OKAMURA CORPORATION
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2006 AND 2007

ASSETS	Millions of yen 2006	Millions of yen 2007	Thousands of U.S. dollars (Note 1(1)) 2007
Current assets:			
Cash (Note 3(1))	¥ 24,676	¥ 17,513	$ 148,352
Marketable securities (Note 5)	584	807	6,836
Trade receivables:			
Notes	7,201	10,409	88,174
Accounts (Note 13)	47,765	51,778	438,611
Allowance for doubtful accounts (Note 1(9))	(198)	(149)	(1,262)
Inventories (Note 4)	14,935	15,327	129,835
Deferred income taxes (Note 10)	1,647	1,937	16,408
Other current assets	1,949	1,929	16,341
Total current assets	98,559	99,551	843,295
Property, plant and equipment (Note 7):			
Land	21,472	21,745	184,202
Buildings	47,522	49,897	422,677
Machinery and equipment	60,848	61,617	521,957
Construction in progress	102	123	1,042
	129,944	133,382	1,129,878
Less accumulated depreciation	82,366	83,607	708,234
	47,578	49,775	421,644
Investments and other assets:			
Investments in affiliated companies	1,046	1,300	11,012
Investment securities (Note 5)	28,787	27,790	235,409
Deferred income taxes (Note 10)	2,014	2,075	17,577
Other non-current assets	7,985	9,263	78,467
	39,832	40,428	342,465
	¥ 185,969	¥ 189,754	$ 1,607,404

See accompanying notes.

LIABILITIES,MINORITY INTERESTS AND SHAREHOLDERS' EQUITY/NET ASSETS	Millions of yen 2006	Millions of yen 2007	Thousands of U.S. dollars (Note 1(1)) 2007
Current liabilities:			
Short-term bank loans (Note 8)	¥ 9,900	¥ 9,600	$ 81,321
Long-term debt due within one year (Note 8)	6,670	3,446	29,191
Trade payables:			
Notes	17,911	18,237	154,485
Accounts	32,579	29,620	250,911
Income taxes payable	1,919	4,222	35,765
Other current liabilities	5,288	6,470	54,807
Total current liabilities	74,267	71,595	606,480
Long-term debt (Note 8)	12,670	14,802	125,388
Employees' severance and retirement benefits (Notes 1(11) and 9)	9,321	9,638	81,643
Deferred income taxes (Note 10)	6,505	6,174	52,300
Other long-term liabilities	2,565	2,573	21,796
Minority interests	3,493	-	-
Shareholders' equity (Note 11):			
Common stock			
Authorized 400,000,000 shares			
Issued 112,391,530 shares	18,670	-	-
Capital surplus	16,760	-	-
Retained earnings	32,135	-	-
Net unrealized holding gains on securities (Note 1(5))	9,954	-	-
Foreign currency translation adjustments (Note 1(4))	(152)	-	-
Treasury stock, at cost(360,159 shares)	(219)	-	-
Total shareholders' equity	77,148	-	-
Net Assets (Notes 2(1) and 11):			
Common stock			
Authorized 400,000,000 shares			
Issued 112,391,530 shares	-	18,670	158,153
Capital surplus	-	16,760	141,974
Retained earnings	-	36,796	311,698
Treasury stock, at cost(400,900 shares)	-	(270)	(2,287)
Net unrealized holding gains on securities (Note 1(5))	-	9,467	80,195
Foreign currency translation adjustments (Note 1(4))	-	(69)	(584)
Minority interests	-	3,618	30,648
Total net assets	-	84,972	719,797
	¥ 185,969	¥ 189,754	$ 1,607,404

OKAMURA CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED MARCH 31, 2006 AND 2007

	Millions of yen		Thousands of U.S. dollars (Note 1(1))
	2006	2007	2007
Net sales (Notes 12 and 13)	¥ 202,266	¥ 213,814	$ 1,811,216
Cost of sales	139,642	147,526	1,249,691
Gross profit	62,624	66,288	561,525
Selling, general and administrative expenses	53,512	55,375	469,081
Operating income (Note 12)	9,112	10,913	92,444
Other income (expenses):			
Interest and dividend income	283	373	3,160
Interest expenses	(369)	(391)	(3,312)
Loss on devaluation of investment securities	(56)	(48)	(407)
Gain(Loss) on sale of investment securities, net	77	(2)	(17)
Loss on disposal of property, plant and equipment	(239)	(299)	(2,533)
Gain from the transfer of the substitutional portion of the government's Welfare Pension Insurance Scheme	3,493	-	-
Gain from termination of the tax-qualified defined benefit plan	1,358	-	-
Equity in income of affiliated companies, net	143	220	1,864
Other, net	661	397	3,363
	5,351	250	2,118
Income before income taxes	14,463	11,163	94,562
Income taxes (Notes 1(12) and 10):			
Current	3,568	5,236	44,354
Deferred	2,330	(347)	(2,939)
Income before minority interests	8,565	6,274	53,147
Minority interests in net income of consolidated subsidiaries	257	142	1,203
Net income	¥ 8,308	¥ 6,132	$ 51,944

	Yen		U.S. dollars (Note 1(1))
	2006	2007	2006
Amounts per share of common stock (Note 1(13)):			
Net income	¥ 74.14	¥ 54.75	$ 0.46
Cash dividends applicable to the year	12.00	15.00	0.13

See accompanying notes.

