Financial Results for Fiscal Year ended March 2013 [Japanese GAAP] (Consolidated)

May 10, 2013

Okamura Corporation — Listing: Tokyo Stock Exchange, Osaka Securities Exchange

Code Number: 7994 URL: http://www.okamura.co.jp/

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Scheduled date for Board Meeting for Consolidated Settlement of Accounts: June 27, 2013

Scheduled date for filing Annual Security Report: June 27, 2013

Scheduled date for commencement of dividend payments: June 28, 2013

Preparation of supplementary material to explain financial results: Prepared.

Scheduling of meeting to explain financial results: Scheduled (for institutional investors and analysts).

(Amounts less than 1 million yen have been rounded down.)

1. Financial and Operational Review for FY ended March 2013 (Apr. 1, 2012–Mar. 31, 2013)

(1) Business Results

(% Figures indicate year-on-year increase/decrease.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2013	194,890	3.7	7,148	5.3	8,098	14.4	5,269	36.5
FY ended March 2012	187,879	11.0	6,786	182.8	7,082	177.8	3,860	538.6

(Note) Comprehensive income: ¥7,673 million (86.3%) for FY ended March 2013, ¥4,119 million (–%) for FY ended March 2012

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	yen	yen	%	%	%
FY ended March 2013	47.81	–	6.4	4.6	3.7
FY ended March 2012	35.02	–	4.9	4.2	3.6

(Reference) Equity in earnings of affiliates: ¥248 million for FY ended March 2013, ¥89 million for FY ended March 2012

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY ended March 2013	177,959	86,367	48.4	782.01
FY ended March 2012	172,678	79,918	46.2	723.56

(Reference) Total equity: ¥86,174 million for FY ended March 2013, ¥79,742 million for FY ended March 2012

(3) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the fiscal year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended March 2013	9,179	(8,117)	(1,517)	25,818
FY ended March 2012	7,020	(2,372)	(2,816)	26,179

2. Dividend

	Annual dividend					Total dividends amount	Dividend payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
FY ended March 2012	–	5.00	–	5.00	10.00	1,103	28.6	1.4
FY ended March 2013	–	6.00	–	6.00	12.00	1,324	25.1	1.6
FY ending March 2014 (forecast)	–	7.00	–	7.00	14.00		27.1	

3. Forecast of Consolidated Performance for the FY ending March 2014 (from April 1, 2013 to March 31, 2014)

(% Figures indicate year-on-year increase/decrease.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
2Q (accumulated)	95,000	1.6	3,000	2.0	3,400	1.8	2,300	1.1	20.87
FY ending March 2014	203,000	4.2	8,500	18.9	9,000	11.1	5,700	8.2	51.73

* Notes

(1) Changes in the number of material subsidiaries during the fiscal year under review (This indicates whether there have been changes in the number of specified subsidiaries involving changes in the scope of consolidation): None

New — company(ies) (—)

Excluded — company(ies) (—)

(2) Changes in accounting policy or accounting estimates, or restatement

① Changes in accounting policy in accordance with revisions to accounting standards: Yes

② Changes other than those in ① above in accounting policy: None

③ Changes in accounting estimates: Yes

④ Restatement: None

Notes: As from the first quarter of the current consolidated fiscal year, the Company has changed its depreciation method. This change falls under the category of “changes in accounting policy that are difficult to distinguish from changes in accounting estimates.” For more details, please refer to (5) Notes on Consolidated Financial Statements in 4. Consolidated Financial Statements on page 18 of the Appendix.

(3) Number of shares of stock (common stock)

① Number of shares issued (including treasury stock) at the end of the fiscal year	FY ended March 2013	112,391,530	FY ended March 2012	112,391,530
② Number of shares of treasury stock at the end of the fiscal year	FY ended March 2013	2,196,231	FY ended March 2012	2,183,237
③ Average number of shares during period	FY ended March 2013	110,202,076	FY ended March 2012	110,221,470

(Reference) Non-Consolidated Business Results

1. Non-Consolidated Results for FY ended March 2013 (Apr. 1, 2012–Mar. 31, 2013)

(1) Business Results

(% Figures indicate year-on-year increase/decrease.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2013	178,286	2.6	5,394	0.4	6,200	2.3	3,693	8.6
FY ended March 2012	173,811	12.0	5,374	279.2	6,061	206.3	3,401	427.7

	Net income per share	Diluted net income per share
	yen	yen
FY ended March 2013	33.47	–
FY ended March 2012	30.82	–

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY ended March 2013	157,407	73,436	46.7	665.48
FY ended March 2012	154,810	68,840	44.5	623.80

(Note) Total equity: ¥73,436 million for FY ended March 2013, ¥68,840 million for FY ended March 2012

* Indication of Implementation Status of Audit Procedures

- This Financial Results summary is not subject to the audit procedures as provided for in the Financial Instruments and Exchange Act. The procedures for auditing the Company's Financial Statements in accordance with the Financial Instruments and Exchange Act are yet to be completed at the time of publication of this Financial Results summary.

* Explanation of Appropriate Use of Performance Forecasts and Other Issues Requiring Particular Mention

- The performance forecasts and other forward-looking statements contained herein are based on the information available to the Company at the time, and contain certain assumptions that the Company considers to be reasonable. They are subject to diverse factors that may cause actual results of operations and other items to differ significantly from the statements and forecasts. For a description of the assumptions underlying the performance forecasts and the points to note when using the performance forecasts in this document, please refer to (1) Analysis of Operating Results in 1. Analysis of Operating Results and Financial Position on page 2 of the Appendix to this Financial Results summary.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

1) Operating Results for FY ended March 2013

① Overview of Operating Results

	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Net income (Millions of yen)	Net income per share (Yen)
FY ended March 2013	194,890	7,148	8,098	5,269	47.81
FY ended March 2012	187,879	6,786	7,082	3,860	35.02
Changes (%)	3.7%	5.3%	14.4%	36.5%	36.5%

During the consolidated fiscal year under review, the Japanese economy experienced a gradual recovery, supported by demand stemming from reconstruction work following the Great East Japan Earthquake. At the end of the year, the economy showed promising signs, such as yen depreciation and high stock prices, owing to the expectations the business community has placed in the new government. However, the business environment facing the Okamura Group in the latter half of the year was harsh, due to a decrease in exports caused by the cooling of relations between Japan and China. In addition, the global financial turmoil caused by the debt crisis in Europe and concerns about economic slowdown in emerging countries still remain, and the future of the economy continues to be uncertain.

Under these circumstances, the Okamura Group developed new market potential by developing new products to meet the needs of its customers and by cultivating new customer bases; strived to increase orders for total solutions based on corporate collective strength and solution proposals; improved productivity by introducing a new production-management system, and accelerated the cutting of costs and expenses.

As a result of the above, net sales for the current consolidated fiscal year amounted to ¥194,890 million (a year-over-year increase of 3.7%).

From a profit-and-loss perspective, ordinary income amounted to ¥8,098 million (a year-over-year increase of 14.4%) due to increase in gross profits owing to sales growth. Net income amounted to ¥5,269 million (a year-over-year increase of 36.5%) due to factors such as extraordinary income from subsidies.

② Segment Performance

Segment name	Net sales (Millions of yen)			Segment income (loss) (Millions of yen)		
	FY ended March 2012	FY ended March 2013	Increase/ decrease	FY ended March 2012	FY ended March 2013	Increase/ decrease
Office Furniture	104,848	104,808	(40)	5,657	5,341	(316)
Store Displays	70,801	77,376	6,575	1,675	2,081	405
Others	12,229	12,705	475	(547)	(274)	273
Total	187,879	194,890	7,011	6,786	7,148	362

(Note) The total of segment income (loss) corresponds to the operating income in the Consolidated Income Statement.

i) Office Furniture

In the Office Furniture segment, by strengthening total solutions as a core capability of the Okamura Group, we focused on capturing the demand for relocation created by the supply of large numbers of new large-scale buildings in downtown Tokyo, and on the demand created by the resulting relocations. Another area of focus was on creating office demand for greater office efficiency, safety and strengthened disaster-prevention countermeasures, and revamping work practices. We also strived to create demand and develop products in the office-related furniture market, such as the furniture market for educational and research and development facilities, healthcare and welfare facilities, government agencies and municipal facilities. The results of the above efforts maintained net sales year-over-year.

As a result, net sales in this segment amounted to ¥104,808 million (¥104,848 million for the previous year) and the segment income amounted to ¥5,341 million (a decrease of 5.6% year-over-year).

ii) Store Displays

In the Store Displays segment, the Company developed new products to meet the needs of the retailers who plan to develop business globally, and also those planning to create smaller stores. We also aggressively promoted total store solutions designed to meet consumer needs in creating stores, to improve store energy efficiency, and to provide store safety and security measures and systems as well as anticrime measures. The Company also endeavored to increase its share in the refrigerated showcase market, benefiting from an increasing number of new stores and higher energy-saving needs. The results of the above efforts increased both net sales and income year-over-year.

As a result, net sales in this segment amounted to ¥77,376 million (an increase of 9.3% year-over-year) and the segment income amounted to ¥2,081 million (an increase of 24.2% year-over-year).

iii) Others (including Material Handling Systems)

In the Materials Handling Systems segment, the Company focused on growth areas such as logistics management outsourcing facilities and Internet shopping, with the aim of reducing costs, as well as focusing on making use of synergies with other segments in such areas as food processing centers and automated book vaults for libraries. In addition, the Company aggressively attracted more orders for total solutions by taking advantage of its solution-proposal capabilities and its products, which are distinguished by their superiority, and its systems for operational support and post-sales maintenance. The above efforts resulted in increased net sales year-over-year.

