



# Financial Results for Fiscal Year ended March 2014 [Japanese GAAP] (Consolidated)

May 09, 2014

Okamura Corporation

Listing: Tokyo Stock Exchange

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

Representative: Masayuki Nakamura, President and Representative Director

Contact: Kiyoshi Sato, Senior Managing Director and Senior General Manager, Administration Division TEL: 045-319-3445

Scheduled date for Board Meeting for Consolidated Settlement of Accounts: June 27, 2014

Scheduled date for filing Annual Security Report: June 27, 2014

Scheduled date for commencement of dividend payments: June 30, 2014

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. Consolidated Operating Results for FY ended March 2014 (Apr. 1, 2013–Mar. 31, 2014)

### (1) Business Results

(% Figures indicate year-over-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 2014	211,363	8.5	9,454	32.2	10,067	24.3	6,113	16.0
FY ended March 2013	194,890	3.7	7,148	5.3	8,098	14.4	5,269	36.5

(Note) Comprehensive income: ¥7,951 million (3.6%) for FY ended March 2014, ¥7,673 million (86.3%) for FY ended March 2013

	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 2014	55.49	–	6.8	5.5	4.5
FY ended March 2013	47.81	–	6.4	4.6	3.7

(Reference) Equity in earnings of affiliates: ¥183 million for FY ended March 2014, ¥248 million for FY ended March 2013

### (2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY ended March 2014	190,913	93,229	48.6	842.80
FY ended March 2013	177,959	86,367	48.4	782.01

(Reference) Total equity: ¥92,853 million for FY ended March 2014, ¥86,174 million for FY ended March 2013

### (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 2014	9,868	(8,104)	(2,948)	24,909
FY ended March 2013	9,179	(8,117)	(1,517)	25,818

## 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 2013	–	6.00	–	6.00	12.00	1,324	25.1	1.6
FY ended March 2014	–	7.00	–	10.00	17.00	1,876	30.6	2.1
FY ending March 2015 (forecast)	–	8.50	–	8.50	17.00		25.7	

### 3. Forecast of Consolidated Performance for the FY ending March 2015 (from April 1, 2014 to March 31, 2015)

(% Figures indicate year-over-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)	100,000	0.6	4,000	5.9	4,200	4.6	2,800	3.7	25.41
FY ending March 2015	220,000	4.1	11,000	16.4	11,500	14.2	7,300	19.4	66.26

#### \* 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: None

④ Restatement: None

(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 2014	112,391,530	FY ended March 2013	112,391,530
---------------------	-------------	---------------------	-------------

② Number of shares of treasury stock at the end of the fiscal year

FY ended March 2014	2,218,636	FY ended March 2013	2,196,231
---------------------	-----------	---------------------	-----------

③ Average number of shares during period

FY ended March 2014	110,185,575	FY ended March 2013	110,202,076
---------------------	-------------	---------------------	-------------

#### (Reference) Non-Consolidated Operating Results

##### 1. Non-Consolidated Results for FY ended March 2014 (Apr. 1, 2013–Mar. 31, 2014)

###### (1) Business Results

(% Figures indicate year-over-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 2014	191,346	7.3	7,994	48.2	8,931	44.0	5,560	50.6
FY ended March 2013	178,286	2.6	5,394	0.4	6,200	2.3	3,693	8.6

	Net income per share	Diluted net income per share
	yen	yen
FY ended March 2014	50.39	—
FY ended March 2013	33.47	—

###### (2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY ended March 2014	167,646	78,921	47.1	715.30
FY ended March 2013	157,407	73,436	46.7	665.48

(Note) Total equity: ¥78,921 million for FY ended March 2014, ¥73,436 million for FY ended March 2013

#### \* 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.

Table of Contents for the Appendix

1. Analysis of Operating Results and Financial Position.....	2
(1) Analysis of Operating Results.....	2
(2) Analysis of Financial Position.....	4
(3) Fundamental Corporate Policy for Distributing Profits and Dividends for the Fiscal Year under Review and the Next Fiscal Year.....	5
(4) Business Risks .....	5
2. Group Companies.....	7
3. Management Policy.....	9
(1) Basic Management Policy.....	9
(2) Target Performance Indicators .....	9
(3) Medium- to Long-Term Business Strategy .....	9
(4) Issues Facing the Company.....	9
4. Consolidated Financial Statements.....	10
(1) Consolidated Balance Sheets .....	10
(2) Consolidated Statements of Income and Consolidated Statement of Comprehensive Income.....	12
(3) Consolidated Statements of Changes in Shareholders' Equity .....	14
(4) Consolidated Statements of Cash Flows .....	16
(5) Notes on Consolidated Financial Statements .....	18
(Events or Conditions That May Cast Significant Doubt on Going Concern Assumptions).....	18
(Significant Items for the Preparation of Consolidated Financial Statements) .....	18
(Changes in Accounting Policy) .....	19
(Change in Representation) .....	19
(Consolidated Balance Sheet).....	20
(Consolidated Statements of Income).....	21
(Consolidated Statement of Comprehensive Income).....	21
(Consolidated Statements of Changes in Shareholders' Equity).....	21
(Consolidated Cash Flow Statement).....	23
(Segment Information and Others) .....	24
(Per Share Data) .....	26
(Important Subsequent Events).....	26
(Omission of Disclosure).....	26
5. Non-Consolidated Financial Statements.....	27
(1) Non-Consolidated Balance Sheets .....	27
(2) Non-Consolidated Statements of Income .....	29
(3) Non-Consolidated Statements of Changes in Shareholders' Equity .....	30
6. Other .....	32
Changes in Board Members.....	32

## 1. Analysis of Operating Results and Financial Position

## (1) Analysis of Operating Results

## 1) Operating Results for FY ended March 2014

## 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)	ROE (%)
FY ended March 2014	211,363	9,454	10,067	6,113	55.49	6.8
FY ended March 2013	194,890	7,148	8,098	5,269	47.81	6.4
Changes (%)	8.5%	32.2%	24.3%	16.0%	16.0%	—

During the consolidated fiscal year under review, the Japanese economy showed a gradual recovery as the yen depreciated and stock prices rose in Japan due to the government's aggressive monetary and fiscal policies. Corporate performance improved significantly, resulting in increased equipment investment, while consumer spending increased sharply since the latter part of the year, owing partly to the front-loaded demand before the increase in the consumption-tax rate. However, the future of the economy continues to be uncertain due to remaining uncertainty in China and other emerging economies and wariness due to high resource prices, and to concerns about reaction from the last-minute demand.

