Financial Results for Fiscal Year Ended March 2016
[Japanese GAAP] (Consolidated)

May 11, 2016

Okamura Corporation | Listing: Tokyo Stock Exchange

Code Number: 7994 URL: http://www.okamura.co.jp/
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Scheduled date for Board Meeting for Consolidated Settlement of Accounts: June 28, 2016
Scheduled date for filing Annual Security Report: June 28, 2016
Scheduled date for commencement of dividend payments: June 29, 2016
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 2016 (April 1, 2015 to March 31, 2016)

(1) Operating Results

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2016	240,794	9.4	12,960	47.8	13,590	31.3	9,067	41.2
FY ended March 2015	220,130	4.1	8,766	(7.3)	10,347	2.8	6,422	5.0

Note: Comprehensive income ¥6,886 million (-42.2%) for FY ended March 2016, ¥11,912 million (49.8%) for FY ended March 2015

	Profit per share	Diluted profit per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	yen	yen	%	%	%
FY ended March 2016	82.31	–	8.6	6.4	5.4
FY ended March 2015	58.30	–	6.5	5.2	4.0

Reference: Equity in earnings of affiliates ¥125 million for FY ended March 2016, ¥271 million for FY ended March 2015

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY ended March 2016	217,485	108,491	49.7	980.32
FY ended March 2015	207,387	103,544	49.8	936.59

Reference: Total equity ¥107,996 million for FY ended March 2016, ¥103,178 million for FY ended March 2015

(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 2016	13,870	(6,896)	(2,114)	27,547
FY ended March 2015	7,463	(6,487)	(3,296)	22,808

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 2015	–	8.50	–	8.50	17.00	1,875	29.2	1.9
FY ended March 2016	–	10.00	–	14.00	24.00	2,647	29.2	2.5
FY ending March 2017 (forecast)	–	12.00	–	12.00	24.00		27.0	

Note: Breakdown of annual cash dividends for FY ended March 2016 Ordinary dividends: ¥10.00, Commemorative dividends: ¥4.00

3. Forecast of Consolidated Performance for FY Ending March 2017 (from April 1, 2016 to March 31, 2017)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
2Q (cumulative)	115,000	2.6	4,800	4.9	5,100	0.6	3,400	5.3	30.86
Full year	250,000	3.8	14,000	8.0	14,700	8.2	9,800	8.1	88.96

* 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: Yes

③ Changes in accounting estimates: Yes

④ Restatement: None

Note: The Company has changed its depreciation method since the fiscal year under review, which falls under "Changes in accounting policies for items that are difficult to distinguish from changes in accounting estimates." For details, please refer to (5) Notes regarding Consolidated Financial Statements (Changes in accounting policies for items that are difficult to distinguish from changes in accounting estimates) in 5. Consolidated Financial Statements on page 20 of the Appendix.

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

① Number of shares issued (including treasury stock) at the end of the fiscal year	FY ended March 2016	112,391,530	FY ended March 2015	112,391,530
② Number of shares of treasury stock at the end of the fiscal year	FY ended March 2016	2,227,159	FY ended March 2015	2,228,194
③ Average number of shares during the period	FY ended March 2016	110,162,842	FY ended March 2015	110,167,507

Reference: Non-Consolidated Operating Results

1. Non-Consolidated Operating Results for FY Ended March 2016 (April 1, 2015 to March 31, 2016)

(1) Operating Results

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

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2016	217,690	9.5	10,860	43.3	11,803	(16.9)	7,764	(23.5)
FY ended March 2015	198,717	3.9	7,578	(5.2)	14,205	59.0	10,147	82.5

	Profit per share	Diluted profit per share
	yen	yen
FY ended March 2016	70.38	–
FY ended March 2015	91.97	–

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY ended March 2016	190,231	97,088	51.0	880.00
FY ended March 2015	179,902	91,602	50.9	830.26

Note: Total equity ¥97,088 million for FY ended March 2016, ¥91,602 million for FY ended March 2015

* 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 2016

① Overview of Operating Results

	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Profit per share (Yen)	ROE (%)
FY ended March 2016	240,794	12,960	13,590	9,067	82.31	8.6
FY ended March 2015	220,130	8,766	10,347	6,422	58.30	6.5
Changes (%)	9.4%	47.8%	31.3%	41.2%	41.2%	–

During the consolidated fiscal year under review, the Japanese economy showed gradual recovery, such as improvements in corporate profits and in the employment situation, supported by fiscal policy and monetary easing by the government and the Bank of Japan. On the other hand, however, with concerns about the impact of deteriorating overseas economies, including a slowdown in the growth of China's economy, falling resource prices and the strong yen and weak stock prices since the beginning of the year, the economy remained unable to shake off a mood of uncertainty.

