



Financial Results for Fiscal Year Ended March 2015 [Japanese GAAP] (Consolidated)

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Listing: Tokyo Stock Exchange

Okamura Corporation

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

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Scheduled date for Board Meeting for Consolidated Settlement of Accounts: June 26, 2015

Scheduled date for filing Annual Security Report: June 26, 2015

Scheduled date for commencement of dividend payments: June 29, 2015

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 2015 (April 1, 2014 to March 31, 2015)

(1) Operating 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 2015	220,130	4.1	8,766	(7.3)	10,347	2.8	6,422	5.0
FY ended March 2014	211,363	8.5	9,454	32.2	10,067	24.3	6,113	16.0

Note: Comprehensive income ¥11,912 million (49.8%) for FY ended March 2015, ¥7,951 million (3.6%) for FY ended March 2014

	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 2015	58.30	—	6.5	5.2	4.0
FY ended March 2014	55.49	—	6.8	5.5	4.5

Reference: Equity in earnings of affiliates ¥271 million for FY ended March 2015, ¥183 million for FY ended March 2014

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY ended March 2015	207,387	103,544	49.8	936.59
FY ended March 2014	190,913	93,229	48.6	842.80

Reference: Total equity ¥103,178 million for FY ended March 2015, ¥92,853 million for FY ended March 2014

(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 2015	7,463	(6,487)	(3,296)	22,808
FY ended March 2014	9,868	(8,104)	(2,948)	24,909

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 2014	—	7.00	—	10.00	17.00	1,876	30.6	2.1
FY ended March 2015	—	8.50	—	8.50	17.00	1,875	29.2	1.9
FY ending March 2016 (forecast)	—	10.00	—	10.00	20.00		28.2	

3. Forecast of Consolidated Performance for the FY Ending March 2016 (from April 1, 2015 to March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
2Q (accumulated)	104,000	3.4	4,400	31.2	4,800	20.8	3,100	18.4	28.14
FY ending March 2016	226,000	2.7	11,000	25.5	12,000	16.0	7,800	21.5	70.80

* 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

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

③ Average number of shares during period

FY ended March 2015	112,391,530	FY ended March 2014	112,391,530
FY ended March 2015	2,228,194	FY ended March 2014	2,218,636
FY ended March 2015	110,167,507	FY ended March 2014	110,185,575

Reference: Non-Consolidated Operating Results

1. Non-Consolidated Operating Results for FY Ended March 2015 (April 1, 2014 to March 31, 2015)

(1) Operating 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 2015	198,717	3.9	7,578	(5.2)	14,205	59.0	10,147	82.5
FY ended March 2014	191,346	7.3	7,994	48.2	8,931	44.0	5,560	50.6

	Net income per share	Diluted net income per share
	yen	yen
FY ended March 2015	91.97	—
FY ended March 2014	50.39	—

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY ended March 2015	179,902	91,602	50.9	830.26
FY ended March 2014	167,646	78,921	47.1	715.30

Note: Total equity ¥91,602 million for FY ended March 2015, ¥78,921 million for FY ended March 2014

* 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, etc., please refer to (1) Analysis of Operating Results in 1. Analysis of Operating Results and Financial Position on page 2 of the Appendix to this Financial Results summary.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

1) Operating Results for FY Ended March 2015

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 2015	220,130	8,766	10,347	6,422	58.30	6.5
FY ended March 2014	211,363	9,454	10,067	6,113	55.49	6.8
Changes (%)	4.1%	(7.3)%	2.8%	5.0%	5.1%	–

During the consolidated fiscal year under review, the Japanese economy showed some positive signs, such as continuing improvements in personal income and in the employment situation as well as brisk capital investment, on the back of strong growth in corporate performance, as stock prices rose in Japan due to fiscal policy and monetary easing by the government and Bank of Japan. On the other hand, however, the state of Japanese economy remained uncertain due to a prolonged slowdown in consumer spending as a result of the decline in real wages through the effects of the increase in Japanese consumption tax and a weaker yen, and due to rising imported raw-material costs caused by a drop in the yen.

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 cost reductions.

As a result of the above, net sales for the current consolidated fiscal year amounted to ¥220,130 million (a year-over-year increase of 4.1%).

From a profit-and-loss perspective, ordinary income amounted to ¥10,347 million (a year-over-year increase of 2.8%) and net income amounted to ¥6,422 million (a year-over-year increase of 5.0%).

② Segment Performance

Segment name	Net sales (Millions of yen)			Segment income (loss) (Millions of yen)		
	FY ended March 2014	FY ended March 2015	Increase/ decrease	FY ended March 2014	FY ended March 2015	Increase/ decrease
Office Furniture	113,990	118,962	4,972	5,844	6,570	726
Store Displays	83,434	87,410	3,976	2,984	2,350	(633)
Others	13,938	13,757	(181)	625	(155)	(780)
Total	211,363	220,130	8,766	9,454	8,766	(687)

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

Office Furniture

In the Office Furniture segment, demand for both office relocation and renewal mainly by companies with strong performance began to recover in the second half of the year, due to an increase in the supply of large-scale office buildings mainly in the center of Tokyo, despite the effect of a decrease in demand in reaction to the last-minute demand generated before the increase in Japanese consumption tax in the first half of the year. 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 launched new products and endeavored to engage in aggressive sales activities for educational, healthcare, public, 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 ¥118,962 million (a year-over-year increase of 4.4%) and the segment income amounted to ¥6,570 million (a year-over-year increase of 12.4%).

