May 13, 2005

Consolidated Financial Results for FY March 2005

Okamura Corporation
Listing: Tokyo Stock Exchange, Osaka Securities Exchange
Code Number: 7994 (URL http://www.okamura.co.jp/)
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Representative: Kazuyoshi Hisamatsu, President and Representative Director
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Date of Board Meeting for Consolidated Settlement of Accounts: May 13, 2005
Application of US Financial Accounting Standards: None

1. Consolidated Results for FY March 2005 (Apr. 1, 2004 – Mar. 31, 2005)

* 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	
FY March 2005	196,526	7.4%	8,980	33.8%	9,410	34.7%
FY March 2004	183,044	10.7%	6,711	64.0%	6,986	68.5%

	Net Income		Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)	Return on Equity	Ordinary Income to Total Assets	Ordinary Income to Net Sales
FY March 2005	5,485	38.1%	48.93	-	8.9%	5.4%	4.8%
FY March 2004	3,971	-	35.41	-	7.2%	4.2%	3.8%

Notes:
① Gain from investment in subsidiaries and affiliates accounted for by the equity method:
FY March 2005: ¥91 million
FY March 2004: ¥75 million
② Average number of shares outstanding (consolidated):
FY March 2005: 112,120,955
FY March 2004: 112,161,378
③ Changes in accounting method: Applicable
④ The percentages alongside the net sales, operating income, ordinary income, and net income indicate the percentage increase or decrease from the previous year.

(2) Financial Position

(Millions of yen, except for per share figures)

	Total Assets	Shareholders' Equity	Equity Ratio (%)	Shareholders' Equity per Share (Yen)
FY March 2005	173,622	63,964	36.8	570.68
FY March 2004	172,824	59,264	34.3	528.46

Note: Number of shares outstanding at term-end (consolidated):
FY March 2005: 112,084,134
FY March 2004: 112,146,500

(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
FY March 2005	7,009	(3,868)	(6,248)	20,426
FY March 2004	12,460	(3,185)	(6,067)	23,538

(4) Number of Consolidated Subsidiaries and Subsidiaries and Affiliates Accounted for by the Equity Method

Number of consolidated subsidiaries: 11
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: 2 (Excluded from consolidation: None)
Newly included under equity method: None (Excluded under equity method: 1)

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

(Millions of yen)

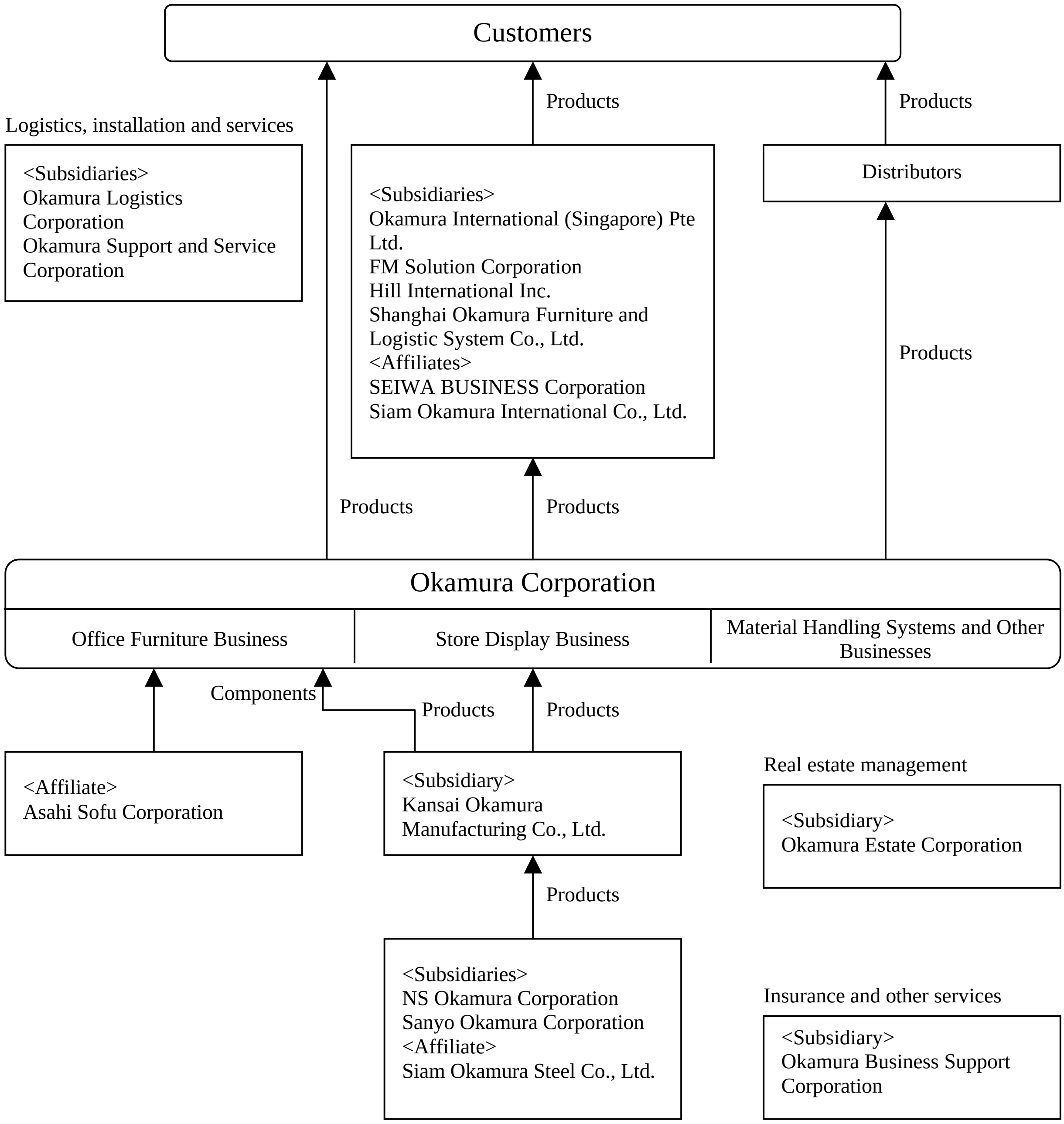
	Net Sales	Ordinary Income	Net Income
First Half of FY March 2006	99,600	5,300	3,000
FY March 2006	206,000	11,000	7,800

Reference: Expected net income per share ¥69.59

* 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.9 regarding the forecast above.