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 through the renewal of its sales IT system, and to strengthen its business competitiveness in Japan. Also, the Group has expanded its presence in the global market by founding PT. Okamura Chitose Indonesia, a joint company with PT. Chitose International Tbk in Indonesia. The company was set up in July 2015 as an additional sales base to those in China and Singapore.

As a result of the above, net sales for the current consolidated fiscal year amounted to ¥240,794 million (a year-over-year increase of 9.4%).

From a profit-and-loss perspective, ordinary income amounted to ¥13,590 million (a year-over-year increase of 31.3%) and profit attributable to owners of parent amounted to ¥9,067 million (a year-over-year increase of 41.2%).

② Segment Performance

Segment name	Net sales (Millions of yen)			Segment income (loss) (Millions of yen)		
	FY ended March 2015	FY ended March 2016	Increase/ decrease	FY ended March 2015	FY ended March 2016	Increase/ decrease
Office Furniture	118,962	124,988	6,025	6,570	9,182	2,612
Store Displays	87,410	99,204	11,793	2,350	3,516	1,165
Others	13,757	16,602	2,845	(155)	262	417
Total	220,130	240,794	20,664	8,766	12,960	4,194

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 increase. This was due to a rise in the supply of large-scale office buildings, mainly in the center of Tokyo. Under these circumstances, the Company proactively made proposals on how to create office environments in response to various office working styles, and also launched new products that realize such proposals. Also in this segment, the Company endeavored to engage in aggressive sales activities for healthcare, R&D, school and library facilities, and office-related facilities, as well as municipal offices. The results of the above efforts increased both net sales and income year-over-year.

As a result, net sales in this segment amounted to ¥124,988 million (a year-over-year increase of 5.1%) and the segment income amounted to ¥9,182 million (a year-over-year increase of 39.8%).

Store Displays

In the Store Displays segment, by taking advantage of the Group's total strength, the Company enhanced its capabilities to make proposals for one-stop total solutions for the retail industry—an industry that is aggressively opening new stores and performing store renovations. In addition, the Company focused on increasing its market share in refrigerated showcases and on cost reductions. In order to respond to rising demand for the renovation of existing stores by firms seeking to enhance their competitiveness, the Company primarily took advantage of its strong presence in the existing store market and its capabilities for quick delivery thanks to its domestic production. The Company thereby achieved steady sales growth. The results of the above efforts greatly increased both net sales and income year-over-year.

As a result, net sales in this segment amounted to ¥99,204 million (a year-over-year increase of 13.5%) and the segment income amounted to ¥3,516 million (a year-over-year increase of 49.6%).

Others (including Material Handling Systems)

In the Materials Handling Systems segment, the Company focused on growth markets such as logistics centers for food, healthcare, and Internet shopping, and the transportation of small articles. In addition, in this segment, the Company achieved brisk sales of large-scale systems through sales activities with maximum utilization of its solution-proposal capabilities and its products, which are distinguished by their superiority. The results of the above efforts increased net sales year-over-year and segment profit-and-loss, and the segment reported a profit.

As a result, net sales in this segment amounted to ¥16,602 million (a year-over-year increase of 20.7%) and the segment income amounted to ¥262 million (a loss of ¥155 million for the previous year).

2) Forecast Earnings for FY Ending March 2017

	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Profit per share (Yen)
FY ending March 2017	250,000	14,000	14,700	9,800	88.96
FY ended March 2016	240,794	12,960	13,590	9,067	82.31
Change (%)	3.8%	8.0%	8.2%	8.1%	8.1%

This year, uncertainty over the prospects for the Japanese economy increased owing to turmoil in financial markets, the negative effect on corporate performance of the stronger yen, falling stock prices and a drop in resource prices, and the slowdown in the U.S. economy and the Chinese economy. However, the economy showed some positive signs, such as record corporate performance and continuous proactive recruitment by companies to solve staffing shortages. 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 expects that demand for offices will remain strong as a result of a stable supply of large-scale buildings, mainly in downtown Tokyo. In addition, the trend toward creating new office styles, such as bringing about work style innovation in offices and raising awareness on health, is further accelerating. Under these circumstances, the Company will aim to increase sales in the office market by strengthening the promotion of sales to companies and sectors with strong performance and by enhancing total solutions, which is a core strength of the Group. Also, the company will endeavor to establish superiority in the office-related furniture market, improve profitability, and take full-fledged measures to strengthen its human resource development.