Store Displays

In the Store Displays segment, the Company concentrated its efforts on both convenience stores and drugstores that are aggressively opening new stores and performing store renovations; the Company also endeavored to acquire more orders for store renovations and for our refrigerated showcases, despite the effects of the increase in Japanese consumption tax in some parts of the retail industry. 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 ¥87,410 million (a year-over-year increase of 4.8%) and the segment income amounted to ¥2,350 million (a year-over-year decrease of 21.2%).

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. However, despite these efforts, the wait-and-see consumer attitude in the wake of the increase in Japanese consumption tax and a reduction in large-scale projects caused net sales to decrease year-over-year.

As a result, net sales in this segment amounted to ¥13,757 million (a year-over-year decrease of 1.3%) and the segment loss amounted to ¥155 million (an income of ¥625 million for the previous year).

2) Forecast Earnings for FY Ending March 2016

	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 2016	226,000	11,000	12,000	7,800	70.80
FY ended March 2015	220,130	8,766	10,347	6,422	58.30
Change (%)	2.7%	19.8%	11.1%	16.8%	16.8%

This year, uncertainty over the prospects for the Japanese economy still remains, owing to the effects on emerging countries of the hike in interest rates in the U.S. and the slowdown in the Chinese economy. However, the economy showed some positive signs, such as expectations for improvement in corporate performance on the back of the recovery in consumer spending due to improvements in employment and income and a gradual expansion of the world economy. We expect that the Japanese economy will grow slowly but steadily.

In this business environment, the Okamura Group will aim at increasing business competitiveness, and thus net sales and income, by aggressively developing new competitive and distinctive products, and by pursuing solution-based business opportunities, taking the advantage of the Group's total strength.

In the mainstay Office Furniture segment, the Company will aim to attract orders for large projects by promoting a work style that makes innovation happen and 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 with strong performance. 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 R&D facilities, school facilities, library facilities, and municipal facilities, while focusing its efforts on expanding the market for healthcare facilities, which have been reorganized through community healthcare and renovation of facilities due to aging. We will also strive to develop new products for these markets.

In the Store Displays segment, the Company will strive to increase net sales and income by strengthening our capabilities to make proposals for one-stop total solutions for the retail industry. Here, it is anticipated that new stores will be opened and that demand for existing store renovation will increase on the back of strong performance. The Company will do so based on its corporate collective strengths, and by focusing on increasing its market share in refrigerated showcases, benefiting from higher energy-saving needs, and also by boosting production capacity at the Gotemba Plant, to which plant buildings have been added. In addition, the Company will aim to expand its business domain by making proposals for store-security systems, based on the utilization of synergies with the Office Furniture segment, and by strengthening the store cart 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 and the transportation of small articles; it will make 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 its overseas business, with the aim of increasing net sales, the Company will acquire and strengthen more distributors, improve its sales bases in the South-East Asia region, 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 ¥226 billion, consolidated ordinary income of ¥12 billion, and profit attributable to owners of parent of ¥7.8 billion for the year ending March 2016.

(2) Analysis of Financial Position

① Assets, Liabilities and Net Assets

	At the end of FY ended March 2014	At the end of FY ended March 2015
Total assets (Millions of yen)	190,913	207,387
Net assets (Millions of yen)	93,229	103,544
Equity ratio	48.6%	49.8%
Net assets per share (yen)	842.80	936.59

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

Total assets amounted to ¥207,387 million, up ¥16,473 million compared with the end of the previous consolidated fiscal year. Current assets increased by ¥5,238 million, mainly as a result of an increase in notes and accounts receivable-trade and inventories; noncurrent assets increased by ¥11,235 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.

Liabilities amounted to ¥103,843 million, up ¥6,158 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 deferred tax liabilities and of a decrease in long-term loans.

Net assets amounted to ¥103,544 million, up ¥10,315 million over the end of the previous fiscal year, mainly because of increases in retained earnings and valuation difference on available-for-sale securities.

As a result of the above, the equity ratio increased by 1.2 percentage points to 49.8% compared with the end of the previous consolidated fiscal year, and the net assets per share increased from ¥ 842.80 at the end of the previous consolidated fiscal year to ¥ 936.59.

② Cash Flows

Item	FY ended March 2014 (Millions of yen)	FY ended March 2015 (Millions of yen)
Net cash provided by (used in) operating activities	9,868	7,463
Net cash provided by (used in) investing activities	(8,104)	(6,487)
Net cash provided by (used in) financing activities	(2,948)	(3,296)
Cash and cash equivalents at the end of the fiscal year	24,909	22,808
Borrowings and corporate bonds at the end of the fiscal year	25,362	24,288

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

Operating activities generated a net cash increase of ¥7,463 million (versus a net cash increase of ¥9,868 million in the previous fiscal year), reflecting inflows including income before income taxes and minority interests of ¥10,324 million, depreciation and amortization of ¥4,997 million and an increase in notes and accounts payable-trade of ¥2,741 million. Outflows included an increase in notes and accounts receivable-trade of ¥5,617 million, an increase in inventories of ¥1,326 million and income taxes paid of ¥4,830 million.

Investment activities resulted in a net cash outflow of ¥6,487 million (versus a net cash outflow of ¥8,104 million in the previous fiscal year), reflecting outflows including disbursements of ¥5,112 million for the purchase of property, plant and equipment, ¥1,788 million for the purchase of intangible assets, and inflows including sales and redemption of investment securities of ¥1,434 million.

Financing activities resulted in a net cash outflow of ¥3,296 million (versus a net cash outflow of ¥2,948 million in the previous fiscal year), reflecting outflows including a decrease in long-term loans payable of ¥912 million and dividend payments of ¥2,038 million.

As a result, the balance of cash and cash equivalents at the end of the consolidated fiscal year under review decreased by ¥2,101 million to ¥22,808 million.