(1) Group Companies

The Okamura Group (hereinafter the "Group") comprises Okamura Corporation (hereinafter the "Company"), eleven 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 business segment, the Company and consolidated subsidiaries, Kansai Okamura Manufacturing Co., Ltd., NS Okamura Corporation, and Sanyo Okamura Corporation, 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 fiscal year under review (the year ended March 31, 2005) the Company will increase the year-end dividend by ¥1.25 per share over the previous year to ¥6.25 per share. Coupled with the mid-term dividend of ¥3.75 per share, this brings the annual dividend to ¥10.00 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 including "Contessa." 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 response to robust demand from large-scale stores and specialty stores. 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 the market in China.

(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. 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

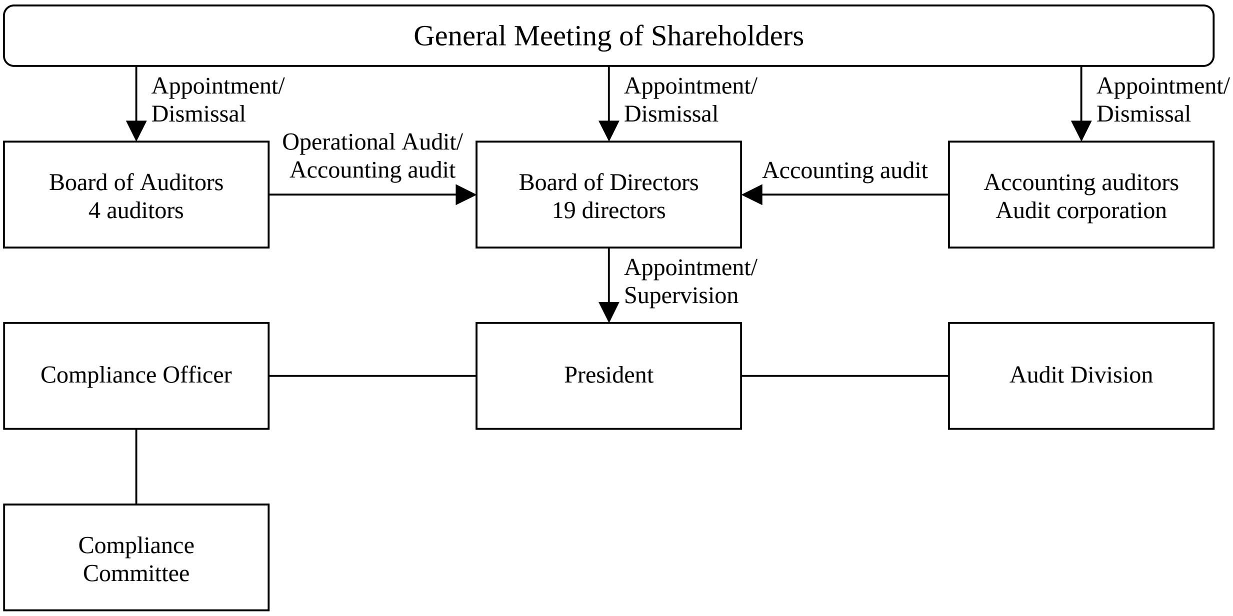
1. Categorization according to adoption of the Statutory Auditor System or the Committee System
The Company has adopted the Statutory Auditor System.

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 fiscal year from April 2004 to March 2005, the Board of Directors held eleven meetings to determine the essentials of executing business plans and to consider important management decisions. Following the earlier established compliance initiatives, including the Code of Conduct and Rules of Conduct and the Hotline System, the Company conducted an Awareness Survey of Employees to identify and correct obstacles to continued dissemination and internalization of compliance practices.

In January 2005, the Company assembled a project team to prepare a framework for the protection of personal information, with a view to internalizing the practice and increasing customers' and suppliers' trust in their relationships with the Company. Its establishment of rules and arrangements for appropriately handling and securely managing personal information ensured a company-wide commitment to safeguarding 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 pubic accountants who performed the engagement for the year are as described below.

- CPAs who performed the service
  Shigeru Iwamoto, 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

⑤ Director's compensation

The amounts of compensation and other remuneration paid by the Company to its Directors and Auditors for the year are as tabled below.

Category	Directors		Auditors		Total	
	Recipients	Payments	Recipients	Payments	Recipients	Payments
Compensation as approved by shareholders	persons 21	million yen 228	persons 4	million yen 44	persons 25	million yen 273
Retirement benefits as approved by shareholders	2	17	1	14	3	32
Total		246		58		305

Note:
1. The recipients above include two Directors and one Auditor who have retired.
2. Resolutions adopted by General Meetings of Shareholders limit total compensation payable as follows:
   ¥300 million or less for Directors per year (adopted by the Annual Meeting of Shareholders in June 1991)
   ¥70 million or less for Auditors per year (adopted by the Annual Meeting of Shareholders in June 1995)
3. In addition to the compensation above, the following payments were made:
   The Directors who were also employees of the Company received employee's salaries totaling ¥146 million.
4. The Company has 19 Directors and four Auditors as of the end of the fiscal year.

⑥ Auditor's fees

	Payment (million yen)
Contractual audit and attestation fees	30
Other service fees	-

(3) Operating Results and Financial Position

I. Operating Results

1. Overview of FY March 2005

1) Overview of Operating Results

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)	ROE (%)
FY March 2005	196,526	8,980	9,410	5,485	48.93	8.9
FY March 2004	183,044	6,711	6,986	3,971	35.41	7.2
Change (%)	7.4%	33.8%	34.7%	38.1%	38.2%	-----

The year under review saw such macroeconomic indicators as corporate earnings and business confidence trending stronger initially but marking time since the beginning of the second half. The sluggishness persisted toward the end of the year, as exports and IT-related demand slowed and personal consumption and employment conditions missed a full-blown recovery.