As a result, net sales in this segment amounted to ¥12,705 million (an increase of 3.9% year-over-year) and the segment loss amounted to ¥274 million (a loss of ¥547 million over the previous year).

2) Forecast Earnings for FY ending March 2014

	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Net income (Millions of yen)	Net Income per share (Yen)
FY ending March 2014	203,000	8,500	9,000	5,700	51.73
FY ended March 2013	194,890	7,148	8,098	5,269	47.81
Change (%)	4.2%	18.9%	11.1%	8.2%	8.2%

This year, expectations for an economic recovery in Japan are being raised owing to the effects of the economic policies being pursued by the government, including monetary easing; however, the global financial crisis caused by the debt crisis in Europe and concerns about economic slowdown in emerging countries still remain. We anticipate that the business environment facing the Okamura Group will continue to be unstable.

In this business environment, the Okamura Group will aggressively develop new competitive products, increase total strength and develop solution-based businesses.

In the mainstay Office Furniture segment, in response to office-related demand, such as demand for relocation to large-scale new buildings in downtown Tokyo and demand created by the resulting relocations, which remain at a high level, the Company will aim at attracting orders for large projects by enhancing total solutions, which is a core strength of the Group. At the same time, the Company will focus on developing demand in the office-related furniture market, such as the furniture market for educational and research and development facilities, healthcare and welfare facilities, government agencies and municipal facilities. We will also strive to develop new products by making maximum use of our superiority in product-development capability and technological expertise.

In the Store Displays segment, the Company will strive to increase net sales and income by strengthening total solutions for the retail industry, in which it is anticipated that new stores will be aggressively opened; the Company will do so based on its corporate collective strength, and by focusing on increasing its market share of refrigerated showcases, benefiting from the increase in new stores, concern for environmental considerations and higher energy-saving needs. In addition, the Company will aim to expand its business domain by making proposals on store-security systems based on the utilization of synergies with the Office Furniture segment and by incorporating interior solutions for specialty stores into its business.

In the Others (including Material Handling Systems) segment, the Company will focus on outsourcing facilities for optimum logistics management and on logistics centers of mail-order companies, which are promising areas; it will attract more orders for total solutions by making maximum use of its project-proposal capabilities and its new products, which are distinguished by their superiority. The Company will also improve its profit-and-loss ratio by taking full-fledged measures to promote sector-specific solution sales activities based on the utilization of synergies with other segments. In addition, the Company will establish the joint venture Hangzhou Okamura Transmission Co., Ltd., in China, where the market for industrial-use vehicles has been expanding, in order to expand sales in the industrial machinery business.

In its overseas business, with the aim of increasing net sales, the Company will strengthen its sales bases by acquiring distributors and making Salotto Group companies its subsidiaries, and will expand the market by increasing its brand recognition in the global market and by aggressively launching strategic products.

In terms of initiatives to improve profitability, the Company will improve market competitiveness by introducing a new production-management system, improving productivity and reducing cost while also committing to consistent corporate reforms aiming for a stable and highly profitable corporate structure through the building of a stable managerial base that can flexibly respond to changes in the managerial environment, as well as carrying out prioritized and efficient investment in managerial resources.

As a result, the Company anticipates consolidated net sales of ¥203 billion, consolidated ordinary income of ¥9 billion, and consolidated net income of ¥5.7 billion for the year ending March 2014.

(2) Analysis of Financial Position

① Assets, Liabilities and Net Assets

	At the end of FY ended March 2012	At the end of FY ended March 2013
Total assets (Millions of yen)	172,678	177,959
Net assets (Millions of yen)	79,918	86,367
Equity ratio	46.2%	48.4%
Net assets per share (yen)	723.56	782.01

The Company’s consolidated financial position at the end of the fiscal year under review is as follows:

Total assets amounted to ¥177,959 million, an increase of ¥5,281 million compared with the end of the previous consolidated fiscal year. Current assets decreased by ¥2,455 million, mainly as a result of a decrease in notes and accounts receivable-trade; noncurrent assets increased by ¥7,737 million, mainly as a result of increase in property, plant and equipment due to restoration of NS Okamura Corporation and increase in investment securities due to higher market prices.

Total liabilities amounted to ¥91,592 million, a decrease of ¥1,167 million compared with the end of the previous consolidated fiscal year, mainly as a result of an increase in deferred tax liabilities and a decrease in notes and accounts payable-trade and income taxes payable.

Total net assets amounted to ¥86,367 million, an increase of ¥6,448 million compared with the end of the previous consolidated fiscal year, mainly reflecting an increase of retained earnings and valuation difference on available-for-sales securities. The equity ratio increased by 2.2 percentage points to 48.4% compared with the end of the previous consolidated fiscal year.

Based on a resolution at the board meeting held on March 13, 2013, unsecured bonds of ¥5,000 million in total were issued on April 26, 2013.

② Cash Flows

	FY ended March 2012 (Millions of yen)	FY ended March 2013 (Millions of yen)
Net cash provided by (used in) operating activities	7,020	9,179
Net cash provided by (used in) investing activities	(2,372)	(8,117)
Net cash provided by (used in) financing activities	(2,816)	(1,517)
Cash and cash equivalents at the end of the fiscal year	26,179	25,818
Borrowings and corporate bonds at the end of the fiscal year	27,038	26,932

The situation with regard to cash flows for the current consolidated fiscal year is as follows:

Operating activities generated a net cash increase of ¥9,179 million (versus a net cash increase of ¥7,020 million in the previous fiscal year), reflecting inflows including income before income taxes and minority interests of ¥8,714 million, depreciation and amortization of ¥4,492 million, and a decrease in notes and accounts receivable-trade of ¥1,843 million, and outflows including a decrease in notes and accounts payable-trade of ¥1,525 million and income taxes paid of ¥4,561 million.

Investment activities resulted in a net cash outflow of ¥8,117 million (versus a net cash outflow of ¥2,372 million in the previous fiscal year), reflecting outflows including disbursements of ¥6,438 million for the purchase of property, plant and equipment, ¥1,153 million for the purchase of intangible assets and ¥1,118 million for the acquisition of shares of subsidiaries with changes in the scope of consolidation and inflows including sales and redemption of investment securities of ¥673 million.

Financing activities resulted in a net cash outflow of ¥1,517 million (versus a net cash outflow of ¥2,816 million in the previous fiscal year), reflecting outflows including dividend payments of ¥1,212 million and a decrease in loans payable of ¥198 million.

As a result, the balance of cash and cash equivalents at the end of the consolidated fiscal year under review decreased by ¥360 million to ¥25,818 million.

The balance of interest-bearing debt (borrowings and corporate bonds) at the end of the consolidated fiscal year under review decreased by ¥105 million compared with the end of the previous fiscal year to ¥26,932 million.

(Reference) Trends of cash flow indicators

	FY ended March 2009	FY ended March 2010	FY ended March 2011	FY ended March 2012	FY ended March 2013
Equity ratio (%)	45.5	48.4	47.3	46.2	48.4
Market value-based equity ratio (%)	29.5	41.0	31.9	36.8	43.4
Ratio of interest-bearing debt to cash flows (times)	4.0	4.2	2.9	3.9	2.9
Interest coverage ratio (times)	16.3	12.0	16.9	13.9	19.9

Equity ratio: Total equity/Total assets
Market value-based equity ratio: Market capitalization/Total assets
Ratio of interest-bearing debt to cash flows: Interest-bearing debt/Cash flows
Interest coverage ratio: Operating cash flow/Interest payments

(Note 1) All of the above indicators are calculated on a consolidated basis.
(Note 2) Market capitalization is calculated based on the total number of shares issued and outstanding adjusted for treasury stock.
(Note 3) Operating cash flow equals net cash provided by (used in) operating activities stated in the Consolidated Statements of Cash Flows.
(Note 4) Interest-bearing debt equals all liabilities on which interests are paid, as stated in the Consolidated Balance Sheets. Interest payments are equal to interests paid as stated in the Consolidated Statements of Cash Flows.

(3) Fundamental Corporate Policy for Distributing Profits and Dividends for the Fiscal Year under Review and the Next Fiscal Year

We consider the return of profits to shareholders to be an important management priority. To maintain stable dividend payments while increasing enterprise value, we will take into account the need to bolster internal reserves to provide for investments, as well as business performance and balance funding.

In accordance with these policies, we have decided to target annual cash dividends of ¥6.00 per share. Therefore, including the interim dividends (¥6.00 per share), dividends applicable to the year will be ¥12.00 per share.

Dividends for next fiscal year are forecast to be ¥14.00 per share.

(4) Business Risks

Possible risks which may affect the Group’s management performance, stock price and financial status are stated below, and we shall strive to control and avoid these risks as much as possible. Note, however, that the risks listed below do not cover all the risks related to the business in which the Group is engaged. All the assumptions about the future are based on the Group’s decisions as of the end of the consolidated fiscal year under review.

1) Risks Related to Changes in Financial Position, Management Performance and Cash Flow Status

① Competitive conditions and price trends

Although the Group is in an intensely competitive industry, we endeavor to differentiate ourselves from others by virtue of products with advanced technology. However, there is the possibility that competitors will follow our design and technologies and distribute their products at lower prices than those of ours, or they may grab the market share of our products by offering even more unique design and technologies. Moreover, due to strong market pressure toward lower prices, there is no guarantee that Group will secure a sufficient level of profitability.

