



# Financial Results for First Half of Fiscal Year Ending March 31, 2015 [Japanese GAAP] (Consolidated)

November 4, 2014

Okamura Corporation

Listing: Tokyo Stock Exchange

Code Number: 7994

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Scheduled date for commencement of dividend payments: December 10, 2014

Preparation of supplementary materials to explain quarterly financial results: Prepared.

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

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

## 1. Financial and Operational Review for First Half (Apr. 1, 2014 to September 30, 2014) of FY Ending March 2015 (Apr. 1, 2014 to Mar. 31, 2015)

### (1) Operating Results (cumulative)

(% 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	%
First half of FY ending March 2015	100,610	1.2	3,353	(11.2)	3,973	(1.0)	2,618	(3.0)
First half of FY ended March 2014	99,394	6.3	3,776	28.5	4,015	20.2	2,701	18.7

Note: Comprehensive income  
 ¥3,957 million (-7.0%) for the first half of FY ending March 2015  
 ¥4,254 million (172.7%) for the first half of FY ended March 2014

	Net income per share	Diluted net income per share
	yen	yen
First half of FY ending March 2015	23.77	–
First half of FY ended March 2014	24.51	–

### (2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
First half of FY ending March 2015	184,266	96,530	52.2
FY ended March 2014	190,913	93,229	48.6

Reference: Total equity  
 ¥96,199 million for the first half of FY ending March 2015  
 ¥92,853 million for FY ended March 2014

## 2. Dividend

	Annual dividend				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	yen	yen	yen	yen	yen
FY ended March 2014	–	7.00	–	10.00	17.00
FY ending March 2015	–	8.50			
FY ending March 2015 (forecast)			–	8.50	17.00

Note: Revision of the most recently released dividend forecasts: None

## 3. Forecast of Consolidated Performance for FY Ending March 2015 (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
Full year	220,000	4.1	11,000	16.4	11,500	14.2	7,300	19.4	66.26

Note: Revision of the most recently released performance forecasts: None

\* Notes

(1) Changes in the number of material subsidiaries during the first half 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) Adoption of a special accounting method applicable to the preparation of quarterly consolidated financial statements: None

(3) 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

(4) Number of shares of stock (common stock)

- ① Number of shares issued (including treasury stock) at the end of the term
- ② Number of shares of treasury stock at the end of the term
- ③ Average number of shares during the term (cumulative quarters)

First half of FY ending March 2015	112,391,530	FY ended March 2014	112,391,530
First half of FY ending March 2015	2,224,699	FY ended March 2014	2,218,636
First half of FY ending March 2015	110,169,783	First half of FY ended March 2014	110,191,291

\* Indication of Implementation Status of Quarterly Review Procedures

- This quarterly Financial Results summary is not subject to the quarterly review procedures as provided for in the Financial Instruments and Exchange Act. The procedures for reviewing the Company's quarterly financial statements in accordance with the Financial Instruments and Exchange Act are yet to be completed at the time of publication of this quarterly 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 (3) Explanation of the performance forecast in 1. Qualitative Information Concerning Quarterly Consolidated Financial Results, etc. on page 3 of the Appendix.

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## 1. Qualitative Information Concerning Quarterly Consolidated Financial Results

## (1) Explanation of the progress in (consolidated) operating results

During the first half of the consolidated fiscal year under review, the Japanese economy remained uncertain due to a decrease in demand in reaction to the last-minute demand generated before the increase in Japanese consumption tax, along with deceleration of growth in the emerging economies and rising imported raw-material costs caused by a drop in the yen. This uncertainty persists despite the presence of positive economic indicators such as personal income and employment situation that continued to improve on the back of strong growth in corporate performance as well as brisk capital investment.

Under these circumstances, the Okamura Group strove to develop new market potential, increase our market share in each of our business segments, and cultivate new customer bases by creating distinctive products and offering total solutions. The Group also endeavored to improve productivity and accelerate the cost reduction.

Performance results by segment are discussed below.

