Directors held on November 10,2006	Cash	Retained earnings	672	6.00	September 30,2006	December 8,006

(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 term (fiscal year) consolidated balance sheet

(Millions of yen)

	(Previous First Half)	(First Half under Review)	(Previous Fiscal Year)
Cash and deposit accounts	24,518	21,173	24,676
Time deposits - over 3 months	(2,831)	(2,731)	(3,231)
Securites account	624	784	584
Cash and cash equivalents	22,310	19,226	22,028

(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	1,792	714	850
Amount equivalent to accumulated depreciation	1,414	418	566
Amount equivalent to the balance as of the end of the interim term (fiscal year)	378	296	284

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

One year or less	353	174	172
More than one year	414	262	287
Total	768	437	459

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

Lease payment	213	103	377
Amount equivalent to depreciation expense	142	104	287
Amount equivalent to interest expense	17	4	27

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, 2005)			First Half under Review (As of Sep.30, 2006)			Previous Fiscal Year (As of Mar. 31, 2006)		
	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	10,100	22,301	12,201	10,487	25,208	14,720	10,488	27,271	16,783
② Bonds	149	157	8	149	153	3	149	155	5
③ Others	50	49	(0)	48	46	(1)	48	46	(1)
Total	10,300	22,509	12,209	10,685	25,408	14,722	10,686	27,473	16,787

2. Securities not marked to market

(Millions of yen)

	Previous First Half (As of Sep.30,2005)	First Half under Review (As of Sep.30,2006)	Previous Fiscal Year (As of Mar.31,2006)
	Interim Consolidated Balance Sheet Amount	Interim Consolidated Balance Sheet Amount	Consolidated Balnce Sheet Amount
Other securities			
①MMF	523	683	483
②Medium-term government securities fund	100	100	100
③Unlisted stocks (except OTC stocks)	310	323	313
④Preferred subscription certificate	1,000	1,000	1,000
Total	1,934	2,108	1,897

(Derivative 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, 2005)			First Half under Review (As of Sep.30, 2006)			Previous Fiscal Year (As of Mar. 31, 2006)		
		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	523	(4)	(4)	240	10	10	390	1	1
Total		523	(4)	(4)	240	10	10	390	1	1

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 into foreign currency as of the end of the consolidated accounting 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.1,2005,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

First Half under Review (From Apr.1,2006,to Sep.30,2006)

(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	61,628	32,459	8,955	103,042	—	103,042
(2) Internal sales or transfers between segments	—	—	—	—	(—)	—
Total	61,628	32,459	8,955	103,042	(—)	103,042
Operating expenses	57,449	31,867	8,058	97,376	(—)	97,376
Operating income	4,178	591	896	5,666	(—)	5,666

Previous Fiscal Year (From Apr.1,2005, to Mar.31,2006)

(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	122,228	66,836	13,201	202,266	—	202,266
(2) Internal sales or transfers between segments	—	—	—	—	(—)	—
Total	122,228	66,836	13,201	202,266	(—)	202,266
Operating expenses	114,961	65,957	12,235	193,154	(—)	193,154
Operating income	7,267	879	965	9,111	(—)	9,111

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, Partitions, Medical and research facilities, Security systems, SOHO-related products
Store Displays	Showcases for stores, Refrigerated showcases, Counters for stores
Material Handling Systems and Others	Racks and stackers for factories and warehouses, Automated material handling systems, Torque converters for industrial and construction equipment, Real estate leasing, Insurance

2.Geographically Segmented Information

Because net sales and assets for Japan exceed 90% of aggregate net sales and assets for all segments, geographically segmented information is omitted.

3. Overseas sales

Overseas sales were omitted since they accounted for less than 10% of total consolidated sales.

(5) Sales (Consolidated sales broken down by business segment)

1. Results of manufacturing

(Millions of yen)

Business Segment	Previous First Half (From Apr.1,2005 to Sep.30,2005)	First Half under Review (From Apr.1,2006 to Sep.30,2006)	Previous Fiscal Year (From Apr.1,2005 to Mar.31,2006)
Office Furniture	32,531	34,390	69,744
Store Displays	10,764	10,667	21,310
Material Handling Systems and Others	3,393	4,648	7,362
Total	46,689	49,707	98,417

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.1,2005 to Sep.30,2005)		First Half under Review (From Apr.1,2006 to Sep.30,2006)		Previous Fiscal Year (From Apr.1,2005 to Mar.31,2006)	
	Amount of orders	Unfilled orders	Amount of orders	Unfilled orders	Amount of orders	Unfilled orders
Office Furniture	56,520	7,048	60,350	8,076	123,941	9,354
Store Displays	33,575	1,458	32,552	1,687	66,757	1,594
Material Handling Systems and Others	6,237	742	8,823	758	13,370	890
Total	96,332	9,248	101,725	10,521	204,068	11,838

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.1,2005 to Sep.30,2005)	First Half under Review (From Apr.1,2006 to Sep.30,2006)	Previous Fiscal Year (From Apr.1,2005 to Mar.31,2006)
Office Furniture	57,114	61,628	122,228
Store Displays	33,790	32,459	66,836
Material Handling Systems and Others	6,216	8,955	13,201
Total	97,120	103,042	202,266

Note: Consumption taxes are excluded from the above figures.