In the Store Displays segment, the Company anticipates that new stores will be opened and that demand for existing store renovation will remain strong, mainly in the retail industry. Under these circumstances, the Company will strive to increase net sales by strengthening and expanding our product range to meet customers' needs, and by strengthening our capabilities to make proposals for one-stop total solutions in the areas of display fixtures, store carts, and security products.

In the Others (including Material Handling Systems) segment, we expect that demand for large-scale logistics facilities will continue to be strong, owing to increased Internet shopping business in the wholesale and retail industries. Under these circumstances, the Company will aim to increase net sales and to secure stable income by focusing on promising areas such as food, healthcare, and mail-order sales, and by strengthening collaboration with other segments. Also, the Company will aggressively develop distinctive products supporting manpower saving, automation, and high speed, which are distinguished by a range of distinctive features.

In its overseas business, with the aim of increasing net sales, the Company will acquire more distributors and strengthen its support for them, 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 ¥250 billion, consolidated ordinary income of ¥14.7 billion, and profit attributable to owners of parent of ¥9.8 billion for the year ending March 2017.

(2) Analysis of Financial Position

① Assets, Liabilities and Net Assets

	At the end of FY ended March 2015	At the end of FY ended March 2016
Total assets (Millions of yen)	207,387	217,485
Net assets (Millions of yen)	103,544	108,491
Equity ratio	49.8%	49.7%
Net assets per share (Yen)	936.59	980.32

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

Total assets amounted to ¥217,485 million, up ¥10,098 million compared with the end of the previous consolidated fiscal year. Current assets increased by ¥9,785 million, mainly as a result of an increase in cash and deposits and notes and accounts receivable-trade; noncurrent assets increased by ¥313 million, mainly as a result of increases in property, plant and equipment and decreases in net defined benefit assets.

Liabilities amounted to ¥108,994 million, up ¥5,151 million compared with the end of the previous consolidated fiscal year, mainly as a result of increases in notes and accounts payable-trade, income taxes payable, and net defined benefit liability and of a decrease in deferred tax liabilities.

Net assets amounted to ¥108,491 million, up ¥4,946 million over the end of the previous fiscal year, mainly because of an increase in retained earnings and of a decrease in re-measurement of defined benefit plans.

As a result of the above, the equity ratio decreased by 0.1 percentage points to 49.7% compared with the end of the previous consolidated fiscal year, and the net assets per share increased from ¥936.59 at the end of the previous consolidated fiscal year to ¥980.32.

② Cash Flows

	FY ended March 2015 (Millions of yen)	FY ended March 2016 (Millions of yen)
Net cash provided by (used in) operating activities	7,463	13,870
Net cash provided by (used in) investing activities	(6,487)	(6,896)
Net cash provided by (used in) financing activities	(3,296)	(2,114)
Cash and cash equivalents at the end of the fiscal year	22,808	27,547
Borrowings and corporate bonds at the end of the fiscal year	24,288	24,448

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

Operating activities generated a net cash increase of ¥13,870 million (versus a net cash increase of ¥7,463 million in the previous fiscal year), reflecting inflows including income before income taxes and minority interests of ¥13,627 million, depreciation and amortization of ¥4,184 million and an increase in notes and accounts payable-trade of ¥2,866 million. Outflows included an increase in notes and accounts receivable-trade of ¥5,420 million and income taxes paid of ¥3,733 million.

Investment activities resulted in a net cash outflow of ¥6,896 million (versus a net cash outflow of ¥6,487 million in the previous fiscal year), reflecting outflows including disbursements of ¥4,425 million for the purchase of property, plant and equipment, ¥1,397 million for the purchase of intangible assets.

Financing activities resulted in a net cash outflow of ¥2,114 million (versus a net cash outflow of ¥3,296 million in the previous fiscal year), reflecting outflows including an increase in long-term loans payable of ¥205 million and a decrease of cash dividends paid by parent of ¥2,039