OKAMURA CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2007

	Thousands of shares	Millions of yen							
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains on securities	Foreign currency translation adjustments	Minority interests	Total net assets
Shareholders' equity at March 31, 2006 as previously reported	112,392	¥ 18,670	¥ 16,760	¥ 32,135	¥ (219)	¥ 9,954	¥ (152)	¥ -	¥ 77,148
Reclassification due to adoption of new accounting standards for presentation of net assets in the balance sheet at April 1, 2006								3,493	3,493
Net asset at April 1, 2006	112,392	18,670	16,760	32,135	(219)	9,954	(152)	3,493	80,641
Net income	-	-	-	6,132	-	-	-	-	6,132
Cash dividends paid (¥13 per share)	-	-	-	(1,457)	-	-	-	-	(1,457)
Acquisition of treasury stock	-	-	-	-	(51)	-	-	-	(51)
Bonuses to directors and corporate auditors	-	-	-	(14)	-	-	-	-	(14)
Net changes during the year	-	-	-	-	-	(487)	83	125	(279)
Balance at March 31, 2007	112,392	¥ 18,670	¥ 16,760	¥ 36,796	¥ (270)	¥ 9,467	¥ (69)	¥ 3,618	¥ 84,972

	Thousands of U.S. dollars (Note 1(1))							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains on securities	Foreign currency translation adjustments	Minority interests	Total net assets
Shareholders' equity at March 31, 2006 as previously reported	$ 158,153	$ 141,974	$ 272,215	$ (1,855)	$ 84,320	$ (1,287)	$ -	$ 653,520
Reclassification due to adoption of new accounting standards for presentation of net assets in the balance sheet at April 1, 2006							29,589	29,589
Net asset at April 1, 2006	158,153	141,974	272,215	(1,855)	84,320	(1,287)	29,589	683,109
Net income	-	-	51,944	-	-	-	-	51,944
Cash dividends paid ($0.11 per share)	-	-	(12,342)	-	-	-	-	(12,342)
Acquisition of treasury stock	-	-	-	(432)	-	-	-	(432)
Bonuses to directors and corporate auditors	-	-	(119)	-	-	-	-	(119)
Net changes during the year	-	-	-	-	(4,125)	703	1,059	(2,363)
Balance at March 31, 2007	$ 158,153	$ 141,974	$ 311,698	$ (2,287)	$ 80,195	$ (584)	$ 30,648	$ 719,797

See accompanying notes.

OKAMURA CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2006 AND 2007

	Millions of yen		Thousands of U.S. dollars (Note 1(1))
	2006	2007	2007
Cash flows from operating activities:			
Income before income taxes	¥ 14,463	¥ 11,163	$ 94,562
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	4,885	5,062	42,880
Loss on devaluation of investment securities	56	48	407
(Gain) Loss on sale of investment securities, net	(77)	2	17
Loss on disposal of property, plant and equipment	230	294	2,491
Interest and dividends income	(283)	(373)	(3,160)
Interest expenses	369	391	3,312
Decrease (Increase) in notes and accounts receivable-trade	1,114	(7,221)	(61,169)
Increase in inventories	(1,156)	(394)	(3,338)
Increase (Decrease) in notes and accounts payable-trade	1,083	(2,823)	(23,914)
Gain from the transfer of the substitutional portion of the government's Welfare Pension Insurance Scheme	(3,493)	-	-
Gain from termination of the tax-qualified defined benefit plan	(1,358)	-	-
(Decrease) Increase in employees' severance and retirement benefits	(1,934)	317	2,685
Other, net	(586)	985	8,344
Subtotal	13,313	7,451	63,117
Interest and dividends received	322	394	3,338
Interest expenses paid	(348)	(395)	(3,346)
Income taxes paid	(4,353)	(3,060)	(25,921)
Net cash provided by operating activities	8,934	4,390	37,188
Cash flows from investing activities:			
Payments for purchase of property, plant and equipment	(3,934)	(6,776)	(57,400)
Proceeds from sale of property, plant and equipment	60	12	102
Payments for purchase of investment securities	(485)	(41)	(347)
Proceeds from sale of investment securities	415	14	119
Payments for purchase of new consolidated subsidiaries (Note 3(2))	(74)	-	-
Other, net	(1,266)	(39)	(331)
Net cash used in investing activities	(5,284)	(6,830)	(57,857)
Cash flows from financing activities:			
Proceeds from long-term debt	10,200	5,600	47,437
Repayments of long-term debt	(3,940)	(6,692)	(56,688)
Decrease in short-term bank loans	(7,000)	(300)	(2,541)
Cash dividends paid	(1,278)	(1,474)	(12,486)
Other, net	(50)	(49)	(415)
Net cash used in financing activities	(2,068)	(2,915)	(24,693)
Effect of exchange rate changes on cash and cash equivalents	21	23	195
Net increase (decrease) in cash and cash equivalents	1,603	(5,332)	(45,167)
Cash and cash equivalents at beginning of year	20,426	22,029	186,607
Cash and cash equivalents at end of year (Note 3(1))	¥ 22,029	¥ 16,697	$ 141,440

See accompanying notes.