The balance of interest-bearing debt (borrowings and corporate bonds) at the end of the consolidated fiscal year under review decreased by ¥1,073 million compared with the end of the previous fiscal year to ¥24,288 million.

Reference: Trends of cash flow indicators

	FY ended March 2011	FY ended March 2012	FY ended March 2013	FY ended March 2014	FY ended March 2015
Equity ratio (%)	47.3	46.2	48.4	48.6	49.8
Market value-based equity ratio (%)	31.9	36.8	43.4	52.2	51.3
Ratio of interest-bearing debt to cash flows (times)	2.9	3.9	2.9	2.6	3.3
Interest coverage ratio (times)	16.9	13.9	19.9	28.7	23.3

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 ¥8.50 per share. Therefore, including the interim dividends (¥8.50 per share), dividends applicable to the year will be ¥17.00 per share.

Dividends for next fiscal year are forecast to be ¥20.00 per share.

(4) Business Risks

Possible risks which may affect the Group's operating results, 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, Operating Results 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 capital investment. It is therefore possible that less capital 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, subsidiaries and 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, 27 consolidated subsidiaries and seven affiliates. 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 subsidiaries and affiliates]

(Engaging in manufacturing operations)

The Company, Kansai Okamura Manufacturing Co., Ltd., NS Okamura Corporation, Sanyo Okamura Corporation, Fuji Seiko 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 subsidiaries and affiliates]

(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 subsidiaries and affiliates]

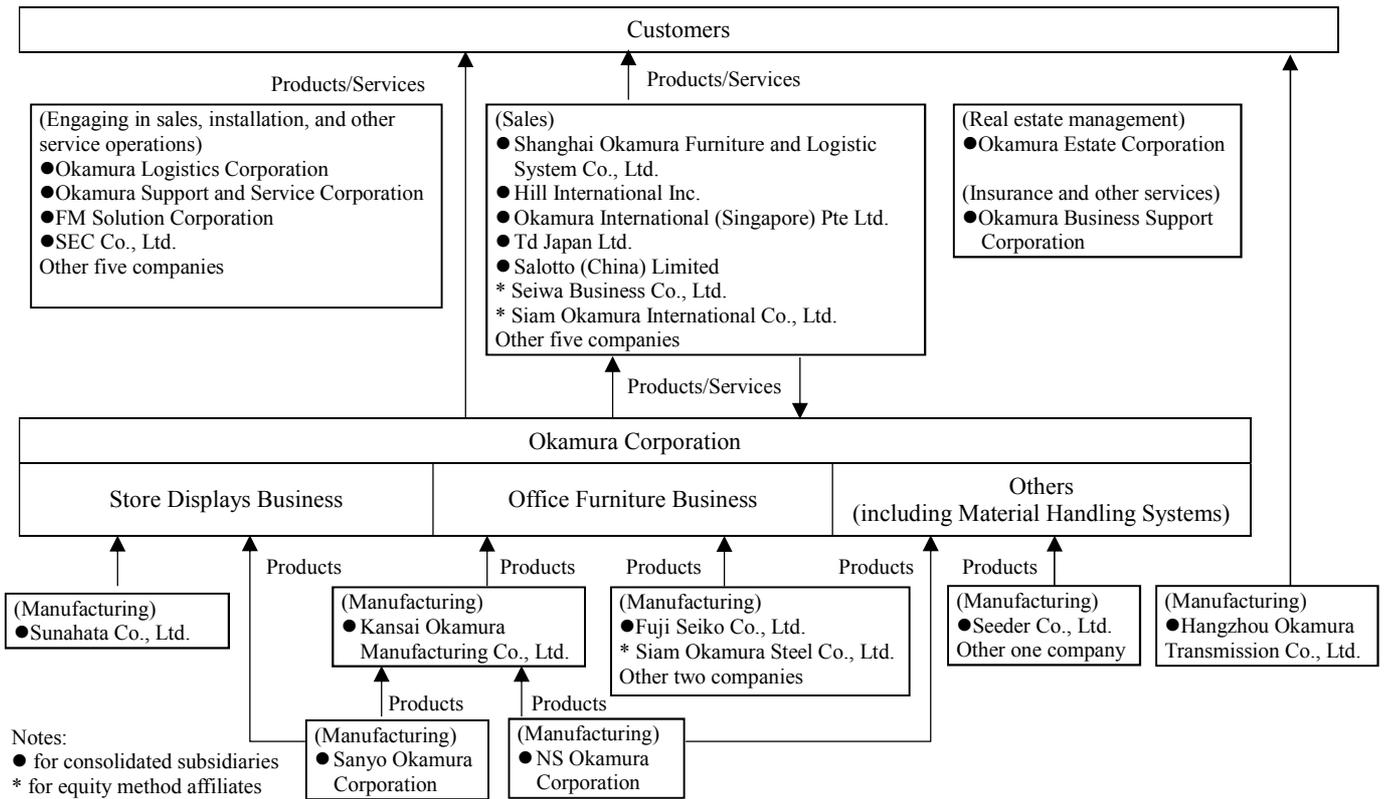
(Engaging in manufacturing operations)

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 making proposals for solutions based on excellent research results in segments and by developing distinctive products with concepts (including design and functionality) that realize such proposals. We also aim to improve market competitiveness by further evolving an advanced production system in response to small-lot production. We intend to enhance competitiveness by expanding each business segment through M&A promotion and by strengthening human-resource development through improved staff education and implementation of staff rotation.