In these circumstances, in response to the diverse workstyles of the era of mobile business, the Company proposed solutions to increase office productivity, aggressively worked to gain sales among category-killer retailers such as ¥100 shops and drugstores, and otherwise promoted new product development and proposal-based selling and worked to create and open up new markets by obtaining orders for total solutions.

As a result of these initiatives, current term net sales were ¥196,526 million (an increase of 7.4% year on year).

From the perspective of profit and loss, the Company lowered distribution costs through the reduction in production costs mainly owing to the expansion of supply chain management and increased involvement in cellular manufacturing, centralization of the existing distribution centers, and stepped-up direct deliveries. As a result of improvement in inventory efficiency in response to demand trends and the strengthening of the financial base through measures such as reducing interest-bearing debts, the Company posted an ordinary income of ¥9,410 million (an increase of 34.7%) and a net income of ¥5,485 million (an increase of 38.1%).

2) Segment Information

(Millions of yen)

	Net sales			Operating income		
	FY March 2004	FY March 2005	Change	FY March 2004	FY March 2005	Change
Office Furniture	108,872	118,040	9,167	3,237	6,310	3,072
Store Display	66,647	68,595	1,947	3,560	2,573	(987)
Material Handling Systems and Others	7,523	9,891	2,367	(86)	97	183

① Office Furniture

In the office furniture segment, stronger demand for new construction in urban areas and demand for chain relocation, coupled with recovering demand in rural areas, focused the Company upon tapping into such demand to secure every opportunity for winning orders. Sales increased steadily, since the Company strived to increase orders for total solutions by developing new product lines suited to the diverse workstyles characteristic of the era of mobile business and active solutions-based sales.

Sales of the Contessa line of ergonomic mesh chairs have been favorable ever since its launch. Since Contessa enjoys high accolades overseas as well, the Company has been expanding sales channels in markets throughout the world, with sales now extending to 45 countries.

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, waterproof panels that prevents water leakage in buildings, and doors with electromagnetic wave shielding for hospitals and broadcast facilities, 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 ¥118,040 million (an increase of 8.4% year on year), and operating income was ¥6,310 million (an increase of 94.9%).

② Store Display

In the store display segment, in line with the basic policy of leveraging competitive advantage as the only manufacturer that offers a total solution encompassing store display fixtures and refrigerated showcases to create appealing retail environments that take into account the diversification of consumer needs, and also to engineer sales based on propositions that accurately meet changing needs, the Company focused its efforts on winning more orders in connection with new store openings and renovation of existing stores in the supermarket sector as well as retail formats such as ¥100 shops and drugstores.

As a result, net sales in this segment were ¥68,595 million (an increase of 2.9% year on year), and operating income was ¥2,573 million (a decrease of 27.7%).

③ Material Handling Systems and Others

In the material handling systems and others segment, the Company leveraged synergy with the office furniture and store display businesses to increase sales by aggressively engaging in sales of automated warehouse systems and storage warehouse system fixtures for physical distribution facilities for customers in the pharmaceuticals, transport, and automotive industries as well as for the Chinese market.

At the same time, against a backdrop of recovery in sales and earnings of manufacturers of industrial equipment in Japan, orders for torque converters for forklifts and other equipment increased.

As a result, net sales and operating income in this segment increased to ¥9,891 million (an increase of 31.5% year on year) and ¥97 million, 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	69.59	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%	-

Current domestic statistics indicate a slowdown in the exports- and capital investment-led economic recovery. The IT-related sector's adjustment of inventory, slower economic growth offshore, and the skyrocketing prices of crude oil and materials make the future still more uncertain. For some time, the macroeconomic picture may offer little reason to be optimistic.

In the mainstay office furniture business, the Company will take advantage of demand stemming from chain relocation and corporate mergers and reorganizations, aggressively engage in the solutions business at which we excel, especially by coming up with how to evolve the office environment, and work to grow sales and earn profits by gaining orders for total solutions which include office furniture, building materials, and products for public facilities.

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 emphasizing total solutions that customize the best combination of showcases/racks/shelves and refrigerated showcases and even accessory/outdoor/backyard installations. Also by focusing on boutiques and specialty stores in large-scale shopping centers to cultivate new customer relationships, the Company will work to capture additional business from new store openings and renovation of existing stores. In this way, we will seek to increase revenue and profits from this business.

In overseas markets, the Company will work to strengthen its sales structure through the reinforcement of newly established branch offices and local subsidiaries in order to increase sales of the Contessa line and to respond to robust demand in the Chinese market.

With respect to initiatives to improve earnings, the Company intends to steadily advance corporate reform by cutback in selling, general and administrative expenses, curtailing production 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 billion, consolidated ordinary income of ¥11 billion, and net income of ¥7.8 billion.

II. Financial Position

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

	FY March 2004	FY March 2005
Total assets	172,824	173,622
Shareholders' equity	59,264	63,964
Equity ratio	34.3%	36.8%
Shareholders' equity per share (Yen)	528.46	570.68

Total assets at the end of the year under review amounted to ¥173,622 million, an increase of ¥797 million over the end of the previous fiscal year, owing to factors including increases in trade receivables and inventories as sales increased, and a decrease in cash and time deposits reflecting corporate bond redemptions and income tax payments.

Total liabilities at the end of the year under review amounted to ¥106,407 million, a decrease of ¥4,192 million from the end of the previous fiscal year, due primarily to corporate bond redemptions worth ¥9,000 million, despite increased short-term bank loans to fund the redemption, and increased trade payables as sales increased.

Shareholders' equity at the end of the year under review was ¥63,964 million, an increase of ¥4,699 million from the previous fiscal year-end. The change is attributable to increase in retained earnings due to increase in net profit for the year, and other factors. The shareholders' equity ratio for the current term increased by 2.5 percentage points to 36.8%.