OKAMURA CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2006 AND 2007

1. Summary of significant accounting policies

(1) Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English (with certain expanded disclosure and the inclusion of the consolidated statements of shareholders' equity for 2006) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The consolidated balance sheet as of March 31, 2007, which has been prepared in accordance with the new accounting standard as discussed in Note 2(1), is presented with the consolidated balance sheet as of March 31, 2006 prepared in accordance with the previous presentation rules.

Also, as discussed in Note 2(2), the consolidated statement of changes in net assets for the year ended March 31, 2007 has been prepared in accordance with the new accounting standard. The accompanying consolidated statement of shareholders' equity for the year ended March 31, 2006 was voluntarily prepared for the purpose of inclusion in the consolidated financial statements although such statements were not required to be filed with the Local Finance Bureau.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2007, which was ¥ 118.05 to U.S. $ 1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

(2) Consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturities of not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(3) Basis of consolidation and accounting for investments in affiliated companies

The consolidated financial statements comprise the accounts of the Company and all of its twelve subsidiaries in 2006 and in 2007. All significant intercompany accounts and transactions have been eliminated in the consolidation. All companies are required to consolidate all significant investees which are controlled through substantial ownership of majority voting rights or existence of certain conditions.

On May 31, 2005, the Company purchased all equity shares of SEEDER Co., Ltd., which is a consolidated subsidiary. For the purpose of preparing the consolidated financial statements, control of this subsidiary was deemed to have been acquired as at April 1, 2005.

The investments in affiliated companies are stated at their underlying equity value. All companies are required to account for investments in affiliated companies (all of 20% to 50% owned and certain others of 15% to 20% owned) by the equity method in principle.

The excess of the cost over the underlying net assets of investments in consolidated subsidiaries and affiliated companies is amortized on a straight-line basis over a five-year period.

(4) Translation of foreign currencies

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rate at the balance sheet date.

Financial statements of consolidated overseas subsidiaries are translated into Japanese yen at the year-end rate, except that shareholders' equity accounts in 2006 and net assets accounts in 2007 are translated at historical rates and income statement items resulting from transactions with the Company at the rates used by the Company.

The Company and its consolidated domestic subsidiaries report foreign currency translation adjustments in the shareholders' equity in 2006 and the net assets in 2007.

(5) Securities

The Company and its consolidated subsidiaries examine the intent of holding each security and classify those securities as (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, or (d) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

Trading securities are stated at fair market value. Gains and losses realized on disposal and unrealized gains and losses from market value fluctuations are recognized as gains or losses in the period of the change. Held-to-maturity debt securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are stated at moving-average cost. Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders' equity in 2006 and net assets in 2007. Realized gains and losses on sale of such securities are computed using moving-average cost.

Debt securities with no available fair market value are stated at amortized cost, net of the amount considered not collectible. Other securities with no available fair market value are stated at moving-average cost.

If the market value of held-to-maturity debt securities and available-for-sale securities declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of the decline. If the fair market value of securities is not readily available, such securities should be written down to net asset value with a corresponding charge in the income statement in the event net asset value declines significantly. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

(6) Inventories

Inventories are stated at cost, which is determined by the moving-average method.

(7) Depreciation and amortization

Depreciation of property, plant and equipment is computed by the declining-balance method at rates based on the useful lives prescribed by the Japanese tax regulations, except that the straight-line method is applied to buildings acquired after March 31, 1998.

Amortization of software used by the Company and its consolidated subsidiaries is computed by the straight-line method over the useful life, 5 years.

Amortization of goodwill purchased is computed by the straight-line method over 5 years.

(8) Research and development expenses

Research and development expenses including basic research and fundamental development costs which are for the improvement of existing products or development of new products are charged to income when paid.

(9) Allowance for doubtful accounts

The Company and its consolidated subsidiaries provide allowance for doubtful accounts for probable collection losses by applying the actual rate of bad debt losses experienced in the past reference period for normal receivables and by individual assessment of collectibility for other receivables.

(10) Bonuses

Bonuses to employees, which are paid semi-annually, are accrued based upon management's estimate of the amount thereof. Bonuses to directors and corporate auditors, which are subject to approval at the shareholders' meeting, are accounted for as an appropriation of retained earnings.

(11) Severance and retirement benefits

Severance and retirement benefits covering all employees are provided through two arrangements: an unfunded lump-sum benefit plan and a non-contributory funded pension plan. Upon retirement or termination of employment, employees are generally entitled to lump-sum or annuity payments based on their current rate of pay, length of service and cause of termination.