2) Strengthening of the domestic business base

We will promote the strengthening of our sales capabilities by reinforcing inter-segment cooperation and proposing total solutions to provide a one-stop service based on our corporate collective strength. In the Office Furniture segment, we will focus on seeking out demand not only in the corporate office furniture market as a core market but also in the office-related furniture market, such as the furniture market for educational facilities, R&D facilities, government agencies and municipal facilities. We will commit to the healthcare market, in particular, by launching a business division in light of the growth potential of that market. In the Store Displays segment, we will work aggressively to continue to increase profits through a combination of increasing the scale of sales by making total solutions to meet the needs of customers and by improving productivity.

3) Global market expansion

For the purpose of establishing an overseas business base, we will expand our sales networks by improving sales bases and acquiring distributors overseas, as well as further spreading awareness of the Okamura brand by actively participating in all kinds of trade shows.

(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. Basic Standpoint on Selection of Accounting Standards

The Okamura Group intends to prepare consolidated financial statements according to Japanese accounting standards for the moment, taking into account the comparability of financial statements over time and comparability with statements of other entities.

We will appropriately apply IFRS with consideration to internal and external circumstances.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY ended March 2014 (As of Mar. 31, 2014)	FY ended March 2015 (As of Mar. 31, 2015)
Assets		
Current assets		
Cash and deposits	26,545	24,021
Notes and accounts receivable-trade	55,281	60,898
Short-term investment securities	331	21
Merchandise and finished goods	8,851	10,163
Work in process	1,491	1,625
Raw materials and supplies	3,708	3,954
Deferred tax assets	1,899	1,896
Other	1,927	2,696
Allowance for doubtful accounts	(28)	(30)
Total current assets	100,008	105,247
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	13,221	15,380
Machinery, equipment and vehicles, net	8,102	8,975
Land	23,522	23,522
Construction in progress	1,996	97
Other, net	1,629	2,260
Total property, plant and equipment	*1, *3 48,471	*1, *3 50,237
Intangible assets		
Goodwill	1,292	401
Other	3,595	4,645
Total intangible assets	4,887	5,046
Investments and other assets		
Investment securities	*2, *3 26,154	*2, *3 32,773
Net defined benefit asset	5,136	6,808
Lease deposits	3,766	3,990
Deferred tax assets	1,505	1,542
Other	1,008	1,841
Allowance for doubtful accounts	(26)	(98)
Total investments and other assets	37,545	46,856
Total noncurrent assets	90,905	102,140
Total assets	190,913	207,387

(Millions of yen)

	FY ended March 2014 (As of Mar. 31, 2014)	FY ended March 2015 (As of Mar. 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	31,361	34,209
Electronically recorded obligations-operating	11,051	11,123
Short-term loans payable	*3, *4 6,289	*3, *4 6,102
Current portion of long-term loans payable	*3 1,085	*3 3,126
Current portion of bonds	5,000	–
Income taxes payable	3,134	2,311
Accrued consumption taxes	475	1,399
Provision for bonuses	3,244	3,250
Other	3,999	4,394
Total current liabilities	65,641	65,919
Noncurrent liabilities		
Bonds payable	5,000	10,000
Long-term loans payable	*3 7,988	*3 5,059
Net defined benefit liability	13,427	13,701
Deferred tax liabilities	2,333	4,547
Other	3,293	4,615
Total noncurrent liabilities	32,043	37,923
Total liabilities	97,684	103,843
Net assets		
Shareholders' equity		
Capital stock	18,670	18,670
Capital surplus	16,759	16,759
Retained earnings	53,532	58,365
Treasury stock	(2,405)	(2,413)
Total shareholders' equity	86,557	91,382
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,957	10,308
Foreign currency translation adjustment	186	522
Remeasurement of defined benefit plans	152	965
Total accumulated other comprehensive income	6,295	11,796
Minority interests	375	366
Total net assets	93,229	103,544
Total liabilities and net assets	190,913	207,387

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

(Millions of yen)

	FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)	FY ended March 2015 (From Apr. 1, 2014 to Mar. 31, 2015)
Net sales	211,363	220,130
Cost of sales	*1 147,492	*1 155,089
Gross profit	63,871	65,041
Selling, general and administrative expenses		
Selling expenses	2,576	2,786
Packing and transportation expenses	9,006	9,214
Salaries and allowances	17,589	18,428
Provision for bonuses	2,184	2,196
Retirement benefit expenses	961	977
Depreciation	1,594	1,652
Rent expenses	6,434	6,831
Other	14,070	14,187
Total selling, general and administrative expenses	*1 54,417	*1 56,274
Operating income	9,454	8,766
Non-operating income		
Interest income	41	23
Dividends income	445	518
Equity in earnings of affiliates	183	271
Foreign exchange gains	191	390
Subsidy income	9	233
Other	553	738
Total non-operating income	1,424	2,175
Non-operating expenses		
Interest expenses	344	320
Loss on sales and retirement of noncurrent assets	134	77
Other	331	196
Total non-operating expenses	810	594
Ordinary income	10,067	10,347
Extraordinary income		
Gain on sales of investment securities	24	549
Gain on bargain purchase	279	–
Gain on sales of golf club memberships	–	54
Total extraordinary income	304	603
Extraordinary loss		
Impairment loss	–	*2 625
Loss on valuation of investment securities	1	–
Loss on valuation of golf club memberships	1	0
Total extraordinary loss	3	626
Income before income taxes and minority interests	10,368	10,324
Income taxes-current	4,512	3,988
Income taxes-deferred	(215)	(53)
Total income taxes	4,297	3,934
Income before minority interests	6,071	6,390
Minority interests in income	(42)	(32)
Net income	6,113	6,422