② Economic climate

Since the Group’s sales in Japan account for over 90%, demand for our products is significantly affected by the domestic trends of equipment investment. It is therefore possible that curbing equipment investment due to declines in corporate profits reflecting the downturn of the domestic economy may decrease demand cause adverse effects on the Group’s performance or financial position.

③ Funding risks and effects of interest-rate fluctuations

Due to the nature of the manufacturing business, the Group must continuously invest in required equipment through acquisition of new equipment or updating existing equipment in the future years. Although we maintain good relations with the banks and ensure required funding, there is no guarantee that sufficient funding will continue to be secured in future. Most of the interest rates for our existing long-term loans and bonds have been fixed, which poses minor risks regarding interest-rate fluctuations. As for future funding, however, interest rate trends may affect the Group’s performance.

④ Effects of securities investment

The Group has long-held shares primarily in our main banks, affiliates, and major clients. Possible price fluctuations in each stock held by the Group may affect the Group’s performance.

2) Quality Control and Legal Restrictions

Maintaining product quality

The Group manufactures products in accordance with the internationally-recognized ISO 9001 standards. However, there is no guarantee that there will be no unpredicted accidents or complaints about all our products in the future years. Although all our products are covered by Product Liability insurance, there is no guarantee that the insurance will sufficiently cover any compensation costs for which the Group may be liable. Defects in our products may adversely affect the evaluations, performance and financial position of the Group.

3) Risks Related to Major Lawsuits

Currently, the Group is not faced with any ongoing damage claim or lawsuit that may significantly affect the Group’s future performance. There is, however, the possibility that in relation with the Group’s business activity the Group may be filed with a lawsuit or claimed against for damages for defective products, release of hazardous materials, violation of an intellectual property right, and other various reasons. The consequence of such cases may have an adverse effect on the Group’s performance.

4) Natural Disasters and Other Accidents

If social turmoil is caused by natural disasters, including earthquakes and floods, or accidents, such as fire, the Group’s performance may be affected due to the suspension of business activities, loss of opportunities, or expenses for reconstruction.

2. Group Companies

The Group comprises the Company, 22 consolidated subsidiaries and seven affiliated companies. The Group's principal businesses are the manufacture and sale of office furniture and store displays. In these business segments the Group offers logistics, installation, and other services.

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

Office Furniture business segment:

In this business segment, the Company manufactures and sells office furniture, furniture for public and educational facilities, office security systems, and other products.

[Primary related companies]

(Engaging in manufacturing operations)

The Company, Kansai Okamura Manufacturing Co., Ltd., NS Okamura Corporation, Sanyo Okamura Corporation, Fuji Seiko Honsha Co., Ltd., and other companies

(Engaging in sales, logistics, installation, and other service operations)

The Company, Okamura Logistics Corporation, Okamura Support and Service Corporation, Shanghai Okamura Furniture and Logistic System Co., Ltd., Salotto (China) Limited, and other companies

Store Displays business segment:

In this business segment, the Company manufactures and sells display fixtures, refrigerated showcases, store counters, etc.

[Primary related companies]

(Engaging in manufacturing operations)

The Company, Kansai Okamura Manufacturing Co., Ltd., Sanyo Okamura Corporation, and other companies

(Engaging in sales, logistics, installation, and other service operations)

The Company, Okamura Logistics Corporation, Shanghai Okamura Furniture and Logistic System Co., Ltd., SEC Co., Ltd., Salotto (China) Limited, and other companies

Others (including Material Handling Systems) segment:

In this business segment, the Company manufactures and sells storage shelves for factories and warehouses and automated warehousing equipment.

[Primary related companies]

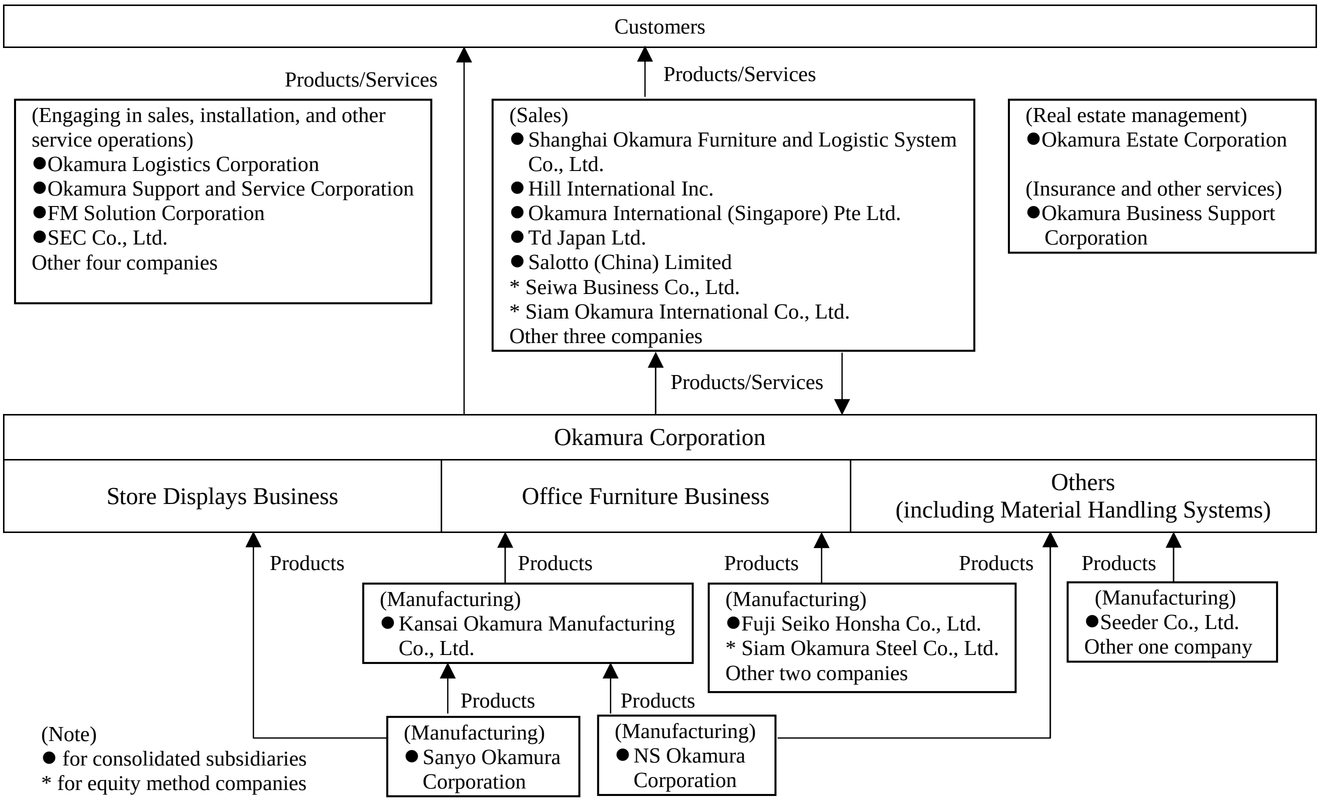
(Engaging in manufacturing operations)

The Company, NS Okamura Corporation, Seeder Co., Ltd., and other companies

(Engaging in sales, logistics, installation, and other service operations)

The Company, Okamura Logistics Corporation, Shanghai Okamura Furniture and Logistic System Co., Ltd., and other companies

The following Organization Chart shows the above-stated overall conditions:



3. Management Policy

(1) Basic Management Policy

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

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

(2) Target Performance Indicators

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

(3) Medium- to Long-Term Business Strategy

1) Improvements in competitiveness

We will strive to differentiate the Company from our competitors by strengthening consistency in research, solutions and product development. We also aim to improve productivity and market competitiveness by building an advanced production system catering to small-lot production, and to enhance competitiveness by expanding and strengthening each business domain through M&A promotion and by strengthening human-resource development through improved education and implementation of staff rotations.

2) Strengthening of the domestic business base

We will promote the strengthening of our sales capabilities by reinforcing inter-segment cooperation and proposing solutions based on our corporate collective strength. In the Office Furniture segment, we will focus on creating demand not only in the corporate office furniture market but also in the office-related furniture market, such as the furniture market for healthcare facilities, educational facilities, government agencies and municipal facilities. In the Store Displays segment, we will strive to increase sales by making total solutions to meet the needs of customers and to also increase profits.

3) Global market expansion

For the purpose of establishing an overseas business base, we will expand our sales networks by acquiring overseas distributors, will develop global human resources, and will spread awareness of the Okamura brand by actively participating in all kinds of overseas trade shows. We will also strive to be a global company by improving and expanding our target products for each market and by promoting the development of our production and supply system.