The liabilities and expenses for severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions. The Company and its consolidated subsidiaries provide allowance for employees' severance and retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets. Prior service costs are recognized in expenses in equal amounts over the average of the estimated remaining service lives of the employees. Effective the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted using the declining-balance method over the average of the estimated remaining service lives commencing with the following period for recognizing actuarial gains and losses in expenses. As a result of changing its method of depreciation from the straight-line method to the declining-balance method, income before income taxes for the year ended March 31, 2007 decreased by ¥ 95 million($ 805 thousand) compared to what would have been reported under the previous method.

Employees of Japanese companies are compulsorily included in the Welfare Pension Insurance Scheme operated by the government. Employers are legally required to deduct employees' welfare pension insurance contributions from their payroll and to pay them to the government together with employers' own contributions. For companies that have established their own Employees' Pension Fund, which meets certain legal requirements, it is possible to transfer a part of their welfare pension insurance contributions (referred to as the "substitutional portion" of the government's Welfare Pension Insurance Scheme) to their own Employees' Pension Fund under the government's permission and supervision.

In connection with the enactment of the Defined Benefit Corporate Pension Law, the Company and certain consolidated domestic subsidiaries obtained approvals from the Minister of Health, Labor and Welfare ("MHLW"), on August 27, 2004, for exemption from the benefits related to future employee services under the substitutional portion and, on October 1, 2005, for separation of the retirement benefit obligation of the substitutional portion which related to past employee services and for transfer of the obligation and the related plan assets to the government. On March 17, 2006, the transfer of the plan assets attributable to the substitutional portion to the government was completed. As a result, gain from the transfer of the substitutional portion of the government's Welfare Pension Insurance Scheme amounting to ¥ 3,493 million was recognized in the year ended March 31, 2006.

On March 20, 2006, the Company and major consolidated domestic subsidiaries restructured their tax-qualified defined-benefit pension plan to a new defined-contribution pension plan and a new unfunded lump-sum benefit plan altered from the old one. As a result of this transfer, gain from termination of the tax-qualified defined-benefit plan of ¥ 1,358 million was recognized in the consolidated statement of income for the year ended March 31, 2006.

The Company and major consolidated domestic subsidiaries also provided for retirement allowances for directors and corporate auditors determined based on their internal rules at the estimated amount to be paid if all directors and corporate auditors had retired at the balance sheet date.

(12) Income taxes

Current income taxes are provided at the amounts currently payable for the year ended. Tax effects of temporary differences between the financial statement carrying amounts and the tax basis of assets and liabilities are recognized as deferred income taxes. Income taxes consist of corporation, enterprise and inhabitants taxes. The provision for income taxes is computed based on the pretax income of the Company and each of its consolidated subsidiaries with certain adjustments required for consolidation and tax purposes, included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for tax loss carry-forward and the expected future tax consequences of temporary differences. Valuation allowances are recorded to reduce deferred tax assets based on the assessment of the realizability of the tax benefits.

(13) Amounts per share of common stock

Net income per share is computed based upon the weighted average number of shares of common stock outstanding during the year ended March 31 of each year, exclusive of the Company's treasury stock held by the Company and the Company's interest in its treasury stock held by its affiliated companies.

The diluted net income per share of common stock is not presented, since there were no securities with dilutive effect such as bonds with warrants or convertible bonds were outstanding through the periods.

Cash dividends per share represent the actual amount declared as applicable to the respective years.

(14) Accounting for certain lease transactions

Finance leases which do not transfer the ownership of the leased assets to the lessee are accounted for in the same manner as operating leases.

(15) Derivatives and hedge accounting

The Company and its consolidated subsidiaries state derivative financial instruments at fair value and recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company and its consolidated subsidiaries defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

(a) If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,

(i) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the income statement in the period which includes the inception date, and

(ii) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract

(b) If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

Also, if interest rate swap contracts are used as hedge and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

(16) Reclassification

Certain reclassification has been made in the significant components of the deferred income taxes of note 10 as of March 31, 2006 to the presentation as of March 31, 2007.

2. Change in accounting policies

(1) Accounting Standard for Presentation of Net Assets in the Balance Sheet

Effective from the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted the new accounting standard, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No.5 issued by the Accounting Standards Board of Japan on December 9, 2005), and the implementation guidance for the accounting standard for presentation of net assets in the balance sheet (the Financial Accounting Standard Implementation Guidance No. 8 issued by the Accounting Standards Board of Japan on December 9, 2005), (collectively, "the New Accounting Standards").

The consolidated balance sheet as of March 31, 2007 prepared in accordance with the New Accounting Standards comprises three sections, which are the assets, liabilities and net assets sections. The consolidated balance sheet as of March 31, 2006 prepared pursuant to the previous presentation rules comprises the assets, liabilities, minority interests and shareholders' equity sections.
Under the New Accounting Standards, the following item is presented differently at March 31, 2007 compared to March 31, 2006. Minority interests are included in the net assets section at March 31, 2007. Under the previous presentation rules, companies were required to present minority interests between the non-current liabilities and the shareholders' equity sections.

