OKAMURA CORPORATION
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2008 AND 2009

ASSETS	Millions of yen 2008	Millions of yen 2009	Thousands of U.S. dollars (Note 1(1)) 2009
Current assets:			
Cash (Note 3(1))	¥ 20,515	¥ 19,489	$ 198,402
Marketable securities (Note 5)	122	173	1,761
Trade receivables:			
Notes	9,255	9,094	92,579
Accounts (Note 13)	48,350	38,507	392,009
Allowance for doubtful accounts (Note 1(9))	(99)	(82)	(835)
Inventories (Note 4)	16,849	15,789	160,735
Deferred income taxes (Note 10)	1,811	1,238	12,603
Other current assets	1,537	1,577	16,054
Total current assets	98,340	85,785	873,308
Property, plant and equipment (Note 7):			
Land	22,515	22,771	231,813
Buildings and structures	51,905	54,446	554,271
Machinery and equipment	64,511	65,409	665,876
Construction in progress	87	49	499
	139,018	142,675	1,452,459
Less accumulated depreciation	87,900	91,585	932,353
	51,118	51,090	520,106
Investments and other assets:			
Good will	-	1,783	18,151
Investments in affiliated companies	1,526	1,267	12,898
Investment securities (Note 5)	21,255	14,854	151,217
Deferred income taxes (Note 10)	2,096	2,165	22,040
Other non-current assets (Notes 1(11) and 9)	11,520	10,950	111,473
	36,397	31,019	315,779
	¥ 185,855	¥ 167,894	$ 1,709,193

See accompanying notes.

LIABILITIES AND NET ASSETS	Millions of yen 2008	Millions of yen 2009	Thousands of U.S. dollars (Note 1(1)) 2009
Current liabilities:			
Short-term bank loans (Note 8)	¥ 9,868	¥ 9,879	$ 100,570
Long-term debt due within one year (Note 8)	3,118	6,674	67,943
Trade payables:			
Notes	16,837	10,482	106,709
Accounts	29,906	26,950	274,356
Income taxes payable	2,372	794	8,083
Other current liabilities	6,840	4,592	46,747
Total current liabilities	68,941	59,371	604,408
Long-term debt (Note 8)	16,294	15,639	159,208
Employees' severance and retirement benefits (Notes 1(11) and 9)	11,460	11,711	119,220
Deferred income taxes (Note 10)	3,452	669	6,811
Other long-term liabilities	2,587	3,565	36,292
Net Assets : (Note 11)			
Common stock			
Authorized 400,000,000 shares			
Issued 112,391,530 shares	18,670	18,670	190,064
Capital surplus	16,760	16,760	170,620
Retained earnings	40,910	42,547	433,136
Treasury stock, at cost (2,100,241 shares in 2008 and 2,133,951 shares in 2009)	(2,333)	(2,355)	(23,974)
Net unrealized holding gains on securities (Note 1(5))	5,262	1,058	10,771
Foreign currency translation adjustments (Note 1(4))	66	(345)	(3,512)
Minority interests	3,786	604	6,149
Total net assets	83,121	76,939	783,254
	¥ 185,855	¥ 167,894	$ 1,709,193

OKAMURA CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED MARCH 31, 2008 AND 2009

	Millions of yen		Thousands of U.S. dollars (Note 1(1))
	2008	2009	2009
Net sales (Notes 12 and 13)	¥ 214,845	¥ 190,108	$ 1,935,336
Cost of sales	148,186	131,782	1,341,566
Gross profit	66,659	58,326	593,770
Selling, general and administrative expenses	56,826	53,871	548,417
Operating income (Note 12)	9,833	4,455	45,353
Other income (expenses):			
Interest and dividend income	442	479	4,876
Interest expenses	(433)	(508)	(5,172)
Loss on devaluation of investment securities	(34)	(429)	(4,367)
Gain on sale of investment securities, net	153	71	723
Gain on sale of property, plant and equipment	406	4	41
Loss on disposal of property, plant and equipment	(229)	(153)	(1,558)
Equity in income of affiliated companies, net	141	98	998
Reversal of reserve for bonuses due to change of wage system	-	639	6,505
Refund on cancellation of insurance	-	457	4,652
Other, net	550	356	3,624
	996	1,014	10,322
Income before income taxes	10,829	5,469	55,675
Income taxes (Notes 1(12) and 10):			
Current	4,423	1,765	17,968
Deferred	409	502	5,110
Income before minority interests	5,997	3,202	32,597
Minority interests in net income of consolidated subsidiaries	46	(91)	(926)
Net income	¥ 5,951	¥ 3,293	$ 33,523

	Yen		U.S. dollars (Note 1(1))
	2008	2009	2009
Amounts per share of common stock (Note 1(13)):			
Net income	¥ 53.82	¥ 29.87	$ 0.30
Cash dividends applicable to the year	15.00	12.50	0.13

See accompanying notes.