2) Cash Flows (Millions of yen)

	FY March 2004	FY March 2005
Cash flows from operating activities	12,460	7,009
Cash flows from investing activities	(3,185)	(3,868)
Cash flows from financing activities	(6,067)	(6,248)
Cash and cash equivalents at the term (year) end	23,538	20,426
Borrowings and corporate bonds at the term (year) and	35,180	29,980

The net cash provided by operating activities during the year under review was ¥7,009 million, mainly as a result of net income before income taxes of ¥9,347 million, depreciation and amortization of ¥4,485 million, an increase of ¥2,788 million in trade payables, an increase of ¥1,953 million in inventories, and income tax payments of ¥7,246 million.

The net cash used in investing activities was ¥3,868 million, mainly as a result of disbursements of ¥4,539 million to invest in expanding production capabilities and upgrading information systems.

The net cash used in financing activities was ¥6,248 million, mainly as a result of corporate bonds redemptions of ¥9,000 million, and short-term bank loan proceeds to cover part of the redemption.

As a result of these developments, cash and cash equivalents at the end of the current term under review decreased by ¥3,111 million, to ¥20,426 million.

The balance of interest-bearing debt (borrowings and corporate bonds) at the end of the current term under review decreased by ¥5,200 million compared to the end of the previous fiscal year to ¥29,980 million.

Trends of cash flow indicators

	FY March 2001	FY March 2002	FY March 2003	FY March 2004	FY March 2005
Equity ratio (%)	29.7	33.6	32.8	34.3	36.8
Market value-based equity ratio (%)	35.8	39.0	31.3	47.4	54.1
Debt repayment period (years)	3.0	16.8	4.7	2.8	4.3
Interest coverage ratio (times)	15.9	2.9	11.0	21.5	15.2

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

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 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 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.

(4) Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)

	FY March 2004 (As of Mar. 31, 2004)		FY March 2005 (As of Mar. 31, 2005)		Increase (Decrease)
	Amount	Ratio	Amount	Ratio	
(Assets)		(%)		(%)	
I. Current assets:					
Cash and time deposits	26,458		23,095		(3,363)
Trade notes and accounts receivable	54,105		55,753		1,647
Marketable securities	222		614		391
Inventories	11,573		13,677		2,103
Deferred income taxes	1,767		1,660		(107)
Other current assets	1,913		1,966		53
Allowance for doubtful accounts	(291)		(360)		(69)
Total current assets	95,750	55.4	96,406	55.5	655
II. Fixed assets:					
1. Tangible fixed assets:					
Buildings and structures	15,854		14,799		(1,054)
Machinery, equipment and vehicles	8,547		9,200		653
Land	21,543		21,470		(72)
Construction in progress	67		77		10
Others	2,462		2,781		318
Total tangible fixed assets	48,474	28.0	48,328	27.8	(146)
2. Intangible fixed assets:	1,557	0.9	1,889	1.1	331
3. Investments and other assets:					
Investment securities	19,120		19,290		170
Guarantee deposits	4,248		4,095		(152)
Deferred income taxes	2,361		2,406		44
Others	1,485		1,377		(108)
Allowance for doubtful accounts	(174)		(171)		3
Total investments and other assets	27,041	15.7	26,997	15.6	(43)
Total fixed assets	77,074	44.6	77,216	44.5	142
Total assets	172,824	100.0	173,622	100.0	797

(Millions of yen)

	FY March 2004 (As of Mar. 31, 2004)		FY March 2005 (As of Mar. 31, 2005)		Increase (Decrease)
	Amount	Ratio	Amount	Ratio	
(Liabilities)		(%)		(%)	
I. Current liabilities:					
Trade notes and accounts payable	45,881		49,298		3,416
Short-term bank loans	13,890		16,900		3,010
Long-term debts due within one year	1,200		3,940		2,740
Bonds redeemed within one year	9,000		-		(9,000)
Income taxes payable	4,941		2,233		(2,708)
Consumption taxes payable	607		350		(257)
Allowance for bonus payable	2,510		2,828		317
Others	2,529		2,716		187
Total current liabilities	80,560	46.6	78,266	45.1	(2,293)
II. Long-term liabilities:					
Bonds	5,000		5,000		-
Long-term debt	6,090		4,140		(1,950)
Deferred tax liabilities	757		367		(389)
Severance and employee retirement benefits	15,645		16,086		441
Reserve for directors' retirement benefits	489		519		30
Consolidated adjustment account	308		226		(81)
Other liabilities	1,749		1,799		50
Total long-term liabilities	30,039	17.4	28,140	16.2	(1,899)
Total liabilities	110,600	64.0	106,407	61.3	(4,192)
Minority interests	2,960	1.7	3,251	1.9	291
(Shareholders' equity)					
I. Common stock	18,670	10.8	18,670	10.8	-
II. Capital surplus	16,759	9.7	16,759	9.6	-
III. Retained earnings	20,586	11.9	25,089	14.4	4,503
IV. Unrealized holding gains (losses) on securities	3,551	2.1	3,818	2.2	266
V. Foreign currency translation adjustment	(190)	(0.1)	(208)	(0.1)	(18)
VI. Treasury stock, at cost	(112)	(0.1)	(165)	(0.1)	(52)
Total shareholders' equity	59,264	34.3	63,964	36.8	4,699
Total liabilities, minority interests and shareholders' equity	172,824	100.0	173,622	100.0	797

2. Consolidated Statements of Income

(Millions of yen)