Segment name	Net sales (Millions of yen)			Segment income (loss) (Millions of yen)		
	First half of FY ended March 2014	First half of FY ending March 2015	Increase/decrease	First half of FY ended March 2014	First half of FY ending March 2015	Increase/decrease
Office Furniture	50,416	51,327	911	1,491	1,882	390
Store Displays	42,142	42,942	799	2,006	1,581	(425)
Others	6,836	6,340	(495)	278	(109)	(388)
Total	99,394	100,610	1,215	3,776	3,353	(423)

Note: The total of segment income (loss) corresponds to the operating income on Consolidated Statements of Income.

## Office Furniture

In the Office Furniture segment, demand for both office relocation and renewal began to recover, mainly in large-scale projects, despite the effect of a decrease in demand in reaction to the last-minute demand generated before the increase in Japanese consumption tax. Under these circumstances, the Company proactively made proposals on how to use office space in an optimal way in response to various office working styles. It also endeavored to launch new products for educational, healthcare, cultural, and R&D facilities, as well as municipality offices, in the office-related furniture market. The results of the above efforts increase both net sales and income year-over-year.

As a result, net sales in this segment amounted to ¥51,327 million (an increase of 1.8% year-over-year), and the segment income amounted to ¥1,882 million (an increase of 26.2% year-over-year).

## Store Displays

In the Store Displays segment, the Company concentrated its efforts on convenience stores and drug stores that are aggressive in opening new stores and store renovations, and endeavored to acquire more orders for store renovations and for our refrigerated showcases. In August 2014, we launched the operation of the new Gotemba Plant building, increasing production capacity for our refrigerated showcases. We also strengthened our product range and expanded our sales force by taking over Nissin Kogyo Co., Ltd.'s store cart business in September, as part of our efforts to respond to future demand. The results of the above efforts increased net sales year-over-year.

As a result, net sales in this segment amounted to ¥42,942 million (an increase of 1.9% year-over-year), and the segment income amounted to ¥1,581 million (a decrease of 21.2% year-over-year).

## Others (including Material Handling Systems business)

In the Materials Handling Systems segment, the Company focused on growth areas such as food, healthcare, and Internet shopping and 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. However, despite these efforts, a reduction in large-scale projects caused net sales to decrease year-over-year.

As a result, net sales in this segment amounted to ¥6,340 million (a decrease of 7.3% year-over-year), and the segment loss amounted to ¥109 million (versus a segment income of ¥278 million in the same period of the previous fiscal year).

As a result of the above, during the first half of the current fiscal year, the Company posted net sales of ¥100,610 million (an increase of 1.2% year-over-year), operating income of ¥3,353 million (a decrease of 11.2% year-over-year), ordinary income of ¥3,973 million (a decrease of 1.0% year-over-year), and net income of ¥2,618 million (a decrease of 3.0% year-over-year).

(2) Explanation of the changes in (consolidated) financial position

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

Total assets amounted to ¥184,266 million, down ¥6,647 million compared with the end of the previous consolidated fiscal year. Current assets decreased by ¥10,816 million, mainly because of a decrease in cash and deposits as well as notes and accounts receivable-trade, and noncurrent assets increased by ¥4,168 million, mainly because of increases in buildings and structures due to the construction of the new Gotemba Plant building, and investment securities.

Liabilities amounted to ¥87,736 million, down ¥9,948 million over the end of the previous fiscal year, mainly because of decreases in notes and accounts payable-trade as well as income taxes payable and provision for bonuses.

Net assets amounted to ¥96,530 million, up ¥3,300 million over the end of the previous fiscal year, mainly because of increases in retained earnings and valuation difference on available-for-sale securities. The equity ratio amounted to 52.2%, up 3.6 percentage points.