OKAMURA CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED MARCH 31, 2008 AND 2009

	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
Balance at March 31, 2007	112,392	¥ 18,670	¥ 16,760	¥ 36,796	¥ (270)	¥ 9,467	¥ (69)	¥ 3,618	¥ 84,972
Net income	-	-	-	5,951	-	-	-	-	5,951
Cash dividends paid (¥16.5 per share)	-	-	-	(1,837)	-	-	-	-	(1,837)
Acquisition of treasury stock	-	-	-	-	(2,063)	-	-	-	(2,063)
Net changes during the year	-	-	-	-	-	(4,205)	135	168	(3,902)
Balance at March 31, 2008	112,392	18,670	16,760	40,910	(2,333)	5,262	66	3,786	83,121
Net income	-	-	-	3,293	-	-	-	-	3,293
Cash dividends paid (¥15.0 per share)	-	-	-	(1,656)	-	-	-	-	(1,656)
Acquisition of treasury stock	-	-	-	-	(22)	-	-	-	(22)
Net changes during the year	-	-	-	-	-	(4,204)	(411)	(3,182)	(7,797)
Balance at March 31, 2009	112,392	¥ 18,670	¥ 16,760	¥ 42,547	¥ (2,355)	¥ 1,058	¥ (345)	¥ 604	¥ 76,939

	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
Balance at March 31, 2008	$ 190,064	$ 170,620	$ 416,471	$ (23,750)	$ 53,568	$ 672	$ 38,542	$ 846,187
Net income	-	-	33,523	-	-	-	-	33,523
Cash dividends paid ($0.15 per share)	-	-	(16,858)	-	-	-	-	(16,858)
Acquisition of treasury stock	-	-	-	(224)	-	-	-	(224)
Net changes during the year	-	-	-	-	(42,797)	(4,184)	(32,393)	(79,374)
Balance at March 31, 2009	$ 190,064	$ 170,620	$ 433,136	$ (23,974)	$ 10,771	$ (3,512)	$ 6,149	$ 783,254

See accompanying notes.

OKAMURA CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2008 AND 2009

	Millions of yen		Thousands of U.S. dollars (Note 1(1))
	2008	2009	2009
Cash flows from operating activities:			
Income before income taxes	¥ 10,829	¥ 5,469	$ 55,675
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	5,774	6,107	62,171
Loss on devaluation of investment securities	34	429	4,367
Gain on sale of investment securities, net	(153)	(71)	(723)
Gain on sale of property, plant and equipment	(406)	(4)	(41)
Loss on sale or disposal of property, plant and equipment	229	153	1,558
Interest and dividends income	(442)	(479)	(4,876)
Interest expenses	433	508	5,172
Decrease in notes and accounts receivable-trade	4,697	11,057	112,562
(Increase) Decrease in inventories	(718)	1,143	11,636
Decrease in notes and accounts payable-trade	(1,395)	(10,005)	(101,853)
(Increase) Decrease in employees' severance and retirement benefits	(513)	251	2,555
Other, net	(331)	(3,057)	(31,121)
Subtotal	18,038	11,501	117,082
Interest and dividends received	484	514	5,233
Interest expenses paid	(434)	(491)	(4,998)
Income taxes paid	(6,137)	(3,511)	(35,743)
Net cash provided by operating activities	11,951	8,013	81,574
Cash flows from investing activities:			
Payments for purchase of property, plant and equipment	(4,672)	(6,041)	(61,499)
Proceeds from sale of property, plant and equipment	448	15	153
Payments for purchase of investment securities	(525)	(1,948)	(19,831)
Proceeds from sale of investment securities	321	1,216	12,379
Payments for acquisition of equity of consolidated subsidiaries	-	(2,089)	(21,266)
Payments for acquisition of new consolidated subsidiaries (Note 3(2))	-	(1,957)	(19,923)
Proceeds from acquisition of new consolidated subsidiaries (Note 3(2))	476	-	-
Other, net	(356)	609	6,200
Net cash used in investing activities	(4,308)	(10,195)	(103,787)
Cash flows from financing activities:			
Proceeds from long-term debt	3,450	6,050	61,590
Repayments of long-term debt	(3,446)	(3,149)	(32,057)
(Decrease) Increase in short-term bank loans	(950)	11	112
Cash dividends paid	(1,842)	(1,656)	(16,858)
Other, net	(2,061)	(60)	(611)
Net cash (used in) provided by financing activities	(4,849)	1,196	12,176
Effect of exchange rate changes on cash and cash equivalents	5	(85)	(866)
Net increase (decrease) in cash and cash equivalents	2,799	(1,071)	(10,903)
Cash and cash equivalents at beginning of year	16,697	19,496	198,473
Cash and cash equivalents at end of year (Note 3(1))	¥ 19,496	¥ 18,425	$ 187,570