	FY March 2004 (From Apr. 1, 2003 to Mar. 31, 2004)		FY March 2005 (From Apr. 1, 2004 to Mar. 31, 2005)		Increase (Decrease)
	Amount	Ratio	Amount	Ratio	Amount
		(%)		(%)	
I. Net sales	183,044	100.0	196,526	100.0	13,482
II. Cost of sales	127,023	69.4	135,975	69.2	8,952
Gross profit	56,020	30.6	60,551	30.8	4,530
III. Selling, general and administrative expenses	49,308	26.9	51,570	26.2	2,261
Operating income	6,711	3.7	8,980	4.6	2,269
IV. Other income:	1,150	0.6	1,067	0.5	(82)
Interest and dividends income	185		212		27
Amortization of consolidated adjustment account	77		76		(0)
Equity in earnings of affiliated companies	75		91		15
Others	812		687		(125)
V. Other expenses:	874	0.5	638	0.3	(236)
Interest expenses	550		448		(101)
Others	324		189		(134)
Ordinary income	6,986	3.8	9,410	4.8	2,423
VI. Extraordinary income:	828	0.5	269	0.2	(559)
Gain on sale of property, plant and equipment	-		32		32
Gain on sale of investment securities	752		236		(515)
Reversal of allowance for doubtful accounts	76		-		(76)
VII. Extraordinary losses:	393	0.2	332	0.2	(61)
Loss on disposal of property, plant and equipment	141		264		123
Loss on devaluation of investment securities	17		33		15
Loss on sale of investment securities	217		0		(217)
Impairment loss	-		18		18
Evaluation losses of corporate memberships	16		16		0
Others	0		-		(0)
Income before income taxes for the current term (fiscal year)	7,421	4.1	9,347	4.8	1,925
Income taxes	5,336	2.9	4,287	2.2	(1,049)
Adjustments on income taxes	(1,859)	(1.0)	(510)	(0.2)	1,349
Minority interests in earnings	(27)	(0.0)	84	0.0	111
Net income for the current term (fiscal year)	3,971	2.2	5,485	2.8	1,513

3. Consolidated Statements of Retained Earnings

(Millions of yen)

	FY March 2004 (From Apr. 1, 2003 to Mar. 31, 2004)	FY March 2005 (From Apr. 1, 2004 to Mar. 31, 2005)	Increase (Decrease)
	Amount	Amount	Amount
(Capital Surplus)			
I. Capital surplus at beginning of year	16,759	16,759	-
II. Capital surplus at term (year) end	16,759	16,759	-
(Retained Earnings)			
I. Retained earnings at beginning of year	17,175	20,586	3,410
II. Increase in retained earnings:	3,971	5,485	1,513
Net income	3,971	5,485	1,513
III. Decrease in retained earnings:	561	982	420
Cash dividends	561	982	420
IV. Retained earnings at term (year) end	20,586	25,089	4,503

4. Consolidated Statements of Cash Flows

(Millions of yen)

	FY March 2004 (From Apr. 1, 2003 to Mar. 31, 2004)	FY March 2005 (From Apr. 1, 2004 to Mar. 31, 2005)
I. Cash flows from operating activities		
Income before income taxes for the current term (fiscal year)	7,421	9,347
Depreciation and amortization	4,486	4,485
Loss on disposal of property, plant and equipment	141	264
Equity in earnings of affiliated companies	(75)	(91)
Amortization of consolidation adjustments accounts	(77)	(76)
Decrease in allowance for doubtful accounts	(405)	65
Increase in allowance for bonuses payable	635	299
Increase in reserve for employee retirement benefits	1,430	408
Increase (Decrease) in reserve for directors' retirement benefits	8	30
Interest and dividends income	(185)	(212)
Interest expenses	550	448
Loss on sale of property, plant and equipment	-	(32)
Loss (Gain) on sale of investment securities	(534)	(236)
Loss on devaluation of investment securities	17	33
Decrease in notes and accounts receivable	(5,959)	(1,391)
Decrease (Increase)in inventories	108	(1,953)
Increase in notes and accounts payable	5,655	2,788
Others	770	314
Sub-total	13,988	14,490
Interest and dividends received	201	225
Interest expenses paid	(579)	(460)
Income taxes paid	(1,233)	(7,246)
Income taxes refund	82	0
Net Cash provided by operating activities	12,460	7,009
II. Cash flows from investing activities		
Term deposits paid	(4,094)	(5,466)
Term deposits withdrawn	2,726	5,526
Payment for purchase of property, plant and equipment	(3,934)	(3,858)
Proceeds from sale of property, plant and equipment	2	94
Payment for purchase of intangible fixed assets	(480)	(681)
Payment for purchase of investment securities	(320)	(87)
Proceeds from sale of investments securities	2,151	483
Increase due to the acquisition of subsidiaries' stocks accompanied by changes in the scope of consolidation	-	61
Others	763	59
Net cash used in investing activities	(3,185)	(3,868)
III. Cash flows from financing activities		
Net increase (decrease) of short-term bank loans	(950)	3,010
Proceeds from long-term debt	1,000	2,000
Repayments of long-term debt	(1,869)	(1,210)
Redemption of bonds	(3,000)	(9,000)
Purchase of treasury stock	(14)	(50)
Purchase of treasury stock of consolidated subsidiaries	(648)	-
Cash dividends paid by the Company	(561)	(982)
Cash dividends paid to minority shareholders	(24)	(16)
Net cash used in financing activities	(6,067)	(6,248)
IV. Effect on exchange rate changes on cash and cash equivalents	(10)	(3)
V. Increase (Decrease) in cash and cash equivalents	3,196	(3,111)
VI. Cash and cash equivalents at beginning of year	20,341	23,538
VII. Cash and cash equivalents at the term (year) end	23,538	20,426

5. Significant Items for the Preparation of Consolidated Financial Statements

1. Scope of consolidation

Consolidated subsidiaries: All 11 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.

Sanyo Okamura Corporation, which changed its corporate name from JT Okamura Corporation on October 1, 2004 and was an affiliate of the Company as of the end of the previous fiscal year, was included in the scope of consolidation in the current year due to the additional acquisition of its stocks by the Company on September 27, 2004. The deemed date of acquisition is the end of the first half of the current year. The Company founded on June 16, 2004 a subsidiary named Shanghai Okamura Furniture and Logistic System Co., Ltd. and included it in the scope of consolidation in the current 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

The date of yearly settlement of accounts is December 31 for Okamura International (Singapore) Pte Ltd. and Shanghai Okamura Furniture and Logistic System Co., Ltd. For other consolidated subsidiaries, the date of yearly settlement of accounts is March 31, which is the same as the date when the Company files consolidated financial statements. The difference between the date of yearly settlement of accounts for Okamura International (Singapore) Pte Ltd. and Shanghai Okamura Furniture and Logistic System Co., Ltd. and the date of yearly settlement of consolidated accounts is three months or less, so that the financial statements of the two subsidiaries according to their operating year could be used as the basis for consolidating the two subsidiaries. Any significant transactions that occurred following the end of such operating year through the date of yearly settlement of consolidated accounts were adjusted in manners necessary for consolidation.