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 ¥211,363 million (a year-over-year increase of 8.5%).

From a profit-and-loss perspective, ordinary income amounted to ¥10,067 million (a year-over-year increase of 24.3%) due to an increase in sales and improvement in the cost of sales ratio, and net income amounted to ¥6,113 million (a year-over-year increase of 16.0%).

## ② Segment Performance

Segment name	Net sales (Millions of yen)			Segment income (loss) (Millions of yen)		
	FY ended March 2013	FY ended March 2014	Increase/ decrease	FY ended March 2013	FY ended March 2014	Increase/ decrease
Office Furniture	104,808	113,990	9,182	5,341	5,844	502
Store Displays	77,376	83,434	6,057	2,081	2,984	902
Others	12,705	13,938	1,233	(274)	625	899
Total	194,890	211,363	16,472	7,148	9,454	2,305

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

## Office Furniture

In the Office Furniture segment, despite the sluggishness in demand for both office relocation and renewal due to reduced corporate investments as a result of cautious attitudes toward the future of the economy during the first half of the year under review, the performance of the segment improved in the second half of the term under review. This was due mainly to the increasing number of large-scale projects, accompanied by increasing demand created by the resulting relocations and other demand for small-scale projects. Under these circumstances, the Company proactively made proposals on how to use office space in an optimal way in order to respond to needs for greater office efficiency, and to a heightened focus on office working procedures and safety measures. In the office-related furniture market, it also concentrated on the creation of new demand and the development of new products in educational and research and development facilities, healthcare and welfare facilities, government agencies and municipal facilities. The results of the above efforts increased net sales and income year-over-year.

As a result, net sales in this segment amounted to ¥113,990 million (an increase of 8.8% year-over-year) and the segment income amounted to ¥5,844 million (an increase of 9.4% year-over-year).

## Store Displays

In the Store Displays segment, the Company developed new products to meet the needs of members of the retail industry who are expanding globally, as well as those who are building smaller stores. We also aggressively pursued a line of business offering total store solutions that is designed to meet consumer needs, to improve store energy

efficiency, and to provide store security systems. Furthermore, we concentrated on acquiring more orders from retailers for new stores and store renovations, as well as endeavoring to increase our share in the refrigerated showcase market and to improve our profit margins. The results of the above efforts increased net sales and significantly increased income year-over-year.

As a result, net sales in this segment amounted to ¥83,434 million (an increase of 7.8% year-over-year) and the segment income amounted to ¥2,984 million (an increase of 43.4% year-over-year).

#### Others (including Material Handling Systems)

In the Materials Handling Systems segment, the Company focused on growth areas such as food, healthcare, and Internet shopping, with the aim of 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, and the segment reported a profit, due partly to a reduction in the burden of investment in a subsidiary.

As a result, net sales in this segment amounted to ¥13,938 million (an increase of 9.7% year-over-year) and the segment income amounted to ¥625 million (a loss of ¥274 million for the previous year).

## 2) Forecast Earnings for FY ending March 2015

	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 2015	220,000	11,000	11,500	7,300	66.26
FY ended March 2014	211,363	9,454	10,067	6,113	55.49
Change (%)	4.1%	16.4%	14.2%	19.4%	19.4%

This year, the Japanese economy experienced a gradual recovery, supported by the effects of government economic policies such as monetary easing and fiscal policies. However, uncertainty in China and other emerging economies and wariness due to high resource prices still remain. We anticipate that the business environment facing the Okamura Group will continue to be unstable, due partly to concerns about reaction from the increase in the consumption-tax rate.

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

In the mainstay Office Furniture segment, the Company will aim at attracting orders for large projects by enhancing total solutions, which is a core strength of the Group. This is in response to expected office-related demand, such as demand for relocation to new offices and demand created by the resulting relocations from companies for which business has recovered. This development has come as a result of an increased supply of large-scale new buildings in downtown Tokyo. At the same time, the Company will aim to increase sales in the office-related furniture market for educational and R&D facilities, healthcare and nursing 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. Here, it is anticipated that new stores will be aggressively opened. The Company will do so based on its corporate collective strengths, and by focusing on increasing its market share of refrigerated showcases, benefiting from the increase in new stores and higher energy-saving needs, and boosting the production capacity at the Gotemba Plant. 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 work for specialty stores into its business.

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

In its overseas business, with the aim of increasing net sales, the Company will acquire more distributors and strengthen its sales bases, 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 improving productivity and reducing acquisition and delivery costs, 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 ¥220 billion, consolidated ordinary income of ¥11.5 billion, and consolidated net income of ¥7.3 billion for the year ending March 2015.

## (2) Analysis of Financial Position

## ① Assets, Liabilities and Net Assets

	At the end of FY ended March 2013	At the end of FY ended March 2014
Total assets (Millions of yen)	177,959	190,913
Net assets (Millions of yen)	86,367	93,229
Equity ratio	48.4%	48.6%
Net assets per share (yen)	782.01	842.80

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

Total assets at the end of the current consolidated fiscal year amounted to ¥190,913 million, an increase of ¥12,954 million compared with the end of the previous consolidated fiscal year. Current assets increased by ¥5,079 million, mainly as a result of an increase in notes and accounts receivable-trade; noncurrent assets increased by ¥7,874 million, mainly as a result of increase in property, plant and equipment due to extension of the Gotemba Plant and increase in investment securities due to higher market prices.

Total liabilities at the end of the current consolidated fiscal year amounted to ¥97,684 million, an increase of ¥6,092 million compared with the end of the previous consolidated fiscal year, mainly as a result of an increase in notes and accounts payable-trade and of a decrease in long-term loans.