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)	FY ended March 2015 (From Apr. 1, 2014 to Mar. 31, 2015)
Income before minority interests	6,071	6,390
Other comprehensive income		
Valuation difference on available-for-sale securities	1,427	4,344
Foreign currency translation adjustment	323	227
Remeasurement of defined benefit plans, net of tax	–	813
Share of other comprehensive income of equity method affiliates	129	137
Total other comprehensive income	*1 1,880	*1 5,522
Comprehensive income	7,951	11,912
Details:		
Comprehensive income attributable to owners of the parent	7,978	11,922
Comprehensive income attributable to minority interests	(27)	(9)

(3) Consolidated Statements of Changes in Shareholders' Equity

FY ended March 2014 (From April 1, 2013 to March 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
Cumulative effect of changes in accounting policies					–
Restated 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
Cumulative effect of changes in accounting policies						–
Restated 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

FY ended March 2015 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	18,670	16,759	53,532	(2,405)	86,557
Cumulative effect of changes in accounting policies			452		452
Restated balance	18,670	16,759	53,984	(2,405)	87,009
Changes of items during the period					
Dividends from surplus			(2,041)		(2,041)
Net income			6,422		6,422
Purchase of treasury stock				(8)	(8)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	4,381	(8)	4,372
Ending balance	18,670	16,759	58,365	(2,413)	91,382

	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	5,957	186	152	6,295	375	93,229
Cumulative effect of changes in accounting policies						452
Restated balance	5,957	186	152	6,295	375	93,681
Changes of items during the period						
Dividends from surplus						(2,041)
Net income						6,422
Purchase of treasury stock						(8)
Net changes of items other than shareholders' equity	4,351	335	813	5,500	(9)	5,490
Total changes of items during the period	4,351	335	813	5,500	(9)	9,863
Ending balance	10,308	522	965	11,796	366	103,544

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)	FY ended March 2015 (From Apr. 1, 2014 to Mar. 31, 2015)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	10,368	10,324
Depreciation and amortization	4,587	4,997
Gain on bargain purchase	(279)	–
Loss (gain) on sales and retirement of noncurrent assets	133	76
Equity in (earnings) losses of affiliates	(183)	(271)
Increase (decrease) in allowance for doubtful accounts	0	74
Increase (decrease) in provision for bonuses	521	6
Increase (decrease) in net defined benefit liability	(1,697)	485
Interest and dividends income	(486)	(541)
Interest expenses	344	320
Loss (gain) on sales of investment securities	(24)	(549)
Loss (gain) on valuation of investment securities	1	–
Decrease (increase) in notes and accounts receivable-trade	(3,873)	(5,617)
Decrease (increase) in inventories	(1,475)	(1,326)
Increase (decrease) in notes and accounts payable-trade	5,110	2,741
Increase (decrease) in accrued consumption taxes	97	924
Other, net	819	381
Subtotal	13,965	12,027
Interest and dividends income received	529	586
Interest expenses paid	(382)	(319)
Income taxes paid	(4,243)	(4,830)
Net cash provided by (used in) operating activities	9,868	7,463
Net cash provided by (used in) investing activities		
Payments into time deposits	(2,052)	(2,018)
Proceeds from withdrawal of time deposits	2,373	2,349
Purchase of property, plant and equipment	(5,591)	(5,112)
Proceeds from sales of property, plant and equipment	1	272
Purchase of intangible assets	(1,725)	(1,788)
Purchase of investment securities	(1,429)	(878)
Proceeds from sales and redemption of investment securities	1,192	1,434
Disbursements for the acquisition of shares of subsidiaries with changes in the scope of consolidation	(554)	–
Other, net	(318)	(745)
Net cash provided by (used in) investing activities	(8,104)	(6,487)

(Millions of yen)

	FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)	FY ended March 2015 (From Apr. 1, 2014 to Mar. 31, 2015)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	106	(101)
Proceeds from long-term loans payable	1,529	200
Repayment of long-term loans payable	(3,205)	(1,112)
Proceeds from issuance of bonds	5,000	5,000
Redemption of bonds	(5,000)	(5,000)
Purchase of treasury stock	(13)	(3)
Cash dividends paid	(1,433)	(2,038)
Other, net	67	(240)
Net cash provided by (used in) financing activities	(2,948)	(3,296)
Effect of exchange rate change on cash and cash equivalents	276	218
Net increase (decrease) in cash and cash equivalents	(908)	(2,101)
Cash and cash equivalents at beginning of the fiscal year	25,818	24,909
Cash and cash equivalents at the end of the fiscal year	^{*1} 24,909	^{*1} 22,808

(5) Notes regarding Consolidated Financial Statements

(Note regarding the Assumption of Going Concern)

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 consolidated subsidiaries: 26

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 Co., Ltd., SEC Co., Ltd., Salotto (China) Limited., Hangzhou Okamura Transmission Co., Ltd.

Okamura Trading (Shanghai) Co., Ltd. and Shanghai Okamura Architecture Co., Ltd., which were established in April 2014, have been included in the scope of consolidation since the beginning of the current consolidated fiscal year.

(2) Unconsolidated subsidiaries

Number of unconsolidated subsidiaries: 1

Name of the unconsolidated 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 unconsolidated subsidiaries

Number of equity method unconsolidated subsidiaries: 1

Name of equity method unconsolidated 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) Unconsolidated 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 affiliates 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 Shanghai Okamura Furniture and Logistics System Co., Ltd., Salotto (China) Limited, its four subsidiaries, Hangzhou Okamura Transmission Co., Ltd., Okamura Trading (Shanghai) Co., Ltd., Shanghai Okamura Architecture Co., Ltd. and Okamura International (Singapore) Pte 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 Shanghai Okamura Furniture and Logistics System Co., Ltd., Salotto (China) Limited, its four subsidiaries, Hangzhou Okamura Transmission Co., Ltd., Okamura Trading (Shanghai) Co., Ltd., Shanghai Okamura Architecture Co., Ltd. and Okamura International (Singapore) Pte 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.