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 settlement year
(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) 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 current term under review was determined based on the portion of total amount expected to be payable corresponding to the current 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 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 (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 current term end under the internal rules.

(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.

(2) Hedge method and transactions to be hedged
① Hedge method
Derivatives transactions (interest rate swap transactions)
② Transactions to be hedged
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)

(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 are to hedge transactions in foreign currency. 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.

(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. Appraising consolidated subsidiaries' assets and liabilities

Consolidated subsidiaries' assets and liabilities are revalued as acquired by the Company to their fair market value, inclusive of minority interests.

6. Amortizing goodwill

The consolidated adjustment account is amortized in equal amounts over five years.

7. Accounting for surplus appropriations

Consolidated statements of retained earnings are based on surplus appropriations finalized within the year under review.

8. Scope of funds in 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.

Amendment of Accounting Procedures

(Accounting standards for impairment of fixed assets)

Effective this interim consolidated accounting period, the Company has adopted the Accounting Standards for Impairment of Fixed Assets (Opinion concerning Setting Accounting for Impairment of Fixed Assets) issued by the Business Accounting Deliberation Council on August 9, 2002) and the Guidance for Application of Accounting Standards for Impairment of Fixed Assets (ASB Guidance No. 6 issued on October 31, 2003) since the application of these guidelines to consolidated financial statements has been permitted for the terms ending on March 31, 2004 or thereafter.

As a result of this adoption, the balance of fixed assets and net income before taxes decreased by ¥18 million and ¥18 million respectively as compared with the case where the conventional method is adopted.

Impairment loss is concerned with idle land. Accumulated losses on impairment of fixed assets were directly deducted from the amount of each asset in accordance with the revised Regulation Concerning Consolidated Financial Statements.

Supplementary Information

(Enforcement of pro forma standard taxation)

In line with the promulgation of the Law for Partial Amendment to the Local Tax Law, etc. (law No. 9 of 2003) on March 31, 2003, and the consequent introduction of the pro forma standard taxation system, from the current term, the Company has started to post the portions of corporate enterprise tax according to added value and capital, amounting to ¥247 million in selling, general and administrative expenses, in accordance with the Practical Procedures for Indication of Pro Forma Taxation in Income Statement concerning Corporate Enterprise Tax (ASBJ Practice Report No. 12 dated Feb. 13, 2004).

(Return of the employees' pension funds managed on behalf of the government)

With respect to the employees' pension funds involving the Company and its major subsidiaries in Japan, in line with the enactment of the Defined Contribution Pension Law, the Company has been granted permission on August 27, 2004 by the Minister of Health, Labour and Welfare to be exempted from the future obligation of payment with respect to the portion managed by the Company on behalf of the Government.

The amount of pension funds expected to be returned (minimum actuarial liability) as of the end of the current year was ¥13,310 million. Assuming that this amount is returned as of the end of the current year, the expected income (income from return) arising from the application of Section 44, Paragraph 2 of the "Practical Guidelines concerning Accounting for Retirement Benefits (Interim Report)" (JICPA Accounting System Committee Report No. 13) is ¥2,623 million.

(Liquidizing notes receivable)

Beginning with the current year, the Company has liquidized a portion of its notes receivable. This reduced the "trade notes and accounts receivable" balance in current assets by ¥1,885 million at year-end.

6. Notes

Consolidated Balance Sheet

(Millions of yen)

	FY March 2004	FY March 2005
1. Accumulated depreciation of tangible fixed assets		
	75,730	79,829
2. Equity shares in affiliated companies		
Investment securities (equity securities)	1,200	914
3. Hypothecated assets and secured liabilities		
Amount of pledged assets (book value)		
Land	7,629	7,269
Other tangible fixed assets	8,387	3,444
Total	16,016	10,713
Liabilities relevant to the above		
Short-term debts	2,720	2,000
Total	2,720	2,000
4. Total number of shares of stock issued by the Company		
Common stock (thousand shares)	112,391	112,391
5. Number of shares of stock in the Company held by consolidated subsidiaries and equity-method affiliates		
Common stock (thousand shares)	245	307

Consolidated Income Statement

(Millions of yen)

	FY March 2004	FY March 2005
1. Major items and amounts of selling, general and administrative expenses		
Selling expense	2,659	2,858
Transportation and packing expense	9,895	10,663
Salaries and allowances	13,648	13,996
Provision for allowance for bonus payable	1,639	1,856
Retirement benefits	2,662	2,039
Depreciation and amortization expense	1,484	1,399
Rent	5,906	6,006
Provision for allowance for doubtful accounts	-	124
2. R&D costs included in selling, general and administrative expenses and manufacturing costs during the year		
	738	834
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	9	46
Machinery, equipment and vehicles	75	155
Land	-	18
Others	56	43
Total	141	264

Consolidated Cash Flow Statement

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

(Millions of yen)

	FY March 2004	FY March 2005
Cash and deposit accounts	26,458	23,095
Securities account	222	614
Total	26,681	23,709
Time deposits - over 3 months	(3,142)	(3,283)
Cash and cash equivalents	23,538	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 term (fiscal year) for lease properties

(Millions of yen)

	FY March 2004	FY March 2005
Amount equivalent to acquisition cost	2,389	1,861
Amount equivalent to accumulated depreciation	1,897	1,441
Amount equivalent to the balance as of the end of the term (fiscal year)	492	420

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

One year or less	394	357
More than one year	612	504
Total	1,007	862

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

Lease payment	572	483
Amount equivalent to depreciation expense	442	357
Amount equivalent to interest expense	55	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)

	FY March 2004 (As of Mar. 31, 2004)			FY March 2005 (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
Other securities with consolidated balance sheet amount exceeding acquisition cost						
① Stocks	8,277	14,730	6,452	8,075	14,756	6,680
② Bonds	-	-	-	149	160	10
③ Others	204	266	62	203	271	68
Subtotal	8,481	14,996	6,515	8,428	15,188	6,759
Other securities with consolidated balance sheet amount not exceeding acquisition cost						
① Stocks	2,068	1,541	(527)	2,079	1,768	(310)
② Others	94	85	(8)	119	111	(8)
Subtotal	2,163	1,627	(536)	2,198	1,879	(319)
Total	10,645	16,623	5,978	10,627	17,067	6,440