Total net assets at the end of the current consolidated fiscal year amounted to ¥93,229 million, an increase of ¥6,862 million compared with the end of the previous consolidated fiscal year, mainly reflecting an increase in retained earnings and valuation difference on available-for-sales securities.

As a result of the above, the equity ratio increased by 0.2 percentage points to 48.6% compared with the end of the previous consolidated fiscal year, and the net assets per share increased from ¥782.01 at the end of the previous consolidated fiscal year to ¥842.80.

## ② Cash Flows

Item	FY ended March 2013 (Millions of yen)	FY ended March 2014 (Millions of yen)
Net cash provided by (used in) operating activities	9,179	9,868
Net cash provided by (used in) investing activities	(8,117)	(8,104)
Net cash provided by (used in) financing activities	(1,517)	(2,948)
Cash and cash equivalents at the end of the fiscal year	25,818	24,909
Borrowings and corporate bonds at the end of the fiscal year	26,932	25,362

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

Operating activities generated a net cash increase of ¥9,868 million (versus a net cash increase of ¥9,179 million in the previous fiscal year), reflecting inflows including income before income taxes and minority interests of ¥10,368 million, depreciation and amortization of ¥4,587 million and an increase in notes and accounts payable-trade of ¥5,110 million. Outflows included a decrease in net defined benefit liability of ¥1,697 million, an increase in notes and accounts receivable-trade of ¥3,873 million, an increase in inventories of ¥1,475 million and income taxes paid of ¥4,243 million.

Investment activities resulted in a net cash outflow of ¥8,104 million (versus a net cash outflow of ¥8,117 million in the previous fiscal year), reflecting outflows including disbursements of ¥5,591 million for the purchase of property, plant and equipment, ¥1,725 million for the purchase of intangible assets and ¥1,429 million for the purchase of investment securities, and inflows including sales and redemption of investment securities of ¥1,192 million.

Financing activities resulted in a net cash outflow of ¥2,948 million (versus a net cash outflow of ¥1,517 million in the previous fiscal year), reflecting outflows including a decrease in long-term loans payable of ¥1,676 million and dividend payments of ¥1,433 million.

As a result, the balance of cash and cash equivalents at the end of the consolidated fiscal year under review decreased by ¥908 million to ¥24,909 million.

The balance of interest-bearing debt (borrowings and corporate bonds) at the end of the consolidated fiscal year under review decreased by ¥1,569 million compared with the end of the previous fiscal year to ¥25,362 million.

## (Reference) Trends of cash flow indicators

	FY ended March 2010	FY ended March 2011	FY ended March 2012	FY ended March 2013	FY ended March 2014
Equity ratio (%)	48.4	47.3	46.2	48.4	48.6
Market value-based equity ratio (%)	41.0	31.9	36.8	43.4	52.2
Ratio of interest-bearing debt to cash flows (times)	4.2	2.9	3.9	2.9	2.6
Interest coverage ratio (times)	12.0	16.9	13.9	19.9	28.7

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.

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

We consider an adequate return of profits to shareholders to be one of our most important management priorities.

We intend to distribute an appropriate share of profits in accordance with our business performance, and will endeavor to maintain a stable dividend payout while taking into consideration our financial position, future business developments, and retained earnings.

In accordance with these policies, we have decided to target annual cash dividends of ¥10.00 per share. Therefore, including the interim dividends (¥7.00 per share), dividends applicable to the year will be ¥17.00 per share.

Dividends for next fiscal year are forecast to be ¥17.00 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 plant and equipment investment. It is therefore possible that less plant and equipment investment due to declines in corporate profits reflecting the downturn of the domestic economy may have 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 adversely affected due to the suspension of business activities, loss of opportunities, or expenses for reconstruction.

## 2. Group Companies

The Group comprises the Company, 25 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]

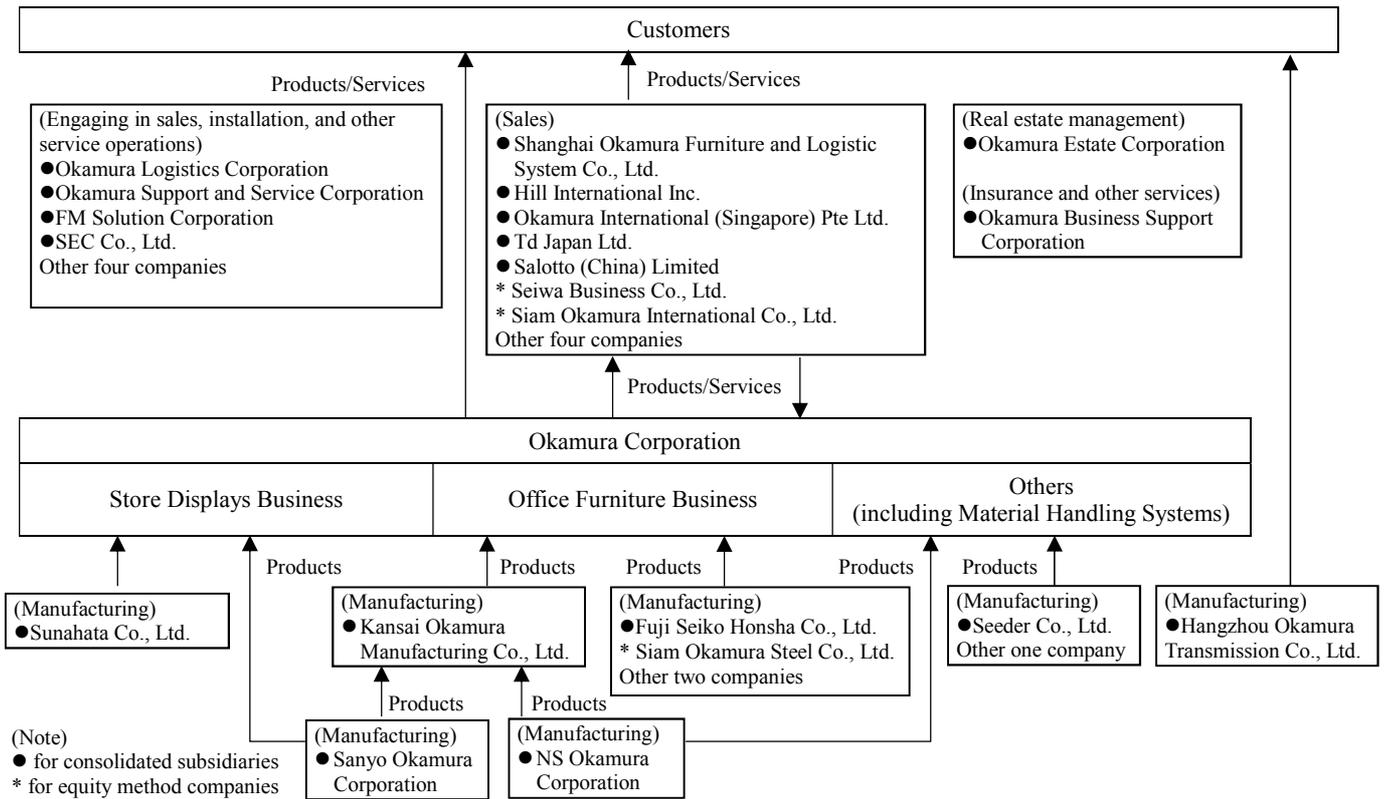
(Engaging in manufacturing operations)