(4) Issues Facing the Company

In order to cope with a social arena characterized by diversification and globalization of the economy and society, as well as other sweeping social transformations that are likely to continue in the coming years, the Company will periodically convene the Business Process Improvement Committee, will flexibly and rapidly respond to change, and will implement a series of profit-improvement measures necessary to sustain and increase growth and profitability. In future business development, the Company will aggressively invest management resources in growth business sectors on the basis of a medium-term management strategy grounded in selectivity and concentration, engage in continued restructuring across all businesses and organizations, work to increase capital efficiency, and promote management reform to establish a highly profitable corporate structure.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY ended March 2012 (As of Mar. 31, 2012)	FY ended March 2013 (As of Mar. 31, 2013)
Assets		
Current assets		
Cash and deposits	27,652	27,260
Notes and accounts receivable-trade	*5 52,897	*5 51,384
Short-term investment securities	531	321
Merchandise and finished goods	8,855	8,208
Work in process	1,285	1,335
Raw materials and supplies	2,526	2,956
Deferred tax assets	1,864	1,748
Other	1,795	1,733
Allowance for doubtful accounts	(22)	(20)
Total current assets	97,384	94,928
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	13,573	13,719
Machinery, equipment and vehicles, net	5,649	7,913
Land	22,510	22,748
Construction in progress	348	79
Other, net	1,341	1,451
Total property, plant and equipment	*1, *3 43,423	*1, *3 45,913
Intangible assets		
Goodwill	1,103	1,641
Other	2,152	2,704
Total intangible assets	3,255	4,345
Investments and other assets		
Investment securities	*2, *3 19,566	*2, *3 23,455
Prepaid pension cost	2,892	3,124
Lease deposits	3,765	3,766
Deferred tax assets	1,548	1,546
Other	891	909
Allowance for doubtful accounts	(50)	(31)
Total investments and other assets	28,613	32,771
Total noncurrent assets	75,293	83,030
Total assets	172,678	177,959

(Millions of yen)

	FY ended March 2012 (As of Mar. 31, 2012)	FY ended March 2013 (As of Mar. 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	*5 30,143	*5 29,037
Electronically recorded obligations-operating	8,403	8,218
Short-term loans payable	*3, *4 6,786	*3, *4 6,160
Current portion of long-term loans payable	*3 2,906	*3 3,170
Current portion of bonds	–	5,000
Income taxes payable	4,051	2,831
Accrued consumption taxes	642	374
Provision for bonuses	2,643	2,712
Deferred tax liabilities	2	–
Other	3,697	3,585
Total current liabilities	59,277	61,091
Noncurrent liabilities		
Bonds payable	10,000	5,000
Long-term loans payable	*3 7,345	*3 7,601
Deferred tax liabilities	514	1,593
Provision for retirement benefits	12,411	13,341
Other	3,210	2,964
Total noncurrent liabilities	33,482	30,501
Total liabilities	92,759	91,592
Net assets		
Shareholders' equity		
Capital stock	18,670	18,670
Capital surplus	16,759	16,759
Retained earnings	44,797	48,853
Treasury stock	(2,377)	(2,388)
Total shareholders' equity	77,851	81,895
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,299	4,501
Foreign currency translation adjustment	(407)	(223)
Total accumulated other comprehensive income	1,891	4,278
Minority interests	176	193
Total net assets	79,918	86,367
Total liabilities and net assets	172,678	177,959

(2) Consolidated Statements of Income and Consolidated Statement of Comprehensive Income

Consolidated Statements of income

(Millions of yen)

	FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)
Net sales	187,879	194,890
Cost of sales	*1 130,331	*1 136,952
Gross profit	57,548	57,938
Selling, general and administrative expenses		
Selling expenses	2,102	2,460
Packing and transportation expenses	8,676	8,148
Salaries and allowances	16,216	16,582
Provision for bonuses	1,781	1,831
Retirement benefit expenses	1,084	1,118
Depreciation	1,585	1,485
Rent expenses	6,195	5,922
Other	13,119	13,239
Total selling, general and administrative expenses	*1 50,761	*1 50,789
Operating income	6,786	7,148
Non-operating income		
Interest income	40	43
Dividends income	419	402
Amortization of negative goodwill	198	198
Equity in earnings of affiliates	89	248
Exchange gain	19	240
Other	483	563
Total non-operating income	1,249	1,697
Non-operating expenses		
Interest expenses	504	460
Loss on sales and retirement of noncurrent assets	129	125
Other	319	161
Total non-operating expenses	953	747
Ordinary income	7,082	8,098
Extraordinary income		
Gain on sales of investment securities	–	119
Subsidy income	–	499
Total extraordinary income	–	619
Extraordinary loss		
Loss on valuation of investment securities	89	3
Loss on valuation of golf memberships	2	1
Other	4	–
Total extraordinary loss	97	4
Income before income taxes and minority interests	6,984	8,714
Income taxes-current	4,342	3,431
Income taxes-deferred	(1,151)	(3)
Total income taxes	3,190	3,428
Income before minority interests	3,794	5,285
Minority interests in income (-)	(65)	16
Net income	3,860	5,269

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)
Income before minority interests	3,794	5,285
Other comprehensive income		
Valuation difference on available-for-sale securities	401	2,170
Foreign currency translation adjustment	(14)	98
Share of other comprehensive income of associates accounted for using equity method	(60)	118
Total other comprehensive income	*1 325	*1 2,387
Comprehensive income	4,119	7,673
Details:		
Comprehensive income attributable to owners of the parent	4,185	7,656
Comprehensive income attributable to minority interests	(65)	16

(3) Consolidated Statements of Changes in Shareholders’ Equity

(Millions of yen)

	FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)
Shareholders’ equity		
Capital stock		
Opening balance	18,670	18,670
Changes of items during the period		
Total changes of items during the period	–	–
Ending balance	18,670	18,670
Capital surplus		
Opening balance	16,759	16,759
Changes of items during the period		
Total changes of items during the period	–	–
Ending balance	16,759	16,759
Retained earnings		
Opening balance	41,903	44,797
Changes of items during the period		
Dividends from surplus	(965)	(1,213)
Net income	3,860	5,269
Total changes of items during the period	2,894	4,055
Ending balance	44,797	48,853
Treasury stock		
Opening balance	(2,369)	(2,377)
Changes of items during the period		
Purchase of treasury stock	(7)	(10)
Total changes of items during the period	(7)	(10)
Ending balance	(2,377)	(2,388)
Total shareholders’ equity		
Opening balance	74,964	77,851
Changes of items during the period		
Dividends from surplus	(965)	(1,213)
Net income	3,860	5,269
Purchase of treasury stock	(7)	(10)
Total changes of items during the period	2,886	4,044
Ending balance	77,851	81,895

(Millions of yen)

	FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Opening balance	1,903	2,299
Changes of items during the period		
Net changes of items other than shareholders' equity	395	2,202
Total changes of items during the period	395	2,202
Ending balance	2,299	4,501
Foreign currency translation adjustment		
Opening balance	(337)	(407)
Changes of items during the period		
Net changes of items other than shareholders' equity	(70)	184
Total changes of items during the period	(70)	184
Ending balance	(407)	(223)
Total accumulated other comprehensive income		
Opening balance	1,565	1,891
Changes of items during the period		
Net changes of items other than shareholders' equity	325	2,387
Total changes of items during the period	325	2,387
Ending balance	1,891	4,278
Minority interests		
Opening balance	108	176
Changes of items during the period		
Net changes of items other than shareholders' equity	67	16
Total changes of items during the period	67	16
Ending balance	176	193
Total net assets		
Opening balance	76,638	79,918
Changes of items during the period		
Dividends from surplus	(965)	(1,213)
Net income	3,860	5,269
Purchase of treasury stock	(7)	(10)
Net changes of items other than shareholders' equity	393	2,404
Total changes of items during the period	3,279	6,448
Ending balance	79,918	86,367

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	6,984	8,714
Depreciation and amortization	4,400	4,492
Amortization of negative goodwill	(198)	(198)
Loss (gain) on sales and retirement of noncurrent assets	125	123
Equity in (earnings) losses of affiliates	(89)	(248)
Increase (decrease) in allowance for doubtful accounts	(16)	(21)
Increase (decrease) in provision for bonuses	1,743	69
Increase (decrease) in provision for retirement benefits	(291)	698
Interest and dividends income	(459)	(446)
Interest expenses	504	460
Loss (gain) on sales of investment securities	1	(119)
Loss (gain) on valuation of investment securities	89	3
Decrease (increase) in notes and accounts receivable-trade	(9,444)	1,843
Decrease (increase) in inventories	50	517
Increase (decrease) in notes and accounts payable-trade	3,342	(1,525)
Subsidy income	–	(499)
Other	1,646	(154)
Subtotal	8,390	13,708
Interest and dividends income received	477	486
Interest expenses paid	(505)	(454)
Income taxes paid	(1,342)	(4,561)
Net cash provided by (used in) operating activities	7,020	9,179
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,923)	(1,985)
Proceeds from withdrawal of time deposits	2,682	2,023
Purchase of property, plant and equipment	(2,114)	(6,438)
Proceeds from sales of property, plant and equipment	11	11
Purchase of intangible assets	(714)	(1,153)
Purchase of investment securities	(1,133)	(746)
Proceeds from sales and redemption of investment securities	807	673
Disbursements for the acquisition of shares of subsidiaries with changes in the scope of consolidation	–	*2 (1,118)
Subsidy received	47	547
Other	(34)	68
Net cash provided by (used in) investing activities	(2,372)	(8,117)

(Millions of yen)

	FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(2,118)	(718)
Proceeds from long-term loans payable	4,070	3,580
Repayment of long-term loans payable	(3,844)	(3,059)
Purchase of treasury stock	(5)	(3)
Cash dividends paid	(966)	(1,212)
Other	47	(103)
Net cash provided by (used in) financing activities	(2,816)	(1,517)
Effect of exchange rate change on cash and cash equivalents	(14)	94
Net increase (decrease) in cash and cash equivalents	1,817	(360)
Cash and cash equivalents at beginning of the fiscal year	24,361	26,179
Cash and cash equivalents at the end of the fiscal year	*1 26,179	*1 25,818

(5) Notes on Consolidated Financial Statements

(Events or Conditions That May Cast Significant Doubt on Going Concern Assumptions)

Not applicable.