2. Other securities sold during the year

(Millions of yen)

	FY March 2004 (As of Mar. 31, 2004)			FY March 2005 (As of Mar. 31, 2005)		
	Proceeds from Sale	Gross Gain on Sale	Gross Loss on Sale	Proceeds from Sale	Gross Gain on Sale	Gross Loss on Sale
① Stocks	2,141	751	217	480	236	0
② Others	9	0	0	2	-	-
Total	2,151	752	217	483	236	0

3. Securities not marked to market

(Millions of yen)

	FY March 2004 (As of Mar. 31, 2004)	FY March 2005 (As of Mar. 31, 2005)
	Consolidated Balance Sheet Amount	Consolidated Balance Sheet Amount
Other securities		
MMF	20	513
Medium-term government securities fund	202	100
Unlisted stocks (except OTC stocks)	296	308
Preferred subscription certificate	1,000	1,000
Total	1,519	1,922

4. Scheduled redemptions of other securities having maturity and bonds intended to be held until maturity

	Due within 1 year	Due in 1 to 5 years	Due in 5 to 10 years	Due after 10 years
Held-to-maturity bonds				
Corporate bonds	-	160	-	-
Total	-	160	-	-

Derivatives Transactions

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

(Millions of yen)

Classification	Types of transactions	FY March 2004 (As of Mar. 31, 2004)			FY March 2005 (As of Mar. 31, 2005)		
		Contract amount etc.	Market value	Valuation profit/loss	Contract amount etc.	Market value	Valuation profit/loss
Currency	Exchange options	914	(37)	(37)	664	(19)	(19)
Total		914	(37)	(37)	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 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.

Retirement Benefits

1. Established retirement benefit arrangements

   The Company and five domestic consolidated subsidiaries provide a range of defined-benefit programs, comprising Employees' Welfare Pension Fund plans, tax-qualified retirement annuity, and lump-sum termination allowance grants. The Company, through the employees welfare pension fund, maintains trust arrangements to provide for retirement benefits.

   With respect to the employees' pension funds involving the Company and its major subsidiaries in Japan, in line with the enactment of the Defined Contribution Pension Law, the Company has been granted permission on August 27, 2004 by the Minister of Health, Labour and Welfare to be exempted from the future obligation of payment with respect to the portion managed by the Company on behalf of the Government.

2. Retirement benefit obligation

(Millions of yen)

		FY March 2004 (As of Mar. 31, 2004)	FY March 2005 (As of Mar. 31, 2005)
a.	Benefit obligation	(57,381)	(52,952)
b.	Pension assets	28,808	31,120
c.	Unfunded benefit obligation (a + b)	(28,573)	(21,831)
d.	Unrecognized actuarial difference	13,772	12,327
e.	Unrecognized past service obligation (Note 2)	(843)	(6,582)
f.	Consolidated balance-sheet net benefit liability (c + d + e)	(15,645)	(16,086)
g.	Prepaid benefit cost	-	-
h.	Allowance for retirement benefits (f – g)	(15,645)	(16,086)
	Notes:	1. Gross of the employees' pension fund portion managed by the Company on behalf of the Government.	1. Same as noted in the left column.
		2. -	2. Regarding the employees' pension fund portion managed by the Company on behalf of the Government, the amount of pension funds estimated to be returned (minimum actuarial liability) as of the end of the current year was ¥13,310 million. Assuming that this amount is returned as of the end of the current year, the expected income (income from return) arising from the application of Section 44, Paragraph 2 of the "Practical Guidelines concerning Accounting for Retirement Benefits (Interim Report)" (JICPA Accounting System Committee Report No. 13) is ¥2,623 million.

3. Retirement benefit expense

(Millions of yen)

		FY March 2004 (From Apr. 1, 2003 to Mar. 31, 2004)	FY March 2005 (From Apr. 1, 2004 to Mar. 31, 2005)
a.	Service cost (Note)	1,892	1,740
b.	Interest cost	1,399	1,336
c.	Expected return on plan assets	(568)	(719)
d.	Amortization of actuarial difference	1,416	1,098
e.	Amortization of past service obligation	(64)	(355)
f.	Retirement benefit expense (a + b + c + d + e)	4,074	3,099
		Note: Net of employee contributions to the employees' pension fund.	Note: Same as noted in the left column.

4. Basis for calculating retirement benefit obligation and others

	FY March 2004 (From Apr. 1, 2003 to Mar. 31, 2004)	FY March 2005 (From Apr. 1, 2004 to Mar. 31, 2005)
a. Method to periodically allocate projected benefit obligation	Allocated equally to each service year.	Same as noted in the left column.
b. Discount rate	2.5%	2.5%
c. Expected return on pension assets	2.5%	2.5%
d. Number of years to amortize actuarial difference	15 years (Actuarial differences are prorated over a constant number of years (15 years) that is within the average remaining service period of employees in an accounting year as they arise, and recognized in expense the following years.)	15 years (Same as noted in the left column.)
e. Number of years to amortize past service obligation	15 years (Past service obligations are prorated and recognized in expense over a constant number of years (15 years) that is within the average remaining service period of employees as they arise.)	14 years and 15 years (Past service obligations are prorated and recognized in expense over a constant number of years (14 or 15 years) that is within the average remaining service period of employees as they arise.)