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, 2014).

(Changes in Accounting Policy)

The Company has applied the provisions of Article 35 of 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, March 26, 2015) since the current consolidated 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 current consolidated fiscal year under review.

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

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

(Change in Representation)

(Consolidated Statements of Income)

The Subsidy income 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, ¥562 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 Subsidy income of ¥9 million and Other of ¥553 million.

The Office relocation expenses in Non-operating income represented independently in the previous consolidated fiscal year are included in Other from the current consolidated fiscal year, because they fell below 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, ¥125 million that was represented in Office relocation expenses and ¥205 million that was represented in Other in Non-operating income included in the Consolidated Statements of Income for the previous consolidated fiscal year are reclassified as Other of ¥331 million.

(Consolidated Statements of Cash Flows)

The Increase (decrease) in accrued consumption taxes included in Other in Net cash provided by (used in) operating activities for the previous consolidated fiscal year is represented independently from the current consolidated fiscal year, because its significance has increased. In order to reflect this change in representation, consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, ¥916 million that was represented in Other in Net cash provided by (used in) operating activities included in the Consolidated Statements of Cash Flows for the previous consolidated fiscal year is reclassified as Increase (decrease) in accrued consumption taxes of ¥97 million and Other of ¥819 million.

(Consolidated Balance Sheet)

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

	FY ended March 2014 (As of Mar. 31, 2014)	FY ended March 2015 (As of Mar. 31, 2015)
Accumulated depreciation of property, plant and equipment	¥98,505 million	¥100,598 million

*2 Balances held in unconsolidated subsidiaries and affiliates are as follows:

	FY ended March 2014 (As of Mar. 31, 2014)	FY ended March 2015 (As of Mar. 31, 2015)
Investment securities (equity shares)	¥2,352 million	¥2,708 million

*3 Pledged assets and secured obligations

Pledged assets and secured obligations are as follows:

Pledged assets

	FY ended March 2014 (As of Mar. 31, 2014)	FY ended March 2015 (As of Mar. 31, 2015)
Buildings and structures	¥2,428 million	¥2,296 million
Land	¥7,732 million	¥7,732 million
Investment securities	¥12 million	¥17 million
Total	¥10,173 million	¥10,047 million

Within the above, assets offered as mortgage for factory foundation

	FY ended March 2014 (As of Mar. 31, 2014)	FY ended March 2015 (As of Mar. 31, 2015)
Buildings and structures	¥354 million	¥338 million
Land	¥282 million	¥282 million
Total	¥637 million	¥620 million

Secured obligations

	FY ended March 2014 (As of Mar. 31, 2014)	FY ended March 2015 (As of Mar. 31, 2015)
Short-term loans payable	¥1,500 million	¥1,500 million
Current portion of long-term loans payable	¥259 million	¥259 million
Long-term loans payable	¥873 million	¥713 million
Total	¥2,633 million	¥2,473 million

Within the above, obligations corresponding to mortgage for factory foundation

	FY ended March 2014 (As of Mar. 31, 2014)	FY ended March 2015 (As of Mar. 31, 2015)
Short-term loans payable	¥100 million	¥100 million
Current portion of long-term loans payable	¥159 million	¥159 million
Long-term loans payable	¥373 million	¥213 million
Total	¥633 million	¥473 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 2014 (As of Mar. 31, 2014)	FY ended March 2015 (As of Mar. 31, 2015)
Total amount under specified commitment line agreements	¥14,000 million	¥14,000 million
Outstanding loans borrowed	—	—
Balance	¥14,000 million	¥14,000 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 2014 (From Apr. 1, 2013 to Mar. 31, 2014)	FY ended March 2015 (From Apr. 1, 2014 to Mar. 31, 2015)
Research and development expenses	¥996 million	¥978 million

- *2 Impairment loss

The Okamura Group recorded impairment losses for the following asset groups in the current consolidated fiscal year:

Purpose	Location	Type
Production equipment, etc.	Dongguan, etc., in the People's Republic of China	Machinery, equipment, etc.
	Hong Kong Special Administrative Region of the People's Republic of China	Goodwill, and tools, furniture, fixtures, etc.

The Okamura Group groups assets put into business for each managerial accounting category.

We recorded the total book value of the above asset groups at the end of the current consolidated fiscal year as impairment loss (¥625 million), because net cash from operating activities for these groups have continued to be negative and recovery of the book value cannot be expected.

The recoverable value from the relevant asset groups is measured based on value in use, and the value in use is estimated as zero.

(Consolidated Statements of Comprehensive Income)

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

	FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)	FY ended March 2015 (From Apr. 1, 2014 to Mar. 31, 2015)
Valuation difference on available-for-sale securities		
Amount recognized in the period under review	¥2,238 million	¥6,509 million
Amount of recycling	¥18 million	¥549 million
Before income tax effect adjustment	¥2,220 million	¥5,960 million
Amount of income tax effect	¥793 million	¥1,615 million
Valuation difference on available-for-sale securities	¥1,427 million	¥4,344 million
Foreign currency exchange adjustments		
Amount recognized in the period under review	¥323 million	¥227 million
Remeasurement of defined benefit plans		
Amount recognized in the period under review	–	¥1,360 million
Amount of recycling	–	¥158 million
Before income tax effect adjustment	–	¥1,201 million
Amount of income tax effect	–	¥387 million
Remeasurement of defined benefit plans	–	¥813 million
Share of other comprehensive income of equity method affiliates		
Amount recognized in the period under review	¥129 million	¥137 million
Total other comprehensive income	¥1,880 million	¥5,522 million