A review of cash flows for the first half of the current fiscal year is as follows:

Operating activities generated a net cash increase of ¥2,118 million (an increase of ¥5,197 million in the same period of the previous fiscal year), reflecting inflows including income before income taxes and minority interests for the quarter of ¥4,027 million, depreciation and amortization of ¥2,215 million, and a decrease in notes and accounts receivable-trade of ¥8,674 million. Outflows included a decrease in provision for bonuses of ¥1,084 million, a decrease in notes and accounts payable-trade of ¥6,265 million, and income taxes paid of ¥4,038 million.

Investment activities resulted in a net cash outflow of ¥4,006 million (versus a net cash outflow of ¥3,479 million in the same period of the previous fiscal year), reflecting inflows including income from sales and redemption of investment securities of ¥303 million, increase in time deposits of ¥509 million, and outflows including disbursements of ¥2,526 million for the purchase of property, plant and equipment and ¥541 million for the purchase of investment securities.

Financing activities resulted in a net cash increase of ¥1,697 million (an outflow of ¥1,833 million in the same period of the previous fiscal year), reflecting outflows including a decrease in long-term loans payable of ¥452 million and dividend payments of ¥1,101 million.

Consequently, consolidated cash and cash equivalents at the end of the current fiscal year's first half decreased by ¥3,658 million from the end of the previous fiscal year (an increase of ¥44 million in the same period of the previous fiscal year) to ¥21,251 million.

(3) Explanation of the performance forecast

The consolidated performance forecasts for the fiscal year ending March 2015 remain the same as those that were announced on May 9, 2014.

2. Summary Information (Notes)

(1) Changes in the number of material subsidiaries during the first half under review

Nothing in particular.

(2) Adoption of a special accounting method applicable to the preparation of quarterly consolidated financial statements

Nothing in particular.

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

The Company has applied the provisions in Article 35 of in the Accounting Standards for Retirement Benefits (Accounting Standards Board of Japan (“ASBJ”) Statement No. 26, May 17, 2012) and Article 67 of Guidance on Accounting Standards for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012) since the first quarter of the fiscal year. Accordingly, the Company has revised the calculation method for retirement benefit obligation and service expenses, changed the method of attributing the expected benefit to periods from the straight-line basis to the benefit formula basis, and changed the method of determining the discount rate from a method based on an approximation of the employees’ average remaining service period with regard to the period of bonds that are the basis for determining the discount rate to a method of using a single weighted average discount rate reflecting the estimated payment period and the amount for each estimated payment period of the retirement benefit.

The application of the Accounting Standards for Retirement Benefits is in accordance with the transitional treatment as provided in Article 37 of the Accounting Standards for Retirement Benefits, and the amount of the influence of the change in the calculation method for retirement benefit obligation and service expenses was reflected in the retained earnings at the beginning of the first half of the consolidated fiscal year under review.

As a result, net defined benefit liability at the beginning of the first half of the consolidated fiscal year under review decreased by ¥682 million and the retained earnings at the beginning of the first half of the consolidated fiscal year under review increased by ¥452 million.

The influence of these changes on profit or loss for the first half of the consolidated fiscal year under review is minimal.

## 3. Quarterly Financial Statements

## (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Previous fiscal year (As of March 31, 2014)	First half of the current fiscal year (As of September 30, 2014)
<b>Assets</b>		
Current assets		
Cash and deposits	26,545	23,397
Notes and accounts receivable-trade	55,281	46,607
Short-term investment securities	331	31
Merchandise and finished goods	8,851	9,802
Work in process	1,491	1,525
Raw materials and supplies	3,708	4,036
Other	3,827	3,816
Allowance for doubtful accounts	(28)	(24)
Total current assets	100,008	89,192
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	13,221	15,657
Land	23,522	23,522
Other, net	11,728	10,494
Total property, plant and equipment	48,471	49,675
Intangible assets		
Goodwill	1,292	1,089
Other	3,595	3,644
Total intangible assets	4,887	4,734
Investments and other assets		
Investment securities	26,154	29,108
Other	11,416	11,580
Allowance for doubtful accounts	(26)	(24)
Total investments and other assets	37,545	40,664
Total noncurrent assets	90,905	95,074
Total assets	190,913	184,266