Accounting for Deferred Income Taxes

1. Significant components of deferred income tax assets and liabilities

	FY March 2004 (million yen)	FY March 2005 (million yen)
(1) Current assets and liabilities		
Deferred tax assets		
Excess bonuses accrued	1,022	1,150
Accrued social insurance premiums	92	118
Accrued enterprise taxes	423	190
Valuation loss of finished products	117	77
Others	208	219
Sub-total deferred tax assets	1,864	1,756
Valuation allowance	(96)	(95)
Total deferred tax assets	1,767	1,660
(2) Non-current assets and liabilities		
Deferred tax liabilities		
Deferred gains on fixed assets	3,861	3,779
Net unrealized holding gains on securities	2,437	2,620
Total deferred tax liabilities	6,299	6,399
Offset against deferred tax assets	(5,541)	(6,031)
Net deferred tax liabilities	757	367
Deferred tax assets		
Retirement benefits	6,629	7,148
Unrealized gross profits from sales of property, plant and equipment	744	744
Excess bad debt expenses	67	65
Director's retirement benefits	199	211
Net unrealized holding losses on securities	0	-
Unrealized loss on golf club memberships	153	157
Others	176	193
Sub-total deferred tax assets	7,971	8,521
Valuation allowance	(67)	(83)
Total deferred tax assets	7,903	8,438
Offset against deferred tax liabilities	(5,541)	(6,031)
Net deferred tax assets	2,361	2,406

2. Significant components of difference between statutory tax rate and effective tax rate after adjustments for tax-effect accounting

	FY March 2004	FY March 2005
Statutory tax rate	42.0%	40.7%
(Reconciliation)		
Non-deductible expenses	2.7	2.1
Non-taxable dividend income	(0.4)	(0.5)
Per capita inhabitant tax	1.2	1.1
Special deduction of experimental and research expenses, others	(1.2)	(0.9)
Tax loss carryforwards	-	(1.1)
Effect of change in income tax rate	1.3	-
Others	1.3	(1.0)
Effective tax rate	46.9%	40.4%

Segment Information

1. Business Segment Information

FY March 2005 (From Apr. 1, 2004 to Mar. 31, 2005)

(Millions of yen)

	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
II. Assets, depreciation and amortization, and capital expenditure						
Assets	84,477	40,503	7,562	132,544	41,078	173,622
Depreciation and amortization	3,092	1,146	246	4,485	(-)	4,485
Capital expenditure	3,151	1,218	278	4,648	(-)	4,648

FY March 2004 (From Apr. 1, 2003 to Mar. 31, 2004)

(Millions of yen)

	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	108,872	66,647	7,523	183,044	-	183,044
(2) Internal sales or transfers between segments	-	-	-	-	(-)	-
Total	108,872	66,647	7,523	183,044	(-)	183,044
Operating expenses	105,635	63,087	7,610	176,332	(-)	176,332
Operating income (loss)	3,237	3,560	(86)	6,711	(-)	6,711
II. Assets, depreciation and amortization, and capital expenditure						
Assets	79,909	38,624	6,753	125,286	47,538	172,824
Depreciation and amortization	3,146	1,099	241	4,486	(-)	4,486
Capital expenditure	2,703	1,402	213	4,319	212	4,531

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	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, insurance and real estate management

3. Of assets, major corporate assets included in the corporate and eliminations item are cash and marketable securities, and their amounts are as follows:
   FY March 2005 ¥41,078 million
   FY March 2004 ¥47,538 million

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.

Transactions with Related Parties

During current year (from Apr. 1, 2004 to Mar. 31, 2005)

Directors, major individual shareholders, others

Type of party	Name	Address of residence	Capital or other contribution to the Company (million yen)	Line of business or occupation	Voting share ownership (%) in the Company (or the Company's ownership in the Party)	Relationship		Trading details	Trading volume (million yen)	Line item	Balance at year-end
						Concurrent directorship	Business partnership				
Director	Masayuki Takashima	--	--	The Company's Director, Mitsubishi Corporation's Representative Director	None	--		Sales of products to Mitsubishi Corporation (Note 2)	18,661	Trade receivables	3,693

Notes: 1. In the table above, the trading volume is net of, and the balance at year-end is gross of, consumption taxes.
2. The selling price and other trading terms were determined on an arm's length basis.

Per Share Data

	Previous year (to Mar. 31, 2004)	Current year (to Mar. 31, 2005)
Shareholders' equity per share of common stock	¥528.46	¥570.68
Net income per share of common stock	¥35.41	¥48.93
	The diluted net income per share of common stock is not presented, since there were no securities with dilutive effect outstanding through the period.	The diluted net income per share of common stock is not presented, since there were no securities with dilutive effect outstanding through the period.

The basis for calculating net income per share of common stock was as follows:

Net income	¥3,971 million	¥5,485 million
Net income attributable to common stock	¥3,971 million	¥5,485 million
Average number of shares of common stock during the period	112,161,378 shares	112,120,955 shares

Significant Subsequent Events

In accordance with a resolution adopted by its Board of Directors on March 18, 2005, the Company has issued new debt, under The 8th Unsecured Straight Bond Program, offering the terms outlined below.

- Total amount issued: ¥5,000 million
- Issue price: ¥100 per face value of ¥100
- Payment date: April 27, 2005
- Maturity date: April 27, 2009
- Coupon rate: 0.61% per annum
- Purpose: Refunding outstanding loans
- Collateral: No collateral attached

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

1. Results of manufacturing

(Millions of yen)

Business Segment	FY March 2004 (From Apr. 1, 2003 to Mar. 31, 2004)	FY March 2005 (From Apr. 1, 2004 to Mar. 31, 2005)
Office Furniture	58,112	67,408
Store Displays	20,077	21,215
Material Handling Systems and Others	6,947	5,690
Total	85,136	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	FY March 2004 (From Apr. 1, 2003 to Mar. 31, 2004)			FY March 2005 (From Apr. 1, 2004 to Mar. 31, 2005)		
	Beginning amount of unfilled orders	Amount of orders received for the current term	Unfilled orders at end of the term	Beginning amount of unfilled orders	Amount of orders received for the current term	Unfilled orders at end of the term
Office Furniture	6,254	110,447	7,828	7,828	117,855	7,642
Store Displays	1,357	67,344	2,054	2,054	68,214	1,673
Material Handling Systems and Others	365	7,710	551	551	10,061	721
Total	7,976	185,501	10,433	10,433	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	FY March 2004 (From Apr. 1, 2003 to Mar. 31, 2004)	FY March 2005 (From Apr. 1, 2004 to Mar. 31, 2005)
Office Furniture	108,872	118,040
Store Displays	66,647	68,595
Material Handling Systems and Others	7,523	9,891
Total	183,044	196,526

Note: Consumption taxes are excluded from the above figures.