The adoption of the New Accounting Standards had no impacts on the consolidated statement of income for the year ended March 31, 2007. Also, if the New Accounting Standards had not been adopted at March 31, 2007, the shareholders' equity amounting to ¥81,354 million ($689,149 thousand) would have been presented.

(2) Accounting Standard for Statement of Changes in Net Assets

Effective from the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted the new accounting standard, "Accounting Standard for Statement of Changes in Net Assets" (Statement No.6 issued by the Accounting Standards Board of Japan on December 27, 2005), and the implementation guidance for the accounting standard for statement of changes in net assets (the Financial Accounting Standard Implementation Guidance No. 9 issued by the Accounting Standards Board of Japan on December 27, 2005), (collectively, "the Additional New Accounting Standards").

The Company prepared the accompanying consolidated statement of changes in net assets for the year ended March 31, 2007 in accordance with the Additional New Accounting Standards. The accompanying consolidated statement of shareholders' equity for the year ended March 31, 2006, which was voluntarily prepared for inclusion in the consolidated financial statements, has not been adapted to the new presentation rules of 2007.

3. Cash and cash equivalents

(1) Reconciliations of cash shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows as of March 31, 2006 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Cash	¥ 24,676	¥ 17,513	$ 148,352
Less: Time deposits with maturities exceeding three months	(3,231)	(1,472)	(12,469)
Add: Short-term highly liquid investments with maturities of not exceeding three months	584	656	5,557
Cash and cash equivalents	¥ 22,029	¥ 16,697	$ 141,440

(2) The following tables summarize significant non-fund transactions for the years ended March 31, 2006:

(a) Major breakdown of assets and liabilities of companies that are newly included in the consolidated financial statements for the years ended March 31, 2006 due to the acquisition of shares

(i) Acquisition of shares of SEEDER Co., Ltd.'s for the year ended March 31, 2006

The following table summarizes the breakdown of SEEDER Co., Ltd.'s assets and liabilities when it was initially consolidated following the acquisition of all of the shares, the acquisition cost, cash and cash equivalents held by SEEDER Co., Ltd., and net cash and cash equivalents paid for the acquisition of the shares of SEEDER Co., Ltd.:

	Millions of yen
	2006
Current assets	¥ 532
Non-current assets	42
Goodwill	24
Current liabilities	(397)
Long-term liabilities	(20)
Acquisition cost of SEEDER Co., Ltd. 's shares	181
Cash and cash equivalents held by SEEDER Co., Ltd.	(107)
Net cash and cash equivalents paid for the acquisition of the SEEDER Co., Ltd.'s shares	¥ (74)

4. Inventories

Inventories at March 31, 2006 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Finished products	¥ 12,000	¥12,254	$ 103,804
Work-in-process	1,008	1,019	8,632
Raw materials and supplies	1,927	2,054	17,399
	¥ 14,935	¥ 15,327	$ 129,835

5. Securities

(1) The following tables summarize acquisition costs, book values (fair values) and differences of securities with available fair values as of March 31, 2006 and 2007:

Available-for-sale securities:

Securities with book values exceeding acquisition costs

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Acquisition cost			
Equity securities	¥ 9,722	¥ 9,413	$ 79,737
Bonds	150	150	1,271
Others	-	-	-
Total	9,872	9,563	81,008
Book value (fair value)			
Equity securities	26,574	25,599	216,849
Bonds	156	152	1,287
Others	-	-	-
Total	26,730	25,751	218,136
Difference			
Equity securities	16,852	16,186	137,112
Bonds	6	2	16
Others	-	-	-
Total	¥ 16,858	¥ 16,188	$ 137,128

Other securities

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Acquisition cost			
Equity securities	¥ 766	¥ 1,083	$ 9,174
Others	49	48	407
Total	815	1,131	9,581
Book value (fair value)			
Equity securities	697	863	7,310
Others	47	46	390
Total	744	909	7,700
Difference			
Equity securities	(69)	(220)	(1,864)
Others	(2)	(2)	(17)
Total	¥ (71)	¥ (222)	$ 1,881

(2) The following table summarizes book values of securities with no available fair values as of March 31, 2006 and 2007:

Available-for-sale securities:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Book value			
Money market fund	¥ 483	¥ 555	$ 4,701
Medium-term government bond funds	101	101	856
Preference shares	1,000	1,000	8,471
Non-listed equity securities	313	282	2,389
Total	¥ 1,897	¥ 1,938	$ 16,417

(3) The following table summarizes total sales amounts of available-for-sale securities sold, and amounts of the related gains and losses in the years ended March 31, 2006 and 2007:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Total sales amounts of available-for-sale securities sold	¥ 415	¥ 14	$ 119
Amounts of the related gains	83	5	42
Amounts of the related losses	6	7	59

(4) Available-for-sale securities with maturities at March 31, 2007 are bonds amounting to ¥ 150 million ($ 1,271 thousand), which will be matured within1 year.