(Significant Items for the Preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Consolidated subsidiaries

Number of subsidiaries: 21

Names of the major consolidated subsidiaries:

Kansai Okamura Manufacturing Co., Ltd., Okamura Logistics Corporation, NS Okamura Corporation, Sanyo Okamura Corporation, Okamura Support and Service Corporation, Shanghai Okamura Furniture and Logistic System Co., Ltd., Seeder Co., Ltd., Fuji Seiko Honsha Co., Ltd., SEC Co., Ltd., Salotto (China) Limited

In accordance with stock acquisition on February 18, 2013, Salotto (China) Limited and its four subsidiaries, Salotto (Beijing) Limited, Salotto (Shanghai) Limited, Salotto (Foshan) Limited and Dongguan Cheng Mei Furniture Co., Ltd., have been included in the scope of consolidation since the beginning of the current consolidated fiscal year. December 31, 2012, which is the closing date of Salotto (China) Limited and its four subsidiaries is deemed as the acquisition date and only balance sheets are consolidated.

(2) Non-consolidated subsidiaries

Number of non-consolidated subsidiaries: 1

Name of the non-consolidated subsidiary

SINCO Co., Ltd.

Reason for exclusion from the scope of consolidation

The reason is that SINCO Co., Ltd. is a small company and its total assets, net sales, net income (in proportion to equity) and retained earnings (in proportion to equity) in total do not significantly affect consolidated financial statements.

2. Application of the equity method

(1) Equity method non-consolidated subsidiaries

Number of equity method non-consolidated subsidiaries: 1

Name of equity method non-consolidated subsidiary

SINCO Co., Ltd.

(2) Equity method affiliates

Number of equity method affiliates: 7

Names of major equity method affiliates:

Siam Okamura Steel Co., Ltd.

Siam Okamura International Co., Ltd.

(3) Non-consolidated subsidiaries not accounting for the equity method

Not applicable.

(4) Affiliates not accounting for the equity method

Not applicable.

(5) Those equity method companies whose date of yearly settlement of accounts differs from the date of yearly settlement of consolidated accounts are accounted for using their financial statements prepared according to their operating year, or financial statements based on the provisional settlement of accounts.

3. Operating year of consolidated subsidiaries

The date of yearly settlement of accounts is December 31 for Okamura International (Singapore) Pte Ltd., Shanghai Okamura Furniture and Logistics System Co., Ltd., Salotto (China) Limited and its four subsidiaries. For all other consolidated subsidiaries, the date of yearly settlement of accounts is March 31, which is the same date the Company files Consolidated Financial Statements. The difference between the date of yearly settlement of accounts for Okamura International (Singapore) Pte Ltd., Shanghai Okamura Furniture and Logistics System Co., Ltd., Salotto (China) Limited and its four subsidiaries and the date of yearly settlement of consolidated accounts is three months or less, so the financial statements of these subsidiaries according to their operating year are used as the basis for consolidating them. However, any significant transactions that occurred following the end of such operating year through the date of yearly settlement of consolidated accounts were adjusted in a manner required for consolidation.

Except for the notes above, disclosure regarding other items is omitted because there have been no major changes made to the Significant Items for the Preparation of Consolidated Financial Statements stated in the latest Annual Security Report (filed on June 28, 2012).

(Change in Representation)

(Consolidated Statements of Income)

The exchange gain included in Other in Non-operating income for the previous consolidated fiscal year is represented independently from the current consolidated fiscal year, because it exceeds one-tenth of the total non-operating income. In order to reflect this change in representation, consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, ¥502 million that was represented in Other in Non-operating income included in the Consolidated Statements of Income for the previous consolidated fiscal year is reclassified as Exchange gain of ¥19 million and Other of ¥483 million.

The loss on valuation of golf memberships included in Other in Extraordinary loss for the previous consolidated fiscal year is represented independently from the current consolidated fiscal year because it exceeds one-tenth of the extraordinary loss in total. In order to reflect this change in representation, consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, ¥7 million that was represented in Other in Extraordinary loss included in the Consolidated Statements of Income for the previous consolidated fiscal year is reclassified as Loss on valuation of golf memberships of ¥2 million and Other of ¥4 million.

(Consolidated Statements of Cash Flows)

Subsidy received that was included in Other in Net cash provided by (used in) investing activities for the previous consolidated fiscal year is represented independently from the current consolidated fiscal year because of its increased importance. In order to reflect this change in representation, consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, ¥13 million that was represented in Other in Net cash provided by (used in) investing activities included in the Consolidated Statements of Cash Flows for the previous consolidated fiscal year is reclassified as Subsidy received of ¥47 million and Other of loss of ¥34 million.

(Changes in Accounting Policy That Are Difficult to Distinguish from Changes in Accounting Estimates)

Since the beginning of the current consolidated fiscal year, in accordance with the amendment of the Corporation Tax Act, the Company and its consolidated subsidiaries in Japan have adopted the depreciation method prescribed by the amended Corporation Tax Act for property, plant and equipment acquired on and after April 1, 2012.

The influence of this change on profit and loss for the current consolidated fiscal year is minor.

(Consolidated Balance Sheet)

*1 Accumulated depreciation of property, plant and equipment is as follows.

	FY ended March 2012 (As of Mar. 31, 2012)	FY ended March 2013 (As of Mar. 31, 2013)
Accumulated depreciation of property, plant and equipment	¥94,504 million	¥96,577 million

*2 Balances held in non-consolidated subsidiaries and affiliates are as follows:

	FY ended March 2012 (As of Mar. 31, 2012)	FY ended March 2013 (As of Mar. 31, 2013)
Investment securities (equity shares)	¥1,720 million	¥2,075 million

*3 Assets that are hypothecated and liabilities corresponding to them are as follows:

	FY ended March 2012 (As of Mar. 31, 2012)	FY ended March 2013 (As of Mar. 31, 2013)
Buildings and structures	¥2,824 million	¥2,563 million
Land	¥7,830 million	¥7,732 million
Investment securities	¥24 million	¥30 million
Total	¥10,679 million	¥10,326 million

Within the above, assets offered as mortgage for factory foundation

	FY ended March 2012 (As of Mar. 31, 2012)	FY ended March 2013 (As of Mar. 31, 2013)
Buildings and structures	¥329 million	¥343 million
Land	¥282 million	¥282 million
Total	¥611 million	¥625 million

Liabilities relevant to the above

	FY ended March 2012 (As of Mar. 31, 2012)	FY ended March 2013 (As of Mar. 31, 2013)
Short-term loans payable	¥2,013 million	¥1,500 million
Current portion of long-term loans payable	¥264 million	¥394 million
Long-term loans payable	¥620 million	¥1,033 million
Total	¥2,898 million	¥2,927 million

Within the above, liabilities corresponding to mortgage for factory foundation

	FY ended March 2012 (As of Mar. 31, 2012)	FY ended March 2013 (As of Mar. 31, 2013)
Short-term loans payable	¥613 million	¥100 million
Current portion of long-term loans payable	¥159 million	¥294 million
Long-term loans payable	¥120 million	¥533 million
Total	¥893 million	¥927 million

*4 For the purpose of raising working capital efficiently, the Company has entered into a specified commitment line agreement with the main financial institutions it transacts with.

	FY ended March 2012 (As of Mar. 31, 2012)	FY ended March 2013 (As of Mar. 31, 2013)
Total amount under specified commitment line agreements	¥14,100 million	¥14,000 million
Outstanding loans borrowed	–	–
Balance	¥14,100 million	¥14,000 million

*5 For accounting purposes, notes maturing at the end of the fiscal year under review are processed as settled on the dates of maturation. Note that due to the end of the consolidated fiscal year under review being a financial institution holiday, the following notes maturing at the end of the fiscal year under review were accounted for as settled on the dates of maturation:

	FY ended March 2012 (As of Mar. 31, 2012)	FY ended March 2013 (As of Mar. 31, 2013)
Notes receivable-trade	¥488 million	¥781 million
Notes payable-trade	¥618 million	¥558 million

(Consolidated Statements of Income)

*1 Details of total research and development expenses included in selling, general and administrative expenses and manufacturing cost incurred for the current term are as follows:

	FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)
Research and development expenses	¥927 million	¥988 million

(Consolidated Statement of Comprehensive Income)

*1 Amount of recycling and amount of income tax effect associated with other comprehensive income

	FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)
Valuation difference on available-for-sale securities		
Amount recognized in the period under review	¥276 million	¥3,491 million
Amount of recycling	¥91 million	-¥116 million
Before income tax effect adjustment	¥367 million	¥3,375 million
Amount of income tax effect	¥33 million	-¥1,204 million
Valuation difference on available-for-sale securities	¥401 million	¥2,170 million
Foreign currency exchange adjustments		
Amount recognized in the period under review	-¥14 million	¥98 million
Share of other comprehensive income of associates accounted for using equity method		
Amount recognized in the period under review	-¥60 million	¥118 million
Total other comprehensive income	¥325 million	¥2,387 million

(Consolidated Statements of Changes in Shareholders' Equity)

FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)

1. Types and numbers of shares issued

Type of stock	Number of shares at the beginning of the year	Increase	Decrease	Number of shares at the end of the fiscal year
Common stock (shares)	112,391,530	–	–	112,391,530

2. Treasury stock

Type of stock	Number of shares at the beginning of the year	Increase	Decrease	Number of shares at the end of the fiscal year
Common stock (shares)	2,162,714	20,523	–	2,183,237