See accompanying notes.

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 Financial Instruments 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.

Prior to the year ended March 31, 2009, the accounts of consolidated overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. As discussed in Note 2(1), the accounts of consolidated overseas subsidiaries for the year ended March 31, 2009 are prepared in accordance with International Financial Reporting Standards with adjustments for the specified six items as applicable.

The accompanying consolidated financial statements have been restructured and translated into English 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 Financial Instruments 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 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, 2009, which was ¥98.23 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 its thirteen and fourteen subsidiaries in 2008 and 2009, respectively. 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 March 27, 2008, Fuji Seiko Honsha Co., Ltd. became a consolidated subsidiary. For the purpose of preparing the consolidated financial statements, control of this subsidiary was deemed to have been acquired as December 31, 2007.

On March 6, 2009, Sec Co., Ltd. became a consolidated subsidiary. For the purpose of preparing the consolidated financial statements, control of this subsidiary was deemed to have been acquired as March 31, 2009.

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.

Excesses of the cost over the underlying net assets of investments in consolidated subsidiaries and affiliated companies are amortized on a straight-line basis over five or eight year periods.

(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 net assets accounts 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 net assets in 2008 and 2009.

(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 net assets in 2008 and 2009. 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

Prior to April 1, 2008, inventories of the Company and consolidated domestic subsidiaries are stated at cost determined using the moving-average method.

Effective April 1, 2008, the Company and its domestic subsidiaries applied the “Accounting Standards for Measurement of Inventories (“Accounting Standard No. 9” issued by the Accounting Standard Board of Japan on July 5, 2006).

This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. As a result, operating income and income before income taxes for the year ended March 31, 2009 decreased by ¥455 million ($4,632 thousand), compared to the previous method.

Consolidated foreign subsidiaries state inventories at the lower of market or cost determined using 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.

For the year ended March 31, 2008, the Company and its domestic subsidiaries have changed their depreciation methods for tangible fixed assets acquired on or after April 1, 2007 in accordance with fiscal 2007 amendments of the Corporation Tax Law. As a result, operating income and income before income taxes for the year ended March 31, 2008 decreased by ¥231 million, compared to the previous method.

Effective April 1, 2007, the Company and its domestic subsidiaries have changed their depreciation procedure, which book value became 5% of the acquired cost based on an amendment in the Corporation Tax Law for the tangible fixed assets acquired before March 31, 2007. The tangible fixed assets which book value became 5% of the acquired cost are depreciated by straight-line method over 5 years. As a result, operating income and income before income taxes for the year ended March 31, 2008 decreased by ¥297 million, compared to the previous method.

Effective April 1, 2008, the Company and its domestic subsidiaries have changed their depreciation period of machinery and equipment in accordance with the fiscal 2008 amendment in the Corporation Tax Law. As a result, operating income and income before income taxes for the year ended March 31, 2009 decreased by ¥148 million ($1,507 thousand), compared to the previous method.

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 or 8 years.

Property, plant and equipment used under finance leases and capitalized, is depreciated over the lease terms of the respective assets.

(8) Research and development expenses

Research and development expenses including basic research and fundamental development costs which are for the significant 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 collectability for other receivables.

(10) Bonuses

Bonuses to employees, which are paid semi-annually, are accrued based upon management's estimate of the amount thereof.