6. Derivative financial instruments and hedging transactions

The Company utilizes interest rate swap agreements in order to fix floating interest rate thereon, currency option agreements, for which hedge accounting has not been applied, in order to fix floating rate of exchange for payment of foreign currency payable in the future, and forward foreign exchange agreements in order to fix floating rate of exchange for receipt of foreign currency receivable in the future.

Interest rate swap contracts are hardly subject to risks of interest rate changes. Currency option is subject to risks of foreign exchange rate changes. Forward foreign exchange contracts are hardly subject to risks of foreign exchange rate changes. The derivative transactions are solely made with highly rated financial institutions, and therefore, the Company considers there are little credit risks.

The derivative transactions are decided by the Board of Directors and managed by the Accounting Department in accordance with the established policies and within the decision of the Board of Directors. The Company does not evaluate hedge effectiveness as the notional amounts, terms and interest payment dates are the same for the hedging derivative financial instruments ("interest rate swap contracts") and the hedged items, the future receivables denominated in foreign currencies are recorded using the contracted forward rate because of forward foreign exchange contracts executed to hedge a future receivables denominated in a foreign currency.

The following summarizes hedging derivative financial instruments used by the Company and items hedged.

Hedging instruments:	Hedged items:
Interest rate swap contracts	Interest on long-term debt
Forward foreign exchange contracts	Foreign currency trade receivables

The following tables summarize market value information as of March 31, 2006 and 2007 of derivative transactions for which hedge accounting has not been applied:

Currency related: (Millions of yen)

	Type	2006		
		Contracted Amount	Market value	Recognized gains
Items not traded on exchanges	Currency option	¥ 390	¥ 2	¥ 2
Total		¥ 390	¥ 2	¥ 2

Currency related: (Millions of yen)

	Type	2007		
		Contracted Amount	Market value	Recognized gains
Items not traded on exchanges	Currency option	¥ 83	¥ 9	¥ 9
Total		¥ 83	¥ 9	¥ 9

Currency related: (Thousands of U.S. dollars)

	Type	2007		
		Contracted Amount	Market value	Recognized gains
Items not traded on exchanges	Currency option	$ 703	$ 76	$ 76
Total		$ 703	$ 76	$ 76

7. Information for certain leases

Lease payments under finance leases which are accounted for in the same manner as operating leases for the years ended March 31, 2006 and 2007 were ¥ 378 million and ¥ 203 million ($ 1,720 thousand), respectively. Future lease payments as of March 31, 2007, exclusive of interest, under such leases were ¥ 402 million ($ 3,405 thousand), including ¥ 174 million ($ 1,474 thousand) due within one year.

8. Short-term bank loans and long-term debt

Short-term bank loans are represented by short-term notes, principally of 90 days maturity, bearing interest at a weighted average year-end rate of 0.66% and 1.20% at March 31, 2006 and 2007, respectively.

Long-term debt at March 31, 2006 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Long-term bank loans principally 0.71%-2.38%, due through 2012	¥ 9,340	¥ 8,248	$ 69,869
2.06% unsecured bonds due in 2007	5,000	-	-
0.61% unsecured bonds due in 2010	5,000	5,000	42,355
1.41% unsecured bonds due in 2011	-	5,000	42,355
	19,340	18,248	154,579
Less amount due within one year	6,670	3,446	29,191
	¥ 12,670	¥14,802	$ 125,388

Property, plant and equipment at cost less accumulated depreciation of ¥10,435 million and ¥ 10,177 million ($ 86,209 thousand) were pledged as collateral for short-term bank loans at March 31, 2006 and at 2007, respectively.

The aggregate annual maturities of long-term debt at March 31, 2007 are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2008	¥ 3,446	$ 29,191
2009	2,533	21,457
2010	6,169	52,258
2011	5,650	47,861
2012	450	3,812
	¥ 18,248	$ 154,579

9. Employees' severance and retirement benefits

The liabilities for severance and retirement benefits included in the liability section of the consolidated balance sheets as of March 31, 2006 and 2007 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Projected benefit obligation	¥ 18,057	¥ 16,520	$ 139,941
Unrecognized prior service costs	3,344	3,086	26,141
Unrecognized actuarial (gains)losses	(2,349)	615	5,210
Less fair value of pension assets	(9,731)	(10,583)	(89,649)
Employees' severance and retirement benefits	¥ 9,321	¥ 9,638	$ 81,643

Included in the consolidated statements of income for the years ended March 31, 2006 and 2007 are severance and retirement benefit expenses comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Service costs – benefits earned during the year	¥ 1,490	¥ 836	$ 7,082
Interest cost on projected benefit obligation	1,037	358	3,033
Expected return on plan assets	(655)	(195)	(1,652)
Amortization of prior service costs	(412)	(258)	(2,186)
Amortization of actuarial losses	717	355	3,007
Contributions to defined-contribution pension plan	28	342	2,897
Severance and retirement benefit expenses	¥ 2,205	¥ 1,438	$ 12,181
Gain from the transfer of the substitutional portion of the government's Welfare Pension Insurance Scheme	(3,493)	-	-
Gain from termination of the tax-qualified defined benefit plan	(1,358)	-	-
Total	¥ (2,646)	¥ 1,438	$ 12,181

The discount rate and the rate of expected return on plan assets used by the Company and its consolidated subsidiaries are 2.0% and 2.5%, respectively, in 2006, both of them 2.0% respectively in 2007. The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years. Past service costs are recognized as an expense in equal amounts over 14 or 15 years in 2006, and 14 years in 2007. Actuarial gains and losses are recognized in income statements using the straight-line method over 14 or 15 years in 2006, and using the declining-balance method over 14 years in 2007, commencing with the following period.