(Consolidated Statements of Changes in Shareholders' Equity)

FY ended March 2014 (From April 1, 2013 to March 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 belongs 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

FY ended March 2015 (From April 1, 2014 to March 31, 2015)

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)	2,218,636	9,558	-	2,228,194

(Outline of change factors)

The details of increase are as stated below:

Increase due to purchase of fractional shares	4,020 shares
Increase due to purchase of treasury stock by equity method affiliates which belongs to us	5,538 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, 2014	Common stock	1,103	10.00	March 31, 2014	June 30, 2014
Board of Directors held on October 15, 2014	Common stock	937	8.50	September 30, 2014	December 10, 2014

(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 26, 2015	Common stock	Retained earnings	937	8.50	March 31, 2015	June 29, 2015

(Consolidated Statements of Cash Flows)

*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 2014 (From Apr. 1, 2013 to Mar. 31, 2014)	FY ended March 2015 (From Apr. 1, 2014 to Mar. 31, 2015)
Cash and deposit accounts	¥26,545 million	¥24,021 million
Time deposits—over three months	-¥1,657 million	-¥1,234 million
Short-term investment securities— within three months	¥21 million	¥21 million
Cash and cash equivalents	¥24,909 million	¥22,808 million

(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 2014 (From April 1, 2013 to March 31, 2014)

(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	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

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 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 corresponds to the operating income on Consolidated Statements of Income.

FY ended March 2015 (From April 1, 2014 to March 31, 2015)

(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	118,962	87,410	206,373	13,757	220,130	–	220,130
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	118,962	87,410	206,373	13,757	220,130	–	220,130
Segment income (loss)	6,570	2,350	8,921	(155)	8,766	–	8,766
Segment property	94,355	45,957	140,312	12,516	152,828	54,558	207,387
Other items							
Depreciation	3,259	1,207	4,467	519	4,987	–	4,987
Increase in property, plant and equipment and intangible assets	4,650	2,909	7,559	825	8,385	–	8,385

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 adjusted amount of ¥54,558 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) corresponds to the 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 Statements of Income, 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 noncurrent assets by segment)

FY ended March 2014 (From April 1, 2013 to March 31, 2014)

There is no information that needs to be disclosed herein.

FY ended March 2015 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Report Segments			Others	Total	Adjusted amount	Amount reported in the Consolidated Statements of Income
	Office Furniture	Store Displays	Total				
Impairment loss	610	14	625	–	625	–	625

(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 2014 (From Apr. 1, 2013 to Mar. 31, 2014)	FY ended March 2015 (From Apr. 1, 2014 to Mar. 31, 2015)
Net assets per share of common stock	842.80 yen	936.59 yen
Net income per share of common stock	55.49 yen	58.30 yen

- Notes: 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 Standards for Retirement Benefits and other standards and followed the transitional treatment provided in Article 37 of the Accounting Standards for Retirement Benefits. As a result, net assets per share in the current consolidated fiscal year increased by ¥4.10.
3. The basis for calculating net income per share of common stock was as follows:

Items	FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)	FY ended March 2015 (From Apr. 1, 2014 to Mar. 31, 2015)
Net income (in million yen)	6,113	6,422
Amount not reverting to common shareholders (in million yen)	–	–
Net profit relating to common stock (in million yen)	6,113	6,422
Average number of shares of common stock during the period (in thousand shares)	110,185	110,167

(Material 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.

6. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of yen)

	FY ended March 2014 (As of Mar. 31, 2014)	FY ended March 2015 (As of Mar. 31, 2015)
Assets		
Current assets		
Cash and deposits	13,202	11,468
Notes receivable-trade	6,778	7,301
Accounts receivable-trade	45,050	49,131
Short-term investment securities	331	21
Merchandise and finished goods	8,451	9,072
Work in process	782	756
Raw materials and supplies	2,941	3,208
Prepaid expenses	648	780
Deferred tax assets	1,637	1,566
Other	1,108	1,867
Allowance for doubtful accounts	(16)	(17)
Total current assets	80,918	85,158
Noncurrent assets		
Property, plant and equipment		
Buildings	10,476	12,237
Structures	429	915
Machinery and equipment	4,334	5,062
Vehicles	106	106
Tools, furniture and fixtures	1,140	1,172
Land	21,464	21,464
Construction in progress	1,964	86
Total property, plant and equipment	39,917	41,044
Intangible assets		
Patent right	0	0
Leasehold right	560	560
Software	2,947	4,007
Other	120	117
Total intangible assets	3,629	4,686
Investments and other assets		
Investment securities	23,316	29,380
Stocks of subsidiaries and affiliates	11,017	9,925
Long-term loans receivable from subsidiaries and affiliates	1,579	1,970
Claims provable in bankruptcy, claims provable in rehabilitation and other	25	98
Prepaid pension cost	3,580	3,853
Lease deposits	3,430	3,625
Other	670	960
Allowance for doubtful accounts	(440)	(803)
Total investments and other assets	43,181	49,012
Total noncurrent assets	86,728	94,743
Total assets	167,646	179,902

(Millions of yen)