(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 a period within the average of the estimated remaining service lives of the employees. Actuarial gains and losses are recognized in expenses using the declining-balance method over a period within the average of the estimated remaining service lives commencing with the following period.

In estimating benefit obligation, some of the consolidated subsidiaries of the Company used the simplified method because their obligations are immaterial.

(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, based on the prediction of the expected future tax consequences of temporary differences and tax loss carry-forward. Valuation reserves 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 the Company has not issued any securities with dilutive effect such as bonds with warrants or convertible bonds through the periods.

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

(14) Accounting for certain lease transactions

Prior to April 1, 2008, the Company and consolidated domestic subsidiaries accounted for finance leases which do not transfer ownership of the leased property to the lessee as operating leases. On March 31, 2007, the Accounting Standards Board of Japan issued ASBJ Statement No.13, “Accounting Standard for Lease Transactions” and ASBJ Guidance No.16, “Guidance on Accounting Standard for Lease Transactions”. The new accounting standards require that all finance leasing transactions should be capitalized.

Effective April 1, 2008, the Company and consolidated domestic subsidiaries adopted the new accounting standards for finance leases commencing after March 31, 2008 and capitalized assets used under such leases, except for certain immaterial or short-term finance leases, which are accounted for as operating leases. As permitted, finance leases which commenced prior to April 1, 2008 and have been accounted for as operating leases, continue to be accounted for as operating leases. The effect on the financial result was not material.

(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.

2. Changes in accounting policies

(1) Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

On March 17, 2006, the Accounting Standards Board of Japan issued ASBJ Practical Issues Task Force No.18 “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (“PITF No. 18”). PITF No. 18 requires that accounting policies and procedures applied by a parent company and its subsidiaries to similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. PITF No. 18, however, as a tentative measure, allows a parent company to prepare consolidated financial statements using foreign subsidiaries’ financial statements prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles. In this case, adjustments for the following six items are required in the consolidation process so that their impacts on net income are accounted for in accordance with Japanese GAAP unless the impact is not material.

(a) Goodwill not subjected to amortization
(b) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(c) Capitalized expenditures for research and development activities
(d) Fair value measurement of investment properties, and revaluation of property, plant and equipment, and intangible assets
(e) Retrospective treatment of a change in accounting policies
(f) Accounting for net income attributable to minority interests

There were no effects from adopting PITF No. 18 on the consolidated financial statements for the year ended March 31, 2009.

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, 2008 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Cash	¥20,515	¥ 19,489	$ 198,402
Less: Time deposits with maturities exceeding three months	(1,142)	(1,187)	(12,084)
Add: Short-term highly liquid investments with maturities of not exceeding three months	123	123	1,252
Cash and cash equivalents	¥ 19,496	¥ 18,425	$ 187,570

(2) The following tables summarize significant non-fund transactions for the years ended March 31, 2009:

(a) Major breakdown of assets and liabilities of companies that are newly included in the consolidated financial statements for the years ended March 31, 2009 due to the acquisition of shares

(i) Acquisition of shares of Fuji Seiko Honsha Co., Ltd. for the year ended March 31, 2008

The following table summarizes the breakdown of Fuji Seiko 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 Fuji Seiko Co., Ltd., and net cash and cash equivalents increased by the acquisition of the shares of Fuji Seiko Co., Ltd.:

	Millions of yen
	2008
Current assets	¥ 2,134
Non-current assets	2,387
Current liabilities	(3,032)
Long-term liabilities	(927)
Minority interests	(139)
Consolidation adjustments	(29)
Acquisition cost of Fuji Seiko Honsha Co., Ltd. 's shares	394
Cash and cash equivalents held by Fuji Seiko Honsha Co., Ltd.	(870)
Net cash and cash equivalents increased by the acquisition of the Fuji Seiko Honsha Co., Ltd.'s shares	¥ 476

(ii) Acquisition of shares of Sec Co., Ltd. for the year ended March 31, 2009

The following table summarizes the breakdown of Sec 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 Sec Co., Ltd., and net cash and cash equivalents decreased by the acquisition of the shares of Sec Co., Ltd.:

	Millions of yen	Thousands of U.S. dollars
	2009	2009
Current assets	¥ 3,417	$ 34,786
Non-current assets	768	7,818
Current liabilities	(1,466)	(14,924)
Long-term liabilities	(46)	(468)
Consolidation adjustments	1,551	15,789
Acquisition cost of Sec Co., Ltd.'s shares	4,224	43,001
Cash and cash equivalents held by Sec Co., Ltd.	(2,267)	(23,078)
Net cash and cash equivalents decreased by the acquisition of the Sec Co., Ltd.'s shares	¥ (1,957)	$ (19,923)

4. Inventories

Inventories at March 31, 2008 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Finished products	¥ 13,098	¥ 12,255	$ 124,758
Work-in-process	1,321	1,286	13,092
Raw materials and supplies	2,430	2,248	22,885
	¥ 16,849	¥ 15,789	$ 160,735

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, 2008 and 2009:

Available-for-sale securities:

Securities with book values exceeding acquisition costs

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Acquisition cost			
Equity securities	¥ 9,407	¥ 7,481	$ 76,158
Bonds	50	50	509
Total	9,457	7,531	76,667
Book value (fair value)			
Equity securities	18,736	10,287	104,724
Bonds	50	50	509
Total	18,786	10,337	105,233
Difference			
Equity securities	9,329	2,806	28,566
Bonds	0	0	0
Total	¥ 9,329	¥ 2,806	$ 28,566

Other securities

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Acquisition cost			
Equity securities	¥ 1,514	¥ 4,529	$ 46,106
Others	203	157	1,598
Total	1,717	4,686	47,704
Book value (fair value)			
Equity securities	1,077	3,555	36,191
Others	153	108	1,099
Total	1,230	3,663	37,290
Difference			
Equity securities	(437)	(974)	(9,915)
Others	(50)	(49)	(499)
Total	¥ (487)	¥ (1,023)	$ (10,414)

(2) The following table summarizes book values of securities with no available fair values as of March 31, 2008 and 2009:

Held-to-maturity debt securities:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Book value			
Corporate bonds	¥ -	¥ 707	$ 7,198
Total	¥ -	¥ 707	$ 7,198

Available-for-sale securities:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Book value			
Money market fund	¥ 21	¥ 21	$ 214
Medium-term government bond funds	101	102	1,038
Preference shares	1,000	-	-
Non-listed equity securities	240	196	1,995
Total	¥ 1,362	¥ 319	$ 3,247

(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, 2008 and 2009:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Total sales amounts of available-for-sale securities sold	¥ 262	¥ 142	$ 1,446
Amounts of the related gains	153	83	845
Amounts of the related losses	0	12	122

(4) Held-to-maturity debt securities with maturities at March 31, 2009 are bonds amounting to ¥ 700 million ($ 7,126 thousand), which will be matured after 5 year through 10 years. Available-for-sale securities with maturities at March 31, 2009 are bonds amounting to ¥ 50 million ($ 509 thousand), which will be matured within 1 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

At March 31, 2008 and 2009, there were no outstanding derivative transactions for which hedge accounting has not been applied.

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, 2008 and 2009 were ¥187 million and ¥128 million ($1,303 thousand), respectively. Future lease payments as of March 31, 2009, exclusive of interest, under such leases were ¥171 million ($1,741 thousand), including ¥66 million ($672 thousand) due within one year.

As discussed in Note 1(14), finance leases commenced prior to April 1, 2008 which do not transfer ownership of leased assets to lessees are accounted for as operating leases.

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

Short-term bank loans are represented by bank overdrafts, bearing interest at a weighted average year-end rate of 1.56% and 1.43% at March 31, 2008 and 2009, respectively.

Long-term debt at March 31, 2008 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Long-term bank loans principally 0.80%-2.88%, due through 2016	¥ 9,412	¥ 12,313	$ 125,349
0.61% unsecured bonds due in 2010	5,000	5,000	50,901
1.41% unsecured bonds due in 2011	5,000	5,000	50,901
	19,412	22,313	227,151
Less amount due within one year	3,118	6,674	67,943
	¥ 16,294	¥ 15,639	$ 159,208