(Millions of yen)

	Previous fiscal year (As of March 31, 2014)	First half of the current fiscal year (As of September 30, 2014)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	31,361	26,937
Electronically recorded obligations-operating	11,051	9,616
Short-term loans payable	6,289	6,190
Current portion of long-term loans payable	1,085	1,805
Current portion of bonds	5,000	5,000
Income taxes payable	3,134	241
Provision for bonuses	3,244	2,160
Other	4,475	4,382
Total current liabilities	65,641	56,334
Noncurrent liabilities		
Bonds payable	5,000	5,000
Long-term loans payable	7,988	6,802
Net defined benefit liability	13,427	12,890
Other	5,627	6,708
Total noncurrent liabilities	32,043	31,401
Total liabilities	97,684	87,736
<b>Net assets</b>		
Shareholders' equity		
Capital stock	18,670	18,670
Capital surplus	16,759	16,759
Retained earnings	53,532	55,499
Treasury stock	(2,405)	(2,410)
Total shareholders' equity	86,557	88,519
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,957	7,505
Foreign currency translation adjustment	186	74
Remeasurement of defined benefit plans	152	100
Total accumulated other comprehensive income	6,295	7,679
Minority interests	375	331
Total net assets	93,229	96,530
Total liabilities and net assets	190,913	184,266



## (2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income  
[First Half of Current Fiscal Year]

(Millions of yen)

	First half of FY ended March 2014 (From April 1, 2013 to September 30, 2013)	First half of FY ending March 2015 (From April 1, 2014 to September 30, 2014)
Net sales	99,394	100,610
Cost of sales	69,844	70,545
Gross profit	29,550	30,064
Selling, general and administrative expenses		
Packing and transportation expenses	4,032	4,056
Salaries and allowances	8,212	8,729
Provision for bonuses	1,382	1,417
Rent expenses	3,026	3,250
Other	9,120	9,257
Total selling, general and administrative expenses	25,773	26,711
Operating income	3,776	3,353
Non-operating income		
Interest income	23	9
Dividends income	239	285
Equity in earnings of affiliates	64	78
Other	363	497
Total non-operating income	690	871
Non-operating expenses		
Interest expenses	181	157
Other	271	94
Total non-operating expenses	452	251
Ordinary income	4,015	3,973
Extraordinary income		
Gain on sales of investment securities	24	–
Gain on sales of golf club memberships	–	54
Gain on bargain purchase	279	–
Total extraordinary income	304	54
Extraordinary loss		
Loss on valuation of golf club memberships	1	0
Total extraordinary loss	1	0
Income before income taxes and minority interests	4,317	4,027
Income taxes-current	1,432	961
Income taxes-deferred	222	478
Total income taxes	1,655	1,440
Income before minority interests	2,662	2,586
Minority interests in income	(38)	(31)
Net income	2,701	2,618

Quarterly Consolidated Statements of Comprehensive Income  
[First Half of Current Fiscal Year]

(Millions of yen)

	First half of FY ended March 2014 (From April 1, 2013 to September 30, 2013)	First half of FY ending March 2015 (From April 1, 2014 to September 30, 2014)
Income before minority interests	2,662	2,586
Other comprehensive income		
Valuation difference on available-for-sale securities	1,320	1,548
Foreign currency translation adjustment	179	(102)
Remeasurement of defined benefit plans, net of tax	–	(51)
Share of other comprehensive income of associates accounted for using equity method	91	(22)
Total other comprehensive income	1,592	1,371
Comprehensive income	4,254	3,957
(Details)		
Comprehensive income attributable to owners of the parent	4,293	4,002
Comprehensive income attributable to minority interests	(38)	(44)