10. Income taxes

The aggregate statutory income tax rate used for calculation of deferred income tax assets and liabilities was 40.7%.

The following table summarizes the significant differences between the statutory tax rate and the effective tax rate for consolidated financial statement purposes for the years ended March 31, 2006 and 2007:

	2006	2007
Statutory tax rate	40.7 %	40.7 %
Non-taxable dividend income	(0.4)	(0.8)
Non-deductible expenses	1.6	2.0
Per capita inhabitant tax	0.7	0.9
Special tax credit for experimental and research expenses, others	(0.6)	(0.3)
Valuation allowance	-	3.2
Tax loss carry-forward	(0.0)	-
Other	(1.2)	(1.9)
Effective tax rate	40.8 %	43.8 %

Significant components of the deferred income taxes as of March 31, 2006 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Deferred income taxes (current assets):			
Excess bonuses accrued	¥ 1,094	¥ 1,211	$ 10,258
Accrued social insurance premiums	119	133	1,127
Accrued enterprise taxes	152	312	2,643
Valuation loss of finished products	110	100	847
Other	335	195	1,652
Sub-total deferred income taxes (current assets)	1,810	1,951	16,527
Valuation allowance	(163)	(14)	(119)
Total deferred income taxes (current assets)	¥ 1,647	¥ 1,937	$ 16,408
Deferred income taxes (long-term liabilities):			
Deferred gains on fixed assets	¥ (3,702)	¥ (3,631)	$ (30,758)
Net unrealized holding gains on securities	(6,833)	(6,501)	(55,070)
Total deferred income taxes (long-term liabilities)	(10,535)	(10,132)	(85,828)
Offset against deferred tax assets	4,030	3,958	33,528
Net deferred income taxes (long-term liabilities)	¥ (6,505)	¥ (6,174)	$ (52,300)
Deferred income taxes (non-current assets):			
Retirement benefits	¥ 4,727	¥ 4,921	$ 41,686
Unrealized gross profits from sales of property, plant and equipment	744	745	6,311
Other	573	847	7,174
Sub-total deferred income taxes (non-current assets)	6,044	6,513	55,171
Valuation allowance	(-)	(480)	(4,066)
Total deferred income taxes (non-current assets)	6,044	6,033	51,105
Offset against deferred tax liabilities	(4,030)	(3,958)	(33,528)
Net deferred income taxes (non-current assets)	¥ 2,014	¥ 2,075	$ 17,577

11. Net assets

The Japanese Corporate Law ("the Law") became effective on May 1, 2006, replacing the Japanese Commercial Code ("the Code"). The Law is generally applicable to events and transactions occurring after April 30, 2006 and for fiscal years ending after that date.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Code, companies were required to set aside an amount equal to at least 10% of the aggregate amount of cash dividends and other cash appropriations as legal earnings reserve until the total of legal earnings reserve and additional paid-in capital equaled 25% of common stock.

Under the Code, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or could be capitalized by a resolution of the Board of Directors. Under the Law, both of these appropriations generally require a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, on condition that the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock, they were available for distribution by resolution of the shareholders' meeting. Under the Law, all additional paid-in-capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

12. Segment information

The business operations of the Company and its consolidated subsidiaries are classified into three business segments: "Office Furniture", "Store Displays" and "Material Handling System and Others".

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Sales:			
Office Furniture	¥ 122,229	¥ 131,246	$ 1,111,783
Store Displays	66,836	66,326	561,847
Material Handling System and Others	13,201	16,242	137,586
Consolidated	¥ 202,266	¥ 213,814	$ 1,811,216
Operating expenses:			
Office Furniture	¥ 114,962	¥ 122,182	$ 1,035,002
Store Displays	65,957	65,477	554,655
Material Handling System and Others	12,235	15,242	129,115
Consolidated	¥ 193,154	¥ 202,901	$ 1,718,772
Operating income:			
Office Furniture	¥ 7,267	¥ 9,064	$ 76,781
Store Displays	879	848	7,183
Material Handling System and Others	966	1,001	8,480
Consolidated	¥ 9,112	¥ 10,913	$ 92,444
Identifiable assets:			
Office Furniture	¥ 85,466	¥ 86,068	$ 729,081
Store Displays	38,440	40,651	344,354
Material Handling System and Others	10,058	11,561	97,933
	133,964	138,280	1,171,368
Corporate assets	52,005	51,474	436,036
Consolidated	¥ 185,969	¥ 189,754	$ 1,607,404
Depreciation:			
Office Furniture	¥ 3,406	¥ 3,505	$ 29,691
Store Displays	1,147	1,096	9,284
Material Handling System and Others	332	461	3,905
Consolidated	¥ 4,885	¥ 5,062	$ 42,880