Property, plant and equipment at cost less accumulated depreciation of ¥11,662 million and investment securities of ¥43 million were pledged as collateral for short term bank loans at March 31, 2008. Property, plant and equipment at cost less accumulated depreciation of ¥11,418 million ($116,237 thousand) and investment securities of ¥27 million ($275 thousand) were pledged as collateral for short-term bank loans and long-term debt at March 31, 2009.
The aggregate annual maturities of long-term debt at March 31, 2009 are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	¥ 6,674	$ 67,943
2011	7,372	75,048
2012	3,689	37,555
2013	2,058	20,951
2014	2,020	20,564
2015 and there after	500	5,090
	¥ 22,313	$ 227,151

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, 2008 and 2009 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Projected benefit obligation	¥ 16,994	¥ 17,785	$ 181,055
Unrecognized prior service costs	2,829	2,317	23,587
Unrecognized actuarial losses (gains)	(1,559)	(4,289)	(43,663)
Less fair value of pension assets	(8,987)	(6,620)	(67,393)
Prepaid pension expenses	2,133	2,518	25,634
Employees' severance and retirement benefits	¥ 11,460	¥ 11,711	$ 119,220

Included in the consolidated statements of income for the years ended March 31, 2008 and 2009 are severance and retirement benefit expenses comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Service costs – benefits earned during the year	¥ 796	¥ 838	$ 8,531
Interest cost on projected benefit obligation	328	327	3,329
Expected return on plan assets	(212)	(173)	(1,761)
Amortization of prior service costs	(258)	(216)	(2,199)
Amortization of actuarial (gains) losses	(93)	236	2,403
Contributions to defined-contribution pension plan	352	364	3,705
Severance and retirement benefit expenses	¥ 913	¥ 1,376	$ 14,008

The discount rate and the rate of expected return on plan assets used by the Company and its consolidated subsidiaries are 2.0% respectively in 2008 and 2009. 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 years in 2008 and 2009. Actuarial gains and losses are recognized in income statements using the declining-balance method over 14 years in 2008 and 2009, 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 year ended March 31, 2008:

	2008
Statutory tax rate	40.7 %
Non-taxable dividend income	(0.6)
Non-deductible expenses	2.0
Per capita inhabitant tax	0.9
Special tax credit for experimental and research expenses, others	(0.5)
Valuation allowance	2.4
Other	(0.3)
Effective tax rate	44.6 %

The difference between the statutory income tax rate and the effective income tax rate was not material for the year ended March 31, 2009.

Significant components of the deferred income taxes as of March 31, 2008 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Deferred income taxes (current assets):			
Excess bonuses accrued	¥ 1,204	¥ 625	$ 6,363
Accrued social insurance premiums	137	72	733
Accrued enterprise taxes	212	84	855
Valuation loss of inventories	124	293	2,983
Other	170	256	2,606
Sub-total deferred income taxes (current assets)	1,847	1,330	13,540
Valuation allowance	(36)	(92)	(937)
Total deferred income taxes (current assets)	1,811	1,238	12,603
Offset against deferred tax liabilities	-	0	0
Net deferred income taxes (current assets)	¥ 1,811	¥ 1,238	$ 12,603
Deferred income taxes (current liabilities):			
Net unrealized holding gains on securities	¥ -	¥ 0	$ 0
Total deferred income taxes (current liabilities)	-	0	0
Offset against deferred tax assets	-	0	0
Net deferred income taxes (current liabilities)	¥ -	¥ -	$ -
Deferred income taxes (non-current assets):			
Retirement benefits	¥ 4,870	¥ 4,900	$ 49,883
Unrealized gross profits from sales of property, plant and equipment	745	745	7,584
Other	1,180	1,310	13,336
Sub-total deferred income taxes (non-current assets)	6,795	6,955	70,803
Valuation allowance	(971)	(1,052)	(10,710)
Total deferred income taxes (non-current assets)	5,824	5,903	60,093
Offset against deferred tax liabilities	(3,728)	(3,738)	(38,053)
Net deferred income taxes (non-current assets)	¥ 2,096	¥ 2,165	$ 22,040
Deferred income taxes (long-term liabilities):			
Deferred gains on fixed assets	¥ (3,565)	¥ (3,504)	$ (35,671)
Net unrealized holding gains on securities	(3,611)	(787)	(8,012)
Other	(4)	(116)	(1,181)
Total deferred income taxes (long-term liabilities)	(7,180)	(4,407)	(44,864)
Offset against deferred tax assets	3,728	3,738	38,053
Net deferred income taxes (long-term liabilities)	¥ (3,452)	¥ (669)	$ (6,811)

11. Net assets

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 Japanese Corporate Law (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 Law, legal earning reserve and additional paid in capital could be used to eliminate or reduce a deficit or could be capitalized by resolution of the shareholders’ meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. However, 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 the Law.