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	First half of FY ended March 2014 (From April 1, 2013 to September 30, 2013)	First half of FY ending March 2015 (From April 1, 2014 to September 30, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	4,317	4,027
Depreciation and amortization	2,122	2,215
Gain on bargain purchase	(279)	–
Equity in (earnings) losses of affiliates	(64)	(78)
Increase (decrease) in provision for bonuses	(639)	(1,084)
Increase (decrease) in provision for retirement benefits	323	–
Increase (decrease) in net defined benefit liability	–	290
Interest and dividends income	(262)	(295)
Interest expenses	181	157
Loss (gain) on sale of investment securities	(24)	–
Decrease (increase) in notes and accounts receivable-trade	6,328	8,674
Decrease (increase) in inventories	(825)	(973)
Increase (decrease) in notes and accounts payable-trade	(3,324)	(6,265)
Other, net	(29)	(694)
Subtotal	7,822	5,972
Interest and dividends income received	294	325
Interest expenses paid	(216)	(141)
Income taxes paid	(2,702)	(4,038)
Net cash provided by (used in) operating activities	5,197	2,118
Net cash provided by (used in) investing activities		
Payments into time deposits	(964)	(1,684)
Proceeds from withdrawal of time deposits	1,084	1,174
Purchase of property, plant and equipment	(1,439)	(2,526)
Purchase of intangible assets	(627)	(417)
Purchase of investment securities	(822)	(541)
Proceeds from sales and redemption of investment securities	92	303
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(554)	–
Other, net	(247)	(314)
Net cash provided by (used in) investing activities	(3,479)	(4,006)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	48	(86)
Proceeds from long-term loans payable	100	–
Repayment of long-term loans payable	(1,225)	(452)
Proceeds from issuance of bonds	5,000	–
Redemption of bonds	(5,000)	–
Purchase of treasury stock	(3)	(2)
Cash dividends paid	(661)	(1,101)
Other, net	(92)	(53)
Net cash provided by (used in) financing activities	(1,833)	(1,697)
Effect of exchange rate change on cash and cash equivalents	159	(72)
Net increase (decrease) in cash and cash equivalents	44	(3,658)
Cash and cash equivalents at the beginning of the fiscal year	25,818	24,909
Cash and cash equivalents at the end of the quarter term	25,863	21,251

## (4) Note regarding consolidated quarterly financial statements

Note regarding the assumption of going concern

There is no information that needs to be disclosed herein.

Note regarding occurrence of significant change in amount of shareholders' equity

There is no information that needs to be disclosed herein.

Segment information

First half of FY ended March 2014 (from April 1, 2013 to September 30, 2013)

## 1. Information concerning net sales and income or loss amounts by reportable segment

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustment	Amount recorded on Quarterly Consolidated Statements of Income (Note 2)
	Office Furniture	Store Displays	Total				
Net sales							
Net sales to external customers	50,416	42,142	92,558	6,836	99,394	–	99,394
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	50,416	42,142	92,558	6,836	99,394	–	99,394
Segment income	1,491	2,006	3,497	278	3,776	–	3,776

Notes: 1. The category “Others” aggregates those business segments that do not meet the definition of reportable segments, and includes Material Handling Systems, Industrial Machinery and Others.

2. The total of segment income corresponds to the operating income on Consolidated Statements of Income.

First half of FY ending March 2015 (from April 1, 2014 to September 30, 2014)

## 1. Information concerning net sales and income or loss amounts by reportable segment

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustment	Amount recorded on Quarterly Consolidated Statements of Income (Note 2)
	Office Furniture	Store Displays	Total				
Net sales							
Net sales to external customers	51,327	42,942	94,269	6,340	100,610	–	100,610
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	51,327	42,942	94,269	6,340	100,610	–	100,610
Segment income (loss)	1,882	1,581	3,463	(109)	3,353	–	3,353

Notes: 1. The category “Others” aggregates those business segments that do not meet the definition of reportable segments, and includes Material Handling Systems, Industrial Machinery and Others.

2. The total of segment income (loss) corresponds to the operating income on Consolidated Statements of Income.

Material subsequent events

There is no information that needs to be disclosed herein.