Capital expenditures:			
Office Furniture	¥ 3,734	¥ 6,424	$ 54,418
Store Displays	849	877	7,429
Material Handling System and Others	672	597	5,057
	5,255	7,898	66,904
Corporate	2	-	-
Consolidated	¥ 5,257	¥ 7,898	$ 66,904

Geographic segment information was not shown since aggregate sales of overseas consolidated subsidiaries were less than 10% of the consolidated net sales for the years ended March 31, 2006 and 2007, and assets of overseas consolidated subsidiaries were less than 10% of the consolidated assets at March 31, 2006 and 2007.

Overseas sales was not shown, since overseas sales were less than 10% of the Company's consolidated net sales for the years ended March 31, 2006 and 2007.

13. Balances and transactions with related party

As of March 31, 2006 and 2007, the balance of the accounts receivable-trade from Mitsubishi Corporation (the Company's director, Mutsumi Kotsuka, was the representative director), was ¥ 4,586 million and ¥ 3,989 million ($ 33,791 thousand), respectively. The Company's consolidated net sales to Mitsubishi Corporation amounted to ¥ 20,918 million and ¥ 20,394 million ($ 172,757 thousand), respectively, for the years ended March 31, 2006 and 2007. The selling price was determined at the same general business terms.

14. Subsequent events

(1) On May 25, 2007, the Company's Board of Directors approved a resolution for the acquisition of the Company's own shares of Common stock.

(i) The reason for acquiring its own shares of common stock is to implement a flexible capital policy in order to adapt to the change in the Company's business environment.

(ii) Details of acquisition:

(a) Type of shares to be acquired: Common Stock

(b) Number of shares to be acquired: 1,800 thousand shares (Maximum)

(c) Total amount of shares to be acquired: ¥ 2,520 million ($ 21,347 thousand) (Maximum)

(iii) Based on the above-mentioned resolution, 1,667 thousand stocks were acquired for ¥ 2,028 million ($ 17,179 thousand) by the ToSTNeT-2 of the Tokyo Stock Exchange on May 30, 2007.

(2) The following appropriations of retained earnings, which have not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2007, were approved at the annual general meeting of shareholders of the Company held on June 28, 2007:

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥ 9.00 ($ 0.076) per share	¥ 1,009	$ 8,547

Independent Auditors' Report

To the Board of Directors of
OKAMURA CORPORATION:

We have audited the accompanying consolidated balance sheets of OKAMURA CORPORATION and its consolidated subsidiaries as of March 31, 2006 and 2007, the related consolidated statements of income for the years then ended, the consolidated statement of shareholders' equity for the year ended March 31, 2006, the consolidated statement of net assets for the year ended March 31, 2007 , and the consolidated statements of cash flows for the years ended March 31, 2006 and 2007, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of OKAMURA CORPORATION and its consolidated subsidiaries as of March 31, 2006 and 2007, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following:
As discussed in Note 14 to the consolidated financial statements, subsequent to March 31, 2007, OKAMURA CORPORATION acquired the Company's own shares of common stock.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2007 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1(1) to the consolidated financial statements.

KPMG AZSA & Co.

(KPMG AZSA & Co.)
Yokohama, Japan
June 28, 2007

Subsidiaries and Affiliates

(As of March 31, 2007)

Consolidated Subsidiaries

Corporate Name	Paid-in capital (Millions of yen except where noted)	Principal Business Activities	Voting rights held by Okamura Corporation (%)
Kansai Okamura Manufacturing Co., Ltd.	1,015	Production of work stations and storage cabinets	64.8
Okamura Logistics Corporation	90	Transportation, storage, loading and unloading, assembly during distribution processing, construction, interior finishing and others	100.0
NS Okamura Corporation	1,000	Production of work stations and material handling system products	55.5
SANYO Okamura Corporation	490	Production of work stations	80.1
Okamura Estate Corporation	150	Management of Okamura Group's real estate	100.0
Okamura International (Singapore) Pte Ltd	SGD 1 million	General insurance agency and Okamura Group employee benefit support service provider	100.0
Okamura Business Support Corporation	10	Sales to Singapore and Southeast Asian countries	100.0
FM Solution Corporation	40	General facility management consulting and related business	100.0
Okamura Support and Service Corporation	90	Installation, maintenance and after-sales service for all Okamura products	100.0
Hill International Inc.	10	Import and sales of luxury furniture and products for interior decorations	65.0
Shanghai Okamura Furniture and Logistic System Co., Ltd.	CNY 10 million	Sales of office furniture, material handling system products, store display equipment and others in China	100.0
Seeder Co., Ltd.	41	Production and sales of conveyor systems and related products	100.0

Affiliates

・Siam Okamura Steel Co., Ltd.
・Siam Okamura International Co., Ltd.
・Asahi Sofu Corporation
・Seiwa Business Corporation