The Company, NS Okamura Corporation, Seeder Co., Ltd., Hangzhou Okamura Transmission 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 2013 (As of Mar. 31, 2013)	FY ended March 2014 (As of Mar. 31, 2014)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	27,260	26,545
Notes and accounts receivable-trade	*5 51,384	55,281
Short-term investment securities	321	331
Merchandise and finished goods	8,208	8,851
Work in process	1,335	1,491
Raw materials and supplies	2,956	3,708
Deferred tax assets	1,748	1,899
Other	1,733	1,927
Allowance for doubtful accounts	(20)	(28)
<b>Total current assets</b>	<b>94,928</b>	<b>100,008</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	13,719	13,221
Machinery, equipment and vehicles, net	7,913	8,102
Land	22,748	23,522
Construction in progress	79	1,996
Other, net	1,451	1,629
<b>Total property, plant and equipment</b>	<b>*1, *3 45,913</b>	<b>*1, *3 48,471</b>
<b>Intangible assets</b>		
Goodwill	1,641	1,292
Other	2,704	3,595
<b>Total intangible assets</b>	<b>4,345</b>	<b>4,887</b>
<b>Investments and other assets</b>		
Investment securities	*2, *3 23,455	*2, *3 26,154
Prepaid pension cost	3,124	–
Net defined benefit asset	–	5,136
Lease deposits	3,766	3,766
Deferred tax assets	1,546	1,505
Other	909	1,008
Allowance for doubtful accounts	(31)	(26)
<b>Total investments and other assets</b>	<b>32,771</b>	<b>37,545</b>
<b>Total noncurrent assets</b>	<b>83,030</b>	<b>90,905</b>
<b>Total assets</b>	<b>177,959</b>	<b>190,913</b>

(Millions of yen)

	FY ended March 2013 (As of Mar. 31, 2013)	FY ended March 2014 (As of Mar. 31, 2014)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	*5 29,037	31,361
Electronically recorded obligations-operating	8,218	11,051
Short-term loans payable	*3, *4 6,160	*3, *4 6,289
Current portion of long-term loans payable	*3 3,170	*3 1,085
Current portion of bonds	5,000	5,000
Income taxes payable	2,831	3,134
Accrued consumption taxes	374	475
Provision for bonuses	2,712	3,244
Other	3,585	3,999
<b>Total current liabilities</b>	<b>61,091</b>	<b>65,641</b>
<b>Noncurrent liabilities</b>		
Bonds payable	5,000	5,000
Long-term loans payable	*3 7,601	*3 7,988
Provision for retirement benefits	13,341	–
Net defined benefit liability	–	13,427
Deferred tax liabilities	1,593	2,333
Other	2,964	3,293
<b>Total noncurrent liabilities</b>	<b>30,501</b>	<b>32,043</b>
<b>Total liabilities</b>	<b>91,592</b>	<b>97,684</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	18,670	18,670
Capital surplus	16,759	16,759
Retained earnings	48,853	53,532
Treasury stock	(2,388)	(2,405)
<b>Total shareholders' equity</b>	<b>81,895</b>	<b>86,557</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,501	5,957
Foreign currency translation adjustment	(223)	186
Remeasurement of defined benefit plans	–	152
<b>Total accumulated other comprehensive income</b>	<b>4,278</b>	<b>6,295</b>
<b>Minority interests</b>	<b>193</b>	<b>375</b>
<b>Total net assets</b>	<b>86,367</b>	<b>93,229</b>
<b>Total liabilities and net assets</b>	<b>177,959</b>	<b>190,913</b>

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

(Millions of yen)

	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)	FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)
Net sales	194,890	211,363
Cost of sales	*1 136,952	*1 147,492
Gross profit	57,938	63,871
Selling, general and administrative expenses		
Selling expenses	2,460	2,576
Packing and transportation expenses	8,148	9,006
Salaries and allowances	16,582	17,589
Provision for bonuses	1,831	2,184
Retirement benefit expenses	1,118	961
Depreciation	1,485	1,594
Rent expenses	5,922	6,434
Other	13,239	14,070
Total selling, general and administrative expenses	*1 50,789	*1 54,417
Operating income	7,148	9,454
Non-operating income		
Interest income	43	41
Dividends income	402	445
Amortization of negative goodwill	198	—
Equity in earnings of affiliates	248	183
Exchange gain	240	191
Other	563	562
Total non-operating income	1,697	1,424
Non-operating expenses		
Interest expenses	460	344
Loss on sales and retirement of noncurrent assets	125	134
Office relocation expenses	26	125
Other	134	205
Total non-operating expenses	747	810
Ordinary income	8,098	10,067
Extraordinary income		
Gain on sales of investment securities	119	24
Gain on bargain purchase	—	*2 279
Subsidy income	499	—
Total extraordinary income	619	304
Extraordinary loss		
Loss on valuation of investment securities	3	1
Loss on valuation of golf club memberships	1	1
Total extraordinary loss	4	3
Income before income taxes and minority interests	8,714	10,368
Income taxes-current	3,431	4,512
Income taxes-deferred	(3)	(215)
Total income taxes	3,428	4,297
Income before minority interests	5,285	6,071
Minority interests in income (-)	16	(42)
Net income	5,269	6,113

## Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)	FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)
Income before minority interests	5,285	6,071
Other comprehensive income		
Valuation difference on available-for-sale securities	2,170	1,427
Foreign currency translation adjustment	98	323
Share of other comprehensive income of associates accounted for using equity method	118	129
Total other comprehensive income	*1 2,387	*1 1,880
Comprehensive income	7,673	7,951
Details:		
Comprehensive income attributable to owners of the parent	7,656	7,978
Comprehensive income attributable to minority interests	16	(27)

(3) Consolidated Statements of Changes in Shareholders' Equity  
 FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	18,670	16,759	44,797	(2,377)	77,851
Changes of items during the period					
Dividends from surplus			(1,213)		(1,213)
Net income			5,269		5,269
Purchase of treasury stock				(10)	(10)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	4,055	(10)	4,044
Ending balance	18,670	16,759	48,853	(2,388)	81,895

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurement of defined benefit plans	Total accumulated other comprehensive income		
Opening balance	2,299	(407)	-	1,891	176	79,918
Changes of items during the period						
Dividends from surplus						(1,213)
Net income						5,269
Purchase of treasury stock						(10)
Net changes of items other than shareholders' equity	2,202	184	-	2,387	16	2,404
Total changes of items during the period	2,202	184	-	2,387	16	6,448
Ending balance	4,501	(223)	-	4,278	193	86,367

FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	18,670	16,759	48,853	(2,388)	81,895
Changes of items during the period					
Dividends from surplus			(1,434)		(1,434)
Net income			6,113		6,113
Purchase of treasury stock				(17)	(17)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	4,679	(17)	4,661
Ending balance	18,670	16,759	53,532	(2,405)	86,557

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurement of defined benefit plans	Total accumulated other comprehensive income		
Opening balance	4,501	(223)	-	4,278	193	86,367
Changes of items during the period						
Dividends from surplus						(1,434)
Net income						6,113
Purchase of treasury stock						(17)
Net changes of items other than shareholders' equity	1,455	409	152	2,017	182	2,200
Total changes of items during the period	1,455	409	152	2,017	182	6,862
Ending balance	5,957	186	152	6,295	375	93,229

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)	FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	8,714	10,368
Depreciation and amortization	4,492	4,587
Amortization of negative goodwill	(198)	–
Gain on bargain purchase	–	(279)
Loss (gain) on sales and retirement of noncurrent assets	123	133
Equity in (earnings) losses of affiliates	(248)	(183)
Increase (decrease) in allowance for doubtful accounts	(21)	0
Increase (decrease) in provision for bonuses	69	521
Increase (decrease) in provision for retirement benefits	698	–
Increase (decrease) in net defined benefit liability	–	(1,697)
Interest and dividends income	(446)	(486)
Interest expenses	460	344
Loss (gain) on sales of investment securities	(119)	(24)
Loss (gain) on valuation of investment securities	3	1
Decrease (increase) in notes and accounts receivable-trade	1,843	(3,873)
Decrease (increase) in inventories	517	(1,475)
Increase (decrease) in notes and accounts payable-trade	(1,525)	5,110
Subsidy income	(499)	–
Other	(154)	916
Subtotal	13,708	13,965
Interest and dividends income received	486	529
Interest expenses paid	(454)	(382)
Income taxes paid	(4,561)	(4,243)
Net cash provided by (used in) operating activities	9,179	9,868
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,985)	(2,052)
Proceeds from withdrawal of time deposits	2,023	2,373
Purchase of property, plant and equipment	(6,438)	(5,591)
Proceeds from sales of property, plant and equipment	11	1
Purchase of intangible assets	(1,153)	(1,725)
Purchase of investment securities	(746)	(1,429)
Proceeds from sales and redemption of investment securities	673	1,192
Disbursements for the acquisition of shares of subsidiaries with changes in the scope of consolidation	*2 (1,118)	*2 (554)
Subsidy received	547	–
Other	68	(318)
Net cash provided by (used in) investing activities	(8,117)	(8,104)

(Millions of yen)

	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)	FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(718)	106
Proceeds from long-term loans payable	3,580	1,529
Repayment of long-term loans payable	(3,059)	(3,205)
Proceeds from issuance of bonds	–	5,000
Redemption of bonds	–	(5,000)
Purchase of treasury stock	(3)	(13)
Cash dividends paid	(1,212)	(1,433)
Other	(103)	67
Net cash provided by (used in) financing activities	(1,517)	(2,948)
Effect of exchange rate change on cash and cash equivalents	94	276
Net increase (decrease) in cash and cash equivalents	(360)	(908)
Cash and cash equivalents at beginning of the fiscal year	26,179	25,818
Cash and cash equivalents at the end of the fiscal year	*1 25,818	*1 24,909

(5) Notes on Consolidated Financial Statements

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

There is no information that needs to be disclosed herein.

(Significant Items for the Preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Consolidated subsidiaries

Number of subsidiaries: 24

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., Hangzhou Okamura Transmission Co., Ltd.

Hangzhou Okamura Transmission Co., Ltd., which was established on July 10, 2013, has been included in the scope of consolidation since the beginning of the current consolidated fiscal year.

In accordance with stock acquisition on July 2, 2013, Sunahata Co., Ltd. has been included in the scope of consolidation since the beginning of the current consolidated fiscal year. August 31, 2013, which is the closing date of Sunahata Co., Ltd. is deemed as the acquisition date.

In accordance with stock acquisition on July 31, 2013, Ichie Co., Ltd. has been included in the scope of consolidation since the beginning of the current consolidated fiscal year. August 31, 2013, which is the closing date of Ichie Co., Ltd. is deemed as the acquisition date.