	FY ended March 2014 (As of Mar. 31, 2014)	FY ended March 2015 (As of Mar. 31, 2015)
Liabilities		
Current liabilities		
Notes payable-trade	6,774	7,864
Electronically recorded obligations-operating	11,051	11,123
Accounts payable-trade	23,227	24,124
Short-term loans payable	5,250	5,200
Short-term loans payable to subsidiaries and affiliates	1,000	–
Current portion of long-term loans payable	3,700	2,650
Current portion of bonds	5,000	–
Lease obligations	85	115
Accounts payable-other	436	500
Accrued expenses	1,598	1,655
Income taxes payable	2,534	1,903
Accrued consumption taxes	337	1,029
Advances received	338	242
Deposits received	280	238
Provision for bonuses	2,525	2,491
Total current liabilities	64,138	59,139
Noncurrent liabilities		
Bonds payable	5,000	10,000
Long-term loans payable	5,650	3,200
Lease obligations	185	297
Provision for retirement benefits	8,925	9,058
Long-term deposits received	2,265	2,302
Deferred tax liabilities	2,045	3,792
Other	513	508
Total noncurrent liabilities	24,586	29,161
Total liabilities	88,725	88,300
Net assets		
Shareholders' equity		
Capital stock	18,670	18,670
Capital surplus		
Legal capital surplus	16,759	16,759
Total capital surplus	16,759	16,759
Retained earnings		
Legal retained earnings	1,874	1,874
Other retained earnings		
Reserve for reduction entry	4,694	4,634
General reserve	4,180	4,180
Retained earnings brought forward	29,374	37,919
Total retained earnings	40,123	48,608
Treasury stock	(2,328)	(2,331)
Total shareholders' equity	73,225	81,706
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	5,696	9,895
Total valuation and translation adjustments	5,696	9,895
Total net assets	78,921	91,602
Total liabilities and net assets	167,646	179,902

(2) Non-Consolidated Statements of Income

(Millions of yen)

	FY ended March 2014 (From Apr. 1, 2013 to Mar. 31, 2014)	FY ended March 2015 (From Apr. 1, 2014 to Mar. 31, 2015)
Net sales	191,346	198,717
Cost of sales	137,106	143,269
Gross profit	54,239	55,447
Selling, general and administrative expenses	46,245	47,869
Operating income	7,994	7,578
Non-operating income		
Interest income	49	38
Dividend income	982	6,217
Foreign exchange gains	99	286
Other	543	860
Total non-operating income	1,674	7,404
Non-operating expenses		
Interest expenses	249	202
Interest on bonds	80	72
Loss on sales and retirement of noncurrent assets	103	51
Provision of allowance for doubtful accounts for subsidiaries and affiliates	–	290
Other	304	160
Total non-operating expenses	738	776
Ordinary income	8,931	14,205
Extraordinary income		
Gain on sales of investment securities	5	549
Total extraordinary income	5	549
Extraordinary loss		
Loss on valuation of investment securities	1	–
Loss on valuation of stocks of subsidiaries and affiliates	–	1,262
Loss on valuation of golf club memberships	1	0
Total extraordinary loss	3	1,262
Income before income taxes	8,933	13,491
Income taxes-current	3,616	3,297
Income taxes-deferred	(242)	46
Total income taxes	3,373	3,343
Net income	5,560	10,147

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

FY ended March 2014 (From April 1, 2013 to March 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		Other retained earnings			
					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
Cumulative effect of changes in accounting policies								-
Restated 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
Cumulative effect of changes in accounting policies		-			-
Restated 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

FY ended March 2015 (From April 1, 2014 to March 31, 2015)

(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	4,694	4,180	29,374	40,123
Cumulative effect of changes in accounting policies							378	378
Restated balance	18,670	16,759	16,759	1,874	4,694	4,180	29,753	40,501
Changes of items during the period								
Dividends from surplus							(2,041)	(2,041)
Reversal of reserve for reduction entry					(60)		60	-
Net income							10,147	10,147
Purchase of treasury stock								
Net changes of items other than shareholders' equity								
Total changes of items during the period	-	-	-	-	(60)	-	8,166	8,106
Ending balance	18,670	16,759	16,759	1,874	4,634	4,180	37,919	48,608

	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	(2,328)	73,225	5,696	5,696	78,921
Cumulative effect of changes in accounting policies		378			378
Restated balance	(2,328)	73,603	5,696	5,696	79,300
Changes of items during the period					
Dividends from surplus		(2,041)			(2,041)
Reversal of reserve for reduction entry		-			-
Net income		10,147			10,147
Purchase of treasury stock	(3)	(3)			(3)
Net changes of items other than shareholders' equity			4,199	4,199	4,199
Total changes of items during the period	(3)	8,102	4,199	4,199	12,301
Ending balance	(2,331)	81,706	9,895	9,895	91,602

7. Other

Changes in Board Members

(1) Change of Representative Director

There is no information that needs to be disclosed herein.

(2) Change in other board members (scheduled on June 26, 2015)

① Candidate Directors to be Newly Appointed

Director	Makoto Tajiri	(Currently General Manager, Material Handling Systems Sales Department, Material Handling Systems Division)
Senior General Manager, Material Handling Systems Division, and		
General Manager, Material Handling Systems Sales Department		

② Directors to be Retired

Director	Koichi Osada	(To be appointed as President and Representative Director, Seeder Co., Ltd.)
Director	Katsunori Araya	(To be appointed as the Company's Corporate Auditor)

③ Candidate Corporate Auditors to be Newly Appointed

Standing Corporate Auditor	Katsunori Araya	(Currently Director and Senior General Manager, Telecom Sales Division)
Corporate Auditor	Shigeru Iwamoto	(Certified Public Accountant and currently the Company's Substitute Corporate Auditor)

Note: Shigeru Iwamoto, candidate Corporate Auditor to be newly appointed, is a candidate outside statutory auditor provided in Article 2, item (xvi) of the Companies Act.

④ Directors to be Retired

Corporate Auditor	Shigeru Goto	
Corporate Auditor	Shohachi Oki	(To be appointed as the Company's Substitute Corporate Auditor)

⑤ Substitute Corporate Auditor to be Newly Appointed

Substitute Corporate Auditor	Shohachi Oki	(Currently the Company's Corporate Auditor)
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