(Outline of change factors)
The details of increase are as stated below:
Increase due to purchase of fractional shares 10,398 shares
Increase due to purchase of treasury stock by equity method affiliates which belong to us 10,125 shares

3. Stock acquisition rights and others
Not applicable.

4. Dividends

(1) Dividends paid during the fiscal year

Resolved	Type	Total amount (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29, 2011	Common stock	413	3.75	March 31, 2011	June 30, 2011
Board of Directors held on October 21, 2011	Common stock	551	5.00	September 30, 2011	December 9, 2011

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

Resolved	Type	Resource of the dividends to be paid	Total amount (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 28, 2012	Common stock	Retained earnings	551	5.00	March 31, 2012	June 29, 2012

FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)

1 Types and numbers of shares issued

Type of stock	Number of shares at the beginning of the year	Increase	Decrease	Number of shares at the end of the fiscal year
Common stock (shares)	112,391,530	–	–	112,391,530

2 Treasury stock

Type of stock	Number of shares at the beginning of the year	Increase	Decrease	Number of shares at the end of the fiscal year
Common stock (shares)	2,183,237	12,994	–	2,196,231

(Outline of change factors)
The details of increase are as stated below:
Increase due to purchase of fractional shares 6,419 shares
Increase due to purchase of treasury stock by equity method affiliates which belong to us 6,575 shares

3. Stock acquisition rights and others
Not applicable.

4. Dividends

(1) Dividends paid during the fiscal year

Resolved	Type	Total amount (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 28, 2012	Common stock	551	5.00	March 31, 2012	June 29, 2012
Board of Directors held on October 19, 2012	Common stock	662	6.00	September 30, 2012	December 10, 2012

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

Resolved	Type	Resource of the dividends to be paid	Total amount (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2013	Common stock	Retained earnings	662	6.00	March 31, 2013	June 28, 2013

(Consolidated Cash Flow Statement)

*1 Relations between the balance of cash and cash equivalents at the end of the fiscal year and the amount of the item posted in the consolidated balance sheet

	FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)
Cash and deposit accounts	¥27,652 million	¥27,260 million
Time deposits—over three months	-¥1,493 million	-¥1,463 million
Short-term investment securities—within three months	¥21 million	¥21 million
Cash and cash equivalents	¥26,179 million	¥25,818 million

*2 Breakdown of main assets and liabilities of the companies that have been newly included in consolidated subsidiaries due to stock acquisition

Below is the breakdown of assets and liabilities at the time of the commencement of consolidation of Salotto (China) Limited and its four subsidiaries due to stock acquisition and the relationship between acquisition cost of shares of Salotto (China) Limited and disbursement (net) for the acquisition of Salotto (China) Limited and its four subsidiaries.

Current assets	¥884 million
Noncurrent assets	¥85 million
Goodwill	¥818 million
Current liabilities	¥511 million
Noncurrent liabilities	¥13 million
Acquisition cost of shares of Salotto (China) Limited	¥1,262 million
Cash and cash equivalents of Salotto (China) Limited and its four subsidiaries	-¥144 million
Deduction: Disbursement for the acquisition of Salotto (China) Limited and its four subsidiaries	-¥1,118 million

(Investment Securities)

1. Held-to-maturity bonds

Consolidated Fiscal Year ended March 2012 (As of Mar. 31, 2012)

(Millions of yen)

Items	Consolidated Balance Sheet amount	Fair value	Difference
Held-to-maturity bonds with fair value exceeding Consolidated Balance Sheet amount	1,305	1,317	12
Held-to-maturity bonds with fair value not exceeding Consolidated Balance Sheet amount	774	765	(8)
Total	2,079	2,083	3

Consolidated Fiscal Year ended March 2013 (As of Mar. 31, 2013)

Items	Consolidated Balance Sheet amount	Fair value	Difference
Held-to-maturity bonds with fair value exceeding Consolidated Balance Sheet amount	1,454	1,467	13
Held-to-maturity bonds with fair value not exceeding Consolidated Balance Sheet amount	322	315	(7)
Total	1,776	1,782	6

2. Other investment securities

Consolidated Fiscal Year ended March 2012 (As of Mar. 31, 2012)

(Millions of yen)

Items	Consolidated Balance Sheet amount	Acquisition cost	Difference
Other securities with Consolidated Balance Sheet amount exceeding acquisition cost			
(1) Stocks	11,759	7,317	4,441
(2) Other	48	46	1
Subtotal	11,807	7,364	4,442
Other securities with Consolidated Balance Sheet amount not exceeding acquisition cost			
(1) Stocks	4,013	4,974	(960)
(2) Other	235	240	(5)
Subtotal	4,249	5,214	(965)
Total	16,056	12,579	3,477

(Note) Acquisition cost is the book value after impairment accounting. Impairment accounting is carried out in the current consolidated fiscal year and ¥89 million of loss on valuation of investment securities is included in this report.
In case the term end cost decreases by over 50% compared to the acquisition cost, impairment accounting is applied to all. If the range of the decrease is 30-50%, impairment accounting is applied to the amount in which impairment is recognized to be necessary considering the possibility of recovery.

Consolidated Fiscal Year ended March 2013 (As of Mar. 31, 2013)

Items	Consolidated Balance Sheet amount	Acquisition cost	Difference
Other securities with Consolidated Balance Sheet amount exceeding acquisition cost			
(1) Stocks	17,446	9,975	7,470
(2) Other	48	46	1
Subtotal	17,494	10,022	7,472
Other securities with Consolidated Balance Sheet amount not exceeding acquisition cost			
(1) Stocks	1,877	2,506	(628)
(2) Other	237	238	(0)
Subtotal	2,115	2,744	(629)
Total	19,610	12,767	6,842

(Note) Acquisition cost is the book value after impairment accounting. Impairment accounting is carried out in the current consolidated fiscal year and ¥3 million of loss on valuation of investment securities is included in this report.
In case the term end cost decreases by over 50% compared to the acquisition cost, impairment accounting is applied to all. If the range of the decrease is 30-50%, impairment accounting is applied to the amount in which impairment is recognized to be necessary considering the possibility of recovery.

3. Other investment securities sold during the consolidated fiscal year

Consolidated Fiscal Year ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)

(Millions of yen)

Items	Proceeds from sales	Gross gain on sales	Gross loss on sales
(1) Stocks	4	–	0
(2) Other	503	–	0
Total	507	–	1

Consolidated Fiscal Year ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)

(Millions of yen)

Items	Proceeds from sales	Gross gain on sales	Gross loss on sales
(1) Stocks	261	119	–
(2) Other	2	–	–
Total	263	119	–

(Retirement Benefits)

1. Established retirement benefit arrangements

   The Company and five domestic consolidated subsidiaries provided a retirement benefit program comprising a defined-contribution annuity plan and a defined-benefit lump-sum severance allowance. Some other domestic consolidated subsidiaries provided a retirement benefit program comprising a defined-benefit lump-sum severance allowance plan or defined-contribution annuity plan.

2. Retirement benefit obligation

(Millions of yen)

		FY ended March 2012 (As of Mar. 31, 2012)	FY ended March 2013 (As of Mar. 31, 2013)
①	Retirement benefit obligation	(18,860)	(18,994)
②	Pension assets	8,078	8,534
③	Unfunded benefit obligation (①+②)	(10,782)	(10,460)
④	Unrecognized actuarial difference	2,865	1,606
⑤	Unrecognized past service obligation	(1,601)	(1,363)
⑥	Consolidated Balance Sheet net benefit liability (③+④+⑤)	(9,518)	(10,217)
⑦	Prepaid pension cost	2,892	3,124
⑧	Provision for retirement benefits (⑥-⑦)	(12,411)	(13,341)

3 Retirement benefit expenses

(Millions of yen)

		FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)
①	Service cost	857	900
②	Interest cost	348	279
③	Expected return on plan assets	(140)	(112)
④	Amortization of past service obligation	(238)	(238)
⑤	Amortization of actuarial difference	399	435
⑥	Contributions to the defined contribution pension program	380	382
⑦	Retirement benefit expenses (①+②+③+④+⑤+⑥)	1,607	1,646

4. Basis for calculating retirement benefit obligation and others

(1) Method to periodically allocate projected benefit obligation

Allocated equally to each service year.

(2) Discount rate

FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)
1.5%	1.5%

(3) Expected return on pension assets

FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)
2.0%	1.5%

(4) Number of years to amortize past service obligation

14 years (Past service obligations are prorated and recognized in expenses over a constant number of years (14 years) that is within the average remaining service period of employees as they arise.)

(5) Number of years to amortize actuarial difference

14 years (Actuarial differences are prorated over a constant number of years (14 years) that is within the average remaining service period of employees in an accounting year as they arise, and recognized in expenses the following year.)