(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

There is no information that needs to be disclosed herein.

(4) Affiliates not accounting for the equity method

There is no information that needs to be disclosed herein.

(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, its four subsidiaries and Hangzhou Okamura Transmission Co., Ltd. The date of yearly settlement of accounts is August 31 for Sunahata Co., Ltd. and Ichie Co., Ltd. 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, its four subsidiaries and Hangzhou Okamura Transmission Co., Ltd. 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. The financial statements of Sunahata Co., Ltd. and Ichie Co., Ltd. with their assumed settling day, which is February 28, 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.

#### 4. Summary of significant accounting policies

##### (1) Accounting policy for retirement benefits

###### ① Method of attributing the expected benefit to periods

In calculation of retirement benefit obligations, the Company chose to use the straight-line basis as the method of attributing the expected benefit to the period ended at the end of the current consolidated fiscal year. For some consolidated subsidiaries, the Company applied the simplified method, which assumes the Company's benefit obligation to be equal to the benefits payable assuming the voluntary retirement of all employees at fiscal year-end in the calculation of net defined benefit liability and retirement benefit expenses.

###### ② Accounting of actuarial difference and past-service expenses

Past-service expenses are prorated on a straight-line basis and recognized in expenses over a constant number of years (13 years) that is within the average remaining service period of employees as they arise.

Actuarial differences are prorated at a fixed declining rate over a constant number of years (13 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.

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 27, 2013).

##### (Changes in Accounting Policy)

The Company has applied the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan ("ASBJ") Statement No. 26, May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012) since the end of the current consolidated fiscal year (excluding the provisions in Article 35 of the Accounting Standard for Retirement Benefits and Article 67 of Guidance on Accounting Standard for Retirement Benefits) and recognized the amount of retirement benefit obligation after deducting pension assets as net defined benefit asset or liability, and the amount of unrecognized actuarial difference and unrecognized past-service expenses as net defined benefit asset or liability, accordingly.

The application of the Accounting Standard for Retirement Benefits is in accordance with the transitional treatment as provided in Article 37 of the Accounting Standard for Retirement Benefits, and the influence of the relevant change was reflected in the remeasurement of defined benefit plans under accumulated other comprehensive income at the end of the current consolidated fiscal year.

As a result, net defined benefit asset of ¥5,136 million and net defined benefit liability of ¥13,427 million were recognized at the end of the current consolidated fiscal year. In addition, the amount of accumulated other comprehensive income increased by ¥152 million.

The influence on per-share data is described in the relevant section.

##### (Change in Representation)

###### (Consolidated Statements of Income)

The Office relocation expenses 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 ten one-hundredths 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, ¥161 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 Office relocation expenses of ¥26 million and Other of ¥134 million.

## (Consolidated Balance Sheet)

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

	FY ended March 2013 (As of Mar. 31, 2013)	FY ended March 2014 (As of Mar. 31, 2014)
Accumulated depreciation of property, plant and equipment	¥96,577 million	¥98,505 million

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

	FY ended March 2013 (As of Mar. 31, 2013)	FY ended March 2014 (As of Mar. 31, 2014)
Investment securities (equity shares)	¥2,075 million	¥2,352 million

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

## Hypothecated assets

	FY ended March 2013 (As of Mar. 31, 2013)	FY ended March 2014 (As of Mar. 31, 2014)
Buildings and structures	¥2,563 million	¥2,428 million
Land	¥7,732 million	¥7,732 million
Investment securities	¥30 million	¥12 million
Total	¥10,326 million	¥10,173 million

## Within the above, assets offered as mortgage for factory foundation

	FY ended March 2013 (As of Mar. 31, 2013)	FY ended March 2014 (As of Mar. 31, 2014)
Buildings and structures	¥343 million	¥354 million
Land	¥282 million	¥282 million
Total	¥625 million	¥637 million

## Liabilities relevant to the above

	FY ended March 2013 (As of Mar. 31, 2013)	FY ended March 2014 (As of Mar. 31, 2014)
Short-term loans payable	¥1,500 million	¥1,500 million
Current portion of long-term loans payable	¥394 million	¥259 million
Long-term loans payable	¥1,033 million	¥873 million
Total	¥2,927 million	¥2,633 million

## Within the above, liabilities corresponding to mortgage for factory foundation

	FY ended March 2013 (As of Mar. 31, 2013)	FY ended March 2014 (As of Mar. 31, 2014)
Short-term loans payable	¥100 million	¥100 million
Current portion of long-term loans payable	¥294 million	¥159 million
Long-term loans payable	¥533 million	¥373 million
Total	¥927 million	¥633 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 2013 (As of Mar. 31, 2013)	FY ended March 2014 (As of Mar. 31, 2014)
Total amount under specified commitment line agreements	¥14,000 million	¥14,000 million
Outstanding loans borrowed	—	—
Balance	¥14,000 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 2013 (As of Mar. 31, 2013)	FY ended March 2014 (As of Mar. 31, 2014)
Notes receivable-trade	¥781 million	–
Notes payable-trade	¥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 2013 (From Apr. 1, 2012 to Mar. 31, 2013)	FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)
Research and development expenses	¥988 million	¥996 million

\*2 Gain on bargain purchase

The gain was generated from the inclusion of Ichie Co., Ltd. in the consolidation following the acquisition of its stocks on July 31, 2013.

(Consolidated Statement of Comprehensive Income)

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

	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)	FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)
Valuation difference on available-for-sale securities		
Amount recognized in the period under review	¥3,491 million	¥2,238 million
Amount of recycling	-¥116 million	-¥18 million
Before income tax effect adjustment	¥3,375 million	¥2,220 million
Amount of income tax effect	-¥1,204 million	-¥793 million
Valuation difference on available-for-sale securities	¥2,170 million	¥1,427 million
Foreign currency exchange adjustments		
Amount recognized in the period under review	¥98 million	¥323 million
Share of other comprehensive income of associates accounted for using equity method		
Amount recognized in the period under review	¥118 million	¥129 million
Total other comprehensive income	¥2,387 million	¥1,880 million

(Consolidated Statements of Changes in Shareholders' Equity)

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

There is no information that needs to be disclosed herein.