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
	2008	2009	2009
Sales:			
Office Furniture	¥ 136,834	¥ 115,626	$ 1,177,095
Store Displays	63,078	62,570	636,975
Material Handling System and Others	14,933	11,912	121,266
Consolidated	¥ 214,845	¥ 190,108	$ 1,935,336
Operating expenses:			
Office Furniture	¥ 127,720	¥ 111,819	$ 1,138,339
Store Displays	62,783	61,495	626,031
Material Handling System and Others	14,509	12,339	125,613
Consolidated	¥ 205,012	¥ 185,653	$ 1,889,983
Operating income (loss):			
Office Furniture	¥ 9,114	¥ 3,807	$ 38,756
Store Displays	295	1,075	10,944
Material Handling System and Others	424	(427)	(4,347)
Consolidated	¥ 9,833	¥4,455	$ 45,353
Identifiable assets:			
Office Furniture	¥ 89,595	¥ 86,017	$ 875,670
Store Displays	35,661	39,987	407,075
Material Handling System and Others	11,289	9,506	96,773
	136,545	135,510	1,379,518
Corporate assets	49,310	32,384	329,675
Consolidated	¥ 185,855	¥ 167,894	$ 1,709,193

Depreciation:			
Office Furniture	¥ 4,113	¥ 4,368	$ 44,467
Store Displays	1,150	1,130	11,504
Material Handling System and Others	511	609	6,200
Consolidated	¥ 5,774	¥ 6,107	$ 62,171

Capital expenditures:			
Office Furniture	¥ 4,210	¥ 4,679	$ 47,633
Store Displays	464	454	4,622
Material Handling System and Others	515	450	4,581
	5,189	5,583	56,836
Corporate	-	-	-
Consolidated	¥ 5,189	¥ 5,583	$ 56,836

As discussed in Note 1(6), the Company and consolidated domestic subsidiaries adopted the new accounting standard for inventories in the year ended March 31, 2009. As a result, in 2009, operating income of Office Furniture division and Store Displays division decreased by ¥282 million ($2,871 thousand) and ¥110 million ($1,120 thousand), respectively and operating loss of Material Handling System and Others division increased ¥63 million ($641 thousand).

As discussed in Note 1(7), the Company and its domestic subsidiaries have changed their depreciation period of machinery and equipment in accordance with the fiscal 2008 amendment in the Corporation Tax Law. As a result, in 2009, operating income of Office Furniture division and Store Displays division decreased by ¥68 million ($692 thousand) and ¥48 million ($489 thousand), respectively and operating loss of Material Handling System and Others division increased ¥32 million ($326 thousand).

Geographic segment information has not been disclosed since aggregate sales of overseas consolidated subsidiaries were less than 10% of the consolidated net sales for the years ended March 31, 2008 and 2009, and assets of overseas consolidated subsidiaries were less than 10% of the consolidated assets at March 31, 2008 and 2009.

Overseas sales has not been disclosed, since overseas sales were less than 10% of the Company's consolidated net sales for the years ended March 31, 2008 and 2009.

13. Balances and transactions with related party

As of March 31, 2008, the balance of the accounts receivable-trade from Mitsubishi Corporation (the Company's director, Mutsumi Kotsuka, was also the representative director of Mitsubishi Corporation), was ¥4,161 million. The Company's consolidated net sales to Mitsubishi Corporation amounted to ¥22,011 million for the years ended March 31, 2008. The selling price was determined at the same general business terms.

The related party transactions during the fiscal year ended March 31, 2009 was immaterial.

14. Subsequent event

Based on the meeting of the board of directors on March 18, 2009, the Company decided to issue its 10th unsecured bonds. The issue was made as follows.

(a) Total issue amount: ¥5,000 million ($50,901 thousand)

(b) Issue price: 100 yen per 100 yen face value

(c) Payment date: April 27, 2009

(d) Redemption date: Entire amount is redeemable on April 26, 2013

(e) Interest rate: 2.52% annually

(f) Application of funds: Redemption of unsecured bonds

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, 2008 and 2009, the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, 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, 2008 and 2009, 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.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 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 26, 2009