(Accounting for Deferred Tax Assets)

1. Significant components of deferred tax assets and liabilities

(1) Current assets and liabilities

(Millions of yen)

	FY ended March 2012 (As of Mar. 31, 2012)	FY ended March 2013 (As of Mar. 31, 2013)
Deferred tax assets		
Provision for bonuses	1,005	1,030
Enterprise taxes payable	314	240
Valuation loss on raw materials and finished products	262	257
Unpaid social insurance premiums	132	143
Other	280	199
Subtotal deferred tax assets	1,995	1,871
Valuation allowance	(126)	(122)
Total deferred tax assets	1,868	1,748
Offset against deferred tax liabilities	(3)	–
Net deferred tax assets	1,864	–
Deferred tax liabilities		
Enterprise taxes receivable	6	–
Total deferred tax liabilities	6	–
Offset against deferred tax assets	(3)	–
Net deferred tax liabilities	2	–

(2) Non-current assets and liabilities

(Millions of yen)

	FY ended March 2012 (As of Mar. 31, 2012)	FY ended March 2013 (As of Mar. 31, 2013)
Deferred tax assets		
Provision for retirement benefits	4,847	4,947
Unrealized gross profits from sales of property, plant and equipment	744	744
Loss carried forward	1,201	1,041
Loss on valuation of golf memberships	167	167
Other	413	369
Subtotal deferred tax assets	7,375	7,270
Valuation allowance	(1,986)	(1,804)
Total deferred tax assets	5,388	5,465
Offset against deferred tax liabilities	(3,840)	(3,919)
Net deferred tax assets	1,548	1,546
Deferred tax liabilities		
Reserve for reduction entry	2,930	2,888
Valuation difference on available-for-sale securities	1,276	2,478
Valuation difference based on the full fair value method	100	100
Other	47	44
Total deferred tax liabilities	4,355	5,512
Offset against deferred tax assets	(3,840)	(3,919)
Net deferred tax liabilities	514	1,593

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

(%)

	FY ended March 2012 (As of Mar. 31, 2012)	FY ended March 2013 (As of Mar. 31, 2013)
Statutory tax rate	40.7	–
(Reconciliation)		
Non-deductible expenses	2.2	–
Reduction of deferred tax asset amount due to change in tax rate	4.0	–
Other	(1.2)	–
Effective tax rate	45.7	–

(Note) Notes are omitted for the current consolidated fiscal year because difference between statutory tax rate and effective tax rate does not exceed 5% of the statutory tax rate.

(Business Combination Relations)

Business combination through acquisition

1. Outline of business combination

(1) Names and business descriptions of acquired companies

Names of acquired companies: Salotto (China) Limited and its four subsidiaries

Business descriptions: Manufacturing and sales of office furniture and fixtures for commercial stores

(2) Main reason for the business combination

The Salotto Group is engaged in manufacturing and selling office furniture and fixtures for commercial stores mainly in Hong Kong and China. It is not only a distributor of many prestigious brands, including the Company, but also manufactures and sells high-quality products of its own brand.

By incorporating the Group into our subsidiaries, the Company aims to expand business with outstanding U.S., European and Chinese companies, mainly financial institutions in the Hong Kong and Chinese markets (1), to develop customers among Japanese companies located in Hong Kong and southern China (2) and to further expand business in this region by promoting the development of supply bases for Southeast Asia (3).

(3) Date of business combination: February 18, 2013

(4) Legal form of business combination: Stock acquisition by cash

(5) Corporate names after business combination: No name change

(6) Ratio of voting rights acquired: 100%

(7) Main reason for identifying the acquired companies

The reason is that the Company acquired all shares of Salotto (China) Limited by paying cash.

2. Period of business performance of the acquired companies included in consolidated financial statements

Because the deemed acquisition date is December 31, 2012, and because only balance sheets are consolidated for the current consolidated fiscal year, business performance of Salotto (China) Limited and its four subsidiaries is not included.

3. Acquisition cost of the acquired companies and its breakdown

Consideration for acquisition	Cash	¥1,217 million
Expense directly required for acquisition	Advisory expenses, etc.	¥44 million
Acquisition cost		¥1,262 million

4. Amount of goodwill generated, reason for generation, amortization method and amortization period

(1) Amount of goodwill generated

¥818 million

(2) Reason for generation

Because the acquisition cost exceeded the net amount allocated to assets acquired and liabilities accepted, the excess amount is recorded as goodwill.

(3) Amortization method and amortization period

Equal-installment method over five years

5. Assets acquired and liabilities accepted on the day of business combination and its breakdown

Current assets	¥884 million
Noncurrent assets	¥85 million
Total assets	¥969 million
Current liabilities	¥511 million
Noncurrent liabilities	¥13 million
Total liabilities	¥525 million

6. Approximate estimate of influence of the business combination on consolidated statements of income for the current consolidated fiscal year, on the assumption that the business combination completed on the day of the commencement of the current consolidated fiscal year, and method of calculating the amount
Description is omitted due to lack of significance of the amount in question.

(Segment Information and Others)

(Segment Information)

1. Overview of Reporting Segments

The Group's reporting segments are those segments of the Group's organizations for which separate financial information is available, and subject to the Board of Directors' regular review carried out to make decisions on the allocation of management resources and evaluate their performance.

The Group engages in business activities by developing comprehensive product and service strategies under product- and service-specific manufacturing and sales systems.

Consequently, the Group comprises product- and service-specific segments based on manufacturing and sales systems, and there are specifically two reporting segments, "Office Furniture" and "Store Displays."

In the Office Furniture segment, we manufacture and sell office furniture, furniture for public and educational facilities, office security systems, and other products. In the Store Displays segment, we manufacture and sell display fixtures, refrigerated showcases, store counters, etc.

2. Calculation methods for net sales, profit/loss, assets, liabilities and other items by reporting segment

The accounting methods used for reported business segments are generally to the same as the description of "Significant Items for the Preparation of Consolidated Financial Statements."

As is described in the "changes in accounting policy that are difficult to distinguish from changes in accounting estimates," since the beginning of the current consolidated fiscal year, in accordance with the amendment of the Corporation Tax Act, the Company has adopted the depreciation method prescribed by the amended Corporation Tax Act for property, plant and equipment acquired on and after April 1, 2012. Consequently, the depreciation method for the reporting segments has also been changed in accordance with the amended Corporation Tax Act. The influence of this change on segment income and loss for the current consolidated fiscal year is minor.

3. Information about net sales, profit/loss, assets, liabilities and other items by segment

FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)

(Millions of yen)

	Reporting Segments			Others (Note 1)	Total	Adjusted amount (Note 2)	Amount reported in the Consolidated Financial Statements (Note 3)
	Office Furniture	Store Displays	Total				
Net sales							
Net sales to external customers	104,848	70,801	175,649	12,229	187,879	–	187,879
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	104,848	70,801	175,649	12,229	187,879	–	187,879
Segment income (loss)	5,657	1,675	7,333	(547)	6,786	–	6,786
Segment property	83,966	36,488	120,454	10,712	131,167	41,510	172,678
Other items							
Depreciation	3,122	852	3,974	425	4,400	–	4,400
Increase in property, plant and equipment and intangible assets	2,216	579	2,795	465	3,261	–	3,261

Note 1. "Others" are business segments that are not included in the reporting segments, and include Material Handling Systems and Industrial Machinery.

2. The adjusted amount of ¥41,510 million of segment property includes corporate assets that are not allocated to each reporting segment. Corporate assets consist primarily of cash and deposits and investment securities not attributing to the reporting segments.

3. Total of segment income (loss) conforms with operating income on Consolidated Statements of Income.

FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)

(Millions of yen)

	Report Segments			Others (Note 1)	Total	Adjusted amount (Note 2)	Amount reported in the Consolidated Financial Statements (Note 3)
	Office Furniture	Store Displays	Total				
Net sales							
Net sales to external customers	104,808	77,376	182,185	12,705	194,890	–	194,890
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	104,808	77,376	182,185	12,705	194,890	–	194,890
Segment income (loss)	5,341	2,081	7,423	(274)	7,148	–	7,148
Segment property	82,013	39,511	121,524	10,029	131,553	46,405	177,959
Other items							
Depreciation	3,102	861	3,964	527	4,492	–	4,492
Increase in property, plant and equipment and intangible assets	5,371	1,749	7,120	1,305	8,426	–	8,426

Note 1. "Others" are business segments that are not included in the reporting segments, and include Material Handling Systems and Industrial Machinery.
2. The adjusted amount of ¥46,405 million of segment property includes corporate assets that are not allocated to each reporting segment. Corporate assets consist primarily of cash and deposits and investment securities not attributing to the reporting segments.
3. Total of segment income (loss) conforms with operating income on Consolidated Statements of Income.

(Related Information)

1. Product and Service Segmented Information

Because no net sales from external customers account for 10% or more of aggregate net sales in the Consolidated Income Statement, product and service segmented information is omitted.

2. Geographically Segmented Information

(1) Net sales

Because net sales from external customers based in Japan account for more than 90% of aggregated net sales in the Consolidated Statements of Income, geographically segmented net sales information is omitted.

(2) Property, plant and equipment

Because property, plant and equipment located in Japan exceed 90% of aggregated property, plant and equipment in the Consolidated Balance Sheet, geographically segmented tangible fixed asset information is omitted.

3. Primary Customer Segmented Information

Because there is no customer with net sales accounting for 10% or more of aggregated net sales in the Consolidated Statements of Income, primary customer segmented information is omitted.

(Information on Related Parties)

Not applicable.

(Per Share Data)

	FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)
Net assets per share of common stock	723.56 yen	782.01 yen
Net income per share of common stock	35.02 yen	47.81 yen

(Note) 1. The diluted net income per share of common stock is not presented, since there were no securities with dilutive effect outstanding through the period.
2. The basis for calculating net income per share of common stock was as follows:

Items	FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)
Net income (in million yen)	3,860	5,269
Amount not reverting to common shareholders (in million yen)	–	–
Net profit relating to common stock (in million yen)	3,860	5,269
Average number of shares of common stock during the period (in thousand shares)	110,221	110,202

(Important Subsequent Events)

FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)

Not applicable.

FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)

Based on a resolution at the board meeting held on March 13, 2013, the Company issued the 12th unsecured bonds as follows:

- Total amount of issue: ¥5,000 million
- Issue price: ¥100 per face value of ¥100
- Date of payment: April 26, 2013
- Date of redemption: April 26, 2017
- Interest rate: 0.66% per year
- Application of funds: Redemption of bonds
- Collateral: No collateral

(Omission of Disclosure)

Because the necessity of disclosure is considered to be low, information regarding accounting standards that do not yet apply, lease transactions, financial instruments, derivatives transactions, asset retirement obligation, and investment and rental property is omitted.

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of yen)

	FY ended March 2012 (As of Mar. 31, 2012)	FY ended March 2013 (As of Mar. 31, 2013)
Assets		
Current assets		
Cash and deposits	15,159	15,162
Notes receivable-trade	6,275	5,939
Accounts receivable-trade	44,759	42,525
Short-term investment securities	531	321
Merchandise and finished goods	8,127	7,775
Work in process	641	598
Raw materials and supplies	2,078	2,317
Prepaid expenses	583	621
Deferred tax assets	1,575	1,478
Other	1,487	1,003
Allowance for doubtful accounts	(12)	(145)
Total current assets	81,204	77,597
Noncurrent assets		
Property, plant and equipment		
Buildings, net	11,308	11,082
Structures, net	413	385
Machinery and equipment, net	4,083	4,518
Vehicles, net	102	87
Tools, furniture and fixtures, net	882	1,022
Land	21,040	21,279
Construction in progress	61	62
Total property, plant and equipment	37,892	38,439
Intangible assets		
Patent right	0	0
Leasehold right	725	712
Software	1,424	1,981
Other	128	125
Total intangible assets	2,277	2,819
Investments and other assets		
Investment securities	17,391	20,949
Stocks of subsidiaries and affiliates	8,652	9,734
Long-term loans receivable from subsidiaries and affiliates	690	1,080
Claims provable in bankruptcy, claims provable in rehabilitation and other	49	29
Prepaid pension cost	2,892	3,124
Lease deposits	3,479	3,415
Other	678	661
Allowance for doubtful accounts	(399)	(444)
Total investments and other assets	33,435	38,550
Total noncurrent assets	73,606	79,809
Total assets	154,810	157,407

(Millions of yen)

	FY ended March 2012 (As of Mar. 31, 2012)	FY ended March 2013 (As of Mar. 31, 2013)
Liabilities		
Current liabilities		
Notes payable-trade	6,153	6,069
Electronically recorded obligations-operating	8,403	8,218
Accounts payable-trade	21,899	20,877
Short-term loans payable	5,550	5,250
Short-term loans payable to subsidiaries and affiliates	500	1,000
Current portion of long-term loans payable	5,700	5,700
Current portion of bonds	–	5,000
Lease obligations	78	71
Accounts payable-other	348	464
Accrued expenses	1,624	1,650
Income taxes payable	3,523	2,172
Accrued consumption taxes	481	223
Advances received	421	142
Deposits received	277	244
Provision for bonuses	2,125	2,135
Total current liabilities	57,086	59,221
Noncurrent liabilities		
Bonds payable	10,000	5,000
Long-term loans payable	6,400	5,250
Long-term loans payable related to subsidiaries and affiliates	–	100
Lease obligations	114	120
Deferred tax liabilities	324	1,371
Provision for retirement benefits	9,274	10,180
Long-term deposits received	2,170	2,208
Other	598	517
Total noncurrent liabilities	28,883	24,749
Total liabilities	85,970	83,970
Net assets		
Shareholders' equity		
Capital stock	18,670	18,670
Capital surplus		
Legal capital surplus	16,759	16,759
Total capital surplus	16,759	16,759
Retained earnings		
Legal retained earnings	1,874	1,874
Other retained earnings		
Reserve for reduction entry	4,822	4,757
General reserve	4,180	4,180
Retained earnings brought forward	22,640	25,185
Total retained earnings	33,517	35,997
Treasury stock	(2,311)	(2,315)
Total shareholders' equity	66,636	69,112
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,204	4,324
Total valuation and translation adjustments	2,204	4,324
Total net assets	68,840	73,436
Total liabilities and net assets	154,810	157,407

(2) Non-Consolidated Statements of Income

(Millions of yen)

	FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)
Net sales	173,811	178,286
Cost of sales		
Beginning merchandise and finished goods	8,507	8,127
Cost of products manufactured	49,298	49,837
Cost of purchased merchandise and finished goods	75,575	78,336
Total	133,381	136,301
Ending merchandise and finished goods	8,127	7,775
Cost of merchandise and finished goods sold	125,253	128,525
Gross profit	48,557	49,761
Selling, general and administrative expenses		
Advertising expenses	145	138
Sales commission	706	722
Promotion expenses	1,223	1,516
Packing and transportation expenses	9,033	9,396
Salaries and allowances	11,273	11,649
Provision for bonuses	1,444	1,469
Retirement benefit expenses	935	970
Welfare expenses	2,354	2,454
Traveling and transportation expenses	1,125	1,156
Depreciation	1,394	1,302
Provision of allowance for doubtful accounts	0	134
Research and development expenses	946	983
Rent expenses	5,576	5,346
Other	7,021	7,124
Total selling, general and administrative expenses	43,182	44,367
Operating income	5,374	5,394
Non-operating income		
Interest income	49	47
Dividend income	694	700
Exchange gain	18	165
Other	640	637
Total non-operating income	1,402	1,551
Non-operating expenses		
Interest expenses	330	292
Interest on bonds	166	166
Loss on sales and retirement of noncurrent assets	101	93
Other	117	192
Total non-operating expenses	716	744
Ordinary income	6,061	6,200

(Millions of yen)

	FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)
Extraordinary income		
Gain on sales of investment securities	–	106
Total extraordinary income	–	106
Extraordinary loss		
Loss on valuation of investment securities	89	3
Loss on valuation of stocks of subsidiaries and affiliates	–	180
Other	3	–
Total extraordinary loss	93	183
Income before income taxes	5,967	6,123
Income taxes-current	3,680	2,457
Income taxes-deferred	(1,114)	(27)
Total income taxes	2,565	2,429
Net income	3,401	3,693

(3) Non-Consolidated Statements of Changes in Shareholders' Equity

(Millions of yen)

	FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)
Shareholders' equity		
Capital stock		
Opening balance	18,670	18,670
Changes of items during the period		
Total changes of items during the period	–	–
Ending balance	18,670	18,670
Capital surplus		
Legal capital surplus		
Opening balance	16,759	16,759
Changes of items during the period		
Total changes of items during the period	–	–
Ending balance	16,759	16,759
Total capital surplus		
Opening balance	16,759	16,759
Changes of items during the period		
Total changes of items during the period	–	–
Ending balance	16,759	16,759
Retained earnings		
Legal retained earnings		
Opening balance	1,874	1,874
Changes of items during the period		
Total changes of items during the period	–	–
Ending balance	1,874	1,874
Other retained earnings		
Reserve for reduction entry		
Opening balance	4,893	4,822
Changes of items during the period		
Reversal of reserve for reduction entry	(71)	(65)
Total changes of items during the period	(71)	(65)
Ending balance	4,822	4,757
General reserve		
Opening balance	4,180	4,180
Changes of items during the period		
Total changes of items during the period	–	–
Ending balance	4,180	4,180
Retained earnings brought forward		
Opening balance	20,133	22,640
Changes of items during the period		
Dividends from surplus	(965)	(1,213)
Reversal of reserve for reduction entry	71	65
Net income	3,401	3,693
Total changes of items during the period	2,507	2,545
Ending balance	22,640	25,185

(Millions of yen)

	FY ended March 2012 (From Apr. 1, 2011 to Mar. 31, 2012)	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)
Total retained earnings		
Opening balance	31,081	33,517
Changes of items during the period		
Dividends from surplus	(965)	(1,213)
Reversal of reserve for reduction entry	–	–
Net income	3,401	3,693
Total changes of items during the period	2,436	2,479
Ending balance	33,517	35,997
Treasury stock		
Opening balance	(2,305)	(2,311)
Changes of items during the period		
Purchase of treasury stock	(5)	(3)
Total changes of items during the period	(5)	(3)
Ending balance	(2,311)	(2,315)
Total shareholders’ equity		
Opening balance	64,206	66,636
Changes of items during the period		
Dividends from surplus	(965)	(1,213)
Net income	3,401	3,693
Purchase of treasury stock	(5)	(3)
Total changes of items during the period	2,430	2,475
Ending balance	66,636	69,112
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Opening balance	1,882	2,204
Changes of items during the period		
Net changes of net assets other than shareholders’ equity	321	2,119
Total changes of items during the period	321	2,119
Ending balance	2,204	4,324
Total valuation and translation adjustments		
Opening balance	1,882	2,204
Changes of items during the period		
Net changes of items other than shareholders' equity	321	2,119
Total changes of items during the period	321	2,119
Ending balance	2,204	4,324
Total net assets		
Opening balance	66,088	68,840
Changes of items during the period		
Dividends from surplus	(965)	(1,213)
Net income	3,401	3,693
Purchase of treasury stock	(5)	(3)
Net changes of items other than shareholders' equity	321	2,119
Total changes of items during the period	2,751	4,595
Ending balance	68,840	73,436

6. Other

Change of Board Members

(1) Change of Representative Director (scheduled on June 27, 2013)

Not applicable.

(2) Change of other board members (scheduled on June 27, 2013)

Candidate Directors to be Promoted

Managing Director and Senior General Manager, Planning Division	Teiichi Toshida	(Currently Director and Senior General Manager, Planning Division)