## 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

FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)

## 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)	2,196,231	22,406	-	2,218,636

(Outline of change factors)

The details of increase are as stated below:

Increase due to purchase of fractional shares	16,632 shares
Increase due to purchase of treasury stock by equity method affiliates which belong to us	5,774 shares

## 3. Stock acquisition rights and others

There is no information that needs to be disclosed herein.

## 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 27, 2013	Common stock	662	6.00	March 31, 2013	June 28, 2013
Board of Directors held on October 18, 2013	Common stock	772	7.00	September 30, 2013	December 10, 2013

## (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, 2014	Common stock	Retained earnings	1,103	10.00	March 31, 2014	June 30, 2014

## (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 2013 (From Apr. 1, 2012 to Mar. 31, 2013)	FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)
Cash and deposit accounts	¥27,260 million	¥26,545 million
Time deposits—over three months	-¥1,463 million	-¥1,657 million
Short-term investment securities— within three months	¥21 million	¥21 million
Cash and cash equivalents	¥25,818 million	¥24,909 million

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

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

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

FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)

Description is omitted due to lack of significance.

## (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."

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

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

(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	104,808	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.

FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)

(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	113,990	83,434	197,424	13,938	211,363	–	211,363
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	113,990	83,434	197,424	13,938	211,363	–	211,363
Segment income	5,844	2,984	8,828	625	9,454	–	9,454
Segment property	89,716	42,135	131,851	11,786	143,637	47,275	190,913
Other items							
Depreciation	3,170	951	4,122	458	4,581	–	4,581
Increase in property, plant and equipment and intangible assets	3,405	3,310	6,715	744	7,460	–	7,460

- 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 ¥47,275 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 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 about impairment loss on non-current assets by segment)

There is no information that needs to be disclosed herein.

## (Information about amortization and unamortized balance of goodwill by segment)

Description is omitted due to lack of significance.

## (Information about gain on bargain purchase by segment)

Description is omitted due to lack of significance.

## (Per Share Data)

	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)	FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)
Net assets per share of common stock	782.01 yen	842.80 yen
Net income per share of common stock	47.81 yen	55.49 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. As is described in the “changes in accounting policy,” the Company applied the Accounting Standard for Retirement Benefits and other standards and followed the transitional treatment provided in Article 37 of the Accounting Standard for Retirement Benefits. As a result, net assets per share in the current consolidated fiscal year increased by ¥1.38.

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

Items	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)	FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)
Net income (in million yen)	5,269	6,113
Amount not reverting to common shareholders (in million yen)	–	–
Net profit relating to common stock (in million yen)	5,269	6,113
Average number of shares of common stock during the period (in thousand shares)	110,202	110,185

## (Important Subsequent Events)

There is no information that needs to be disclosed herein.

## (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, short-term investment securities, derivatives transactions, retirement benefits, tax-effect accounting, business combination, asset retirement obligation, investment and rental property, and related information is omitted.

## 5. Non-Consolidated Financial Statements

## (1) Non-Consolidated Balance Sheets

(Millions of yen)

	FY ended March 2013 (As of Mar. 31, 2013)	FY ended March 2014 (As of Mar. 31, 2014)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	15,162	13,202
Notes receivable-trade	5,939	6,778
Accounts receivable-trade	42,525	45,050
Short-term investment securities	321	331
Merchandise and finished goods	7,775	8,451
Work in process	598	782
Raw materials and supplies	2,317	2,941
Prepaid expenses	621	648
Deferred tax assets	1,478	1,637
Other	1,003	1,108
Allowance for doubtful accounts	(145)	(16)
<b>Total current assets</b>	<b>77,597</b>	<b>80,918</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings, net	11,082	10,476
Structures, net	385	429
Machinery and equipment, net	4,518	4,334
Vehicles, net	87	106
Tools, furniture and fixtures, net	1,022	1,140
Land	21,279	21,464
Construction in progress	62	1,964
<b>Total property, plant and equipment</b>	<b>38,439</b>	<b>39,917</b>
<b>Intangible assets</b>		
Patent right	0	0
Leasehold right	712	560
Software	1,981	2,947
Other	125	120
<b>Total intangible assets</b>	<b>2,819</b>	<b>3,629</b>
<b>Investments and other assets</b>		
Investment securities	20,949	23,316
Stocks of subsidiaries and affiliates	9,734	11,017
Long-term loans receivable from subsidiaries and affiliates	1,080	1,579
Claims provable in bankruptcy, claims provable in rehabilitation and other	29	25
Prepaid pension cost	3,124	3,580
Lease deposits	3,415	3,430
Other	661	670
Allowance for doubtful accounts	(444)	(440)
<b>Total investments and other assets</b>	<b>38,550</b>	<b>43,181</b>
<b>Total noncurrent assets</b>	<b>79,809</b>	<b>86,728</b>
<b>Total assets</b>	<b>157,407</b>	<b>167,646</b>

(Millions of yen)

	FY ended March 2013 (As of Mar. 31, 2013)	FY ended March 2014 (As of Mar. 31, 2014)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable-trade	6,069	6,774
Electronically recorded obligations-operating	8,218	11,051
Accounts payable-trade	20,877	23,227
Short-term loans payable	5,250	5,250
Short-term loans payable to subsidiaries and affiliates	1,000	1,000
Current portion of long-term loans payable	5,700	3,700
Current portion of bonds	5,000	5,000
Lease obligations	71	85
Accounts payable-other	464	436
Accrued expenses	1,650	1,598
Income taxes payable	2,172	2,534
Accrued consumption taxes	223	337
Advances received	142	338
Deposits received	244	280
Provision for bonuses	2,135	2,525
<b>Total current liabilities</b>	<b>59,221</b>	<b>64,138</b>
<b>Noncurrent liabilities</b>		
Bonds payable	5,000	5,000
Long-term loans payable	5,250	5,650
Long-term loans payable related to subsidiaries and affiliates	100	–
Lease obligations	120	185
Provision for retirement benefits	10,180	8,925
Long-term deposits received	2,208	2,265
Deferred tax liabilities	1,371	2,045
Other	517	513
<b>Total noncurrent liabilities</b>	<b>24,749</b>	<b>24,586</b>
<b>Total liabilities</b>	<b>83,970</b>	<b>88,725</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	18,670	18,670
<b>Capital surplus</b>		
Legal capital surplus	16,759	16,759
<b>Total capital surplus</b>	<b>16,759</b>	<b>16,759</b>
<b>Retained earnings</b>		
Legal retained earnings	1,874	1,874
<b>Other retained earnings</b>		
Reserve for reduction entry	4,757	4,694
General reserve	4,180	4,180
Retained earnings brought forward	25,185	29,374
<b>Total retained earnings</b>	<b>35,997</b>	<b>40,123</b>
Treasury stock	(2,315)	(2,328)
<b>Total shareholders' equity</b>	<b>69,112</b>	<b>73,225</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	4,324	5,696
<b>Total valuation and translation adjustments</b>	<b>4,324</b>	<b>5,696</b>
<b>Total net assets</b>	<b>73,436</b>	<b>78,921</b>
<b>Total liabilities and net assets</b>	<b>157,407</b>	<b>167,646</b>

## (2) Non-Consolidated Statements of Income

(Millions of yen)

	FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)	FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)
Net sales	178,286	191,346
Cost of sales	128,525	137,106
Gross profit	49,761	54,239
Selling, general and administrative expenses	44,367	46,245
Operating income	5,394	7,994
Non-operating income		
Interest income	47	49
Dividend income	700	982
Exchange gain	165	99
Other	637	543
Total non-operating income	1,551	1,674
Non-operating expenses		
Interest expenses	292	249
Interest on bonds	166	80
Loss on sales and retirement of noncurrent assets	93	103
Office relocation expenses	26	121
Other	166	182
Total non-operating expenses	744	738
Ordinary income	6,200	8,931
Extraordinary income		
Gain on sales of investment securities	106	5
Total extraordinary income	106	5
Extraordinary loss		
Loss on valuation of investment securities	3	1
Loss on valuation of stocks of subsidiaries and affiliates	180	–
Loss on valuation of golf club memberships	–	1
Total extraordinary loss	183	3
Income before income taxes	6,123	8,933
Income taxes-current	2,457	3,616
Income taxes-deferred	(27)	(242)
Total income taxes	2,429	3,373
Net income	3,693	5,560

(3) Non-Consolidated Statements of Changes in Shareholders' Equity  
 FY ended March 2013 (From Apr. 1, 2012 to Mar. 31, 2013)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
					Reserve for reduction entry	General reserve	Retained earnings brought forward	
Opening balance	18,670	16,759	16,759	1,874	4,822	4,180	22,640	33,517
Changes of items during the period								
Dividends from surplus							(1,213)	(1,213)
Reversal of reserve for reduction entry					(65)		65	-
Net income							3,693	3,693
Purchase of treasury stock								
Net changes of items other than shareholders' equity								
Total changes of items during the period	-	-	-	-	(65)	-	2,545	2,479
Ending balance	18,670	16,759	16,759	1,874	4,757	4,180	25,185	35,997

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Opening balance	(2,311)	66,636	2,204	2,204	68,840
Changes of items during the period					
Dividends from surplus		(1,213)			(1,213)
Reversal of reserve for reduction entry		-			-
Net income		3,693			3,693
Purchase of treasury stock	(3)	(3)			(3)
Net changes of items other than shareholders' equity			2,119	2,119	2,119
Total changes of items during the period	(3)	2,475	2,119	2,119	4,595
Ending balance	(2,315)	69,112	4,324	4,324	73,436

FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Reserve for reduction entry	General reserve	Retained earnings brought forward	
Opening balance	18,670	16,759	16,759	1,874	4,757	4,180	25,185	35,997
Changes of items during the period								
Dividends from surplus							(1,434)	(1,434)
Reversal of reserve for reduction entry					(62)		62	-
Net income							5,560	5,560
Purchase of treasury stock								
Net changes of items other than shareholders' equity								
Total changes of items during the period	-	-	-	-	(62)	-	4,188	4,126
Ending balance	18,670	16,759	16,759	1,874	4,694	4,180	29,374	40,123

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Opening balance	(2,315)	69,112	4,324	4,324	73,436
Changes of items during the period					
Dividends from surplus		(1,434)			(1,434)
Reversal of reserve for reduction entry		-			-
Net income		5,560			5,560
Purchase of treasury stock	(13)	(13)			(13)
Net changes of items other than shareholders' equity			1,372	1,372	1,372
Total changes of items during the period	(13)	4,112	1,372	1,372	5,484
Ending balance	(2,328)	73,225	5,696	5,696	78,921

6. Other

Changes in Board Members

(1) Change of Representative Director

There is no information that needs to be disclosed herein.

(2) Change of other board members (scheduled on June 27, 2014)

① Candidate Directors to be Promoted

There is no information that needs to be disclosed herein.

② Candidate Directors to be Newly Appointed

Director	Nobuyuki Iizuka	(Currently, Advisor to Mitsubishi Estate Co., Ltd., President and Representative Director of Tokyo Kotsu Kaikan)  (Previously, Vice President, Representative Director, and Executive Officer of Mitsubishi Estate Co., Ltd.)
----------	-----------------	--

Director and Senior Sales General Manager, Store Displays Division	Ken Inoue	(Currently, General Manager, Tokyo Regional Sales Office, Store Displays Division)
---	-----------	---

③ Directors to be Retired

Managing Director and Senior General Manager, Store Displays Division	Takao Suzuki	(To be appointed as Advisor to the Company)
---	--------------	---

Director	Tadao Kuwano	
----------	--------------	--

④ Change of Post

Director and Senior General Manager, Store Displays Division	Fumio Yamamoto	(Currently, Director and Senior Marketing General Manager, Store Displays Division)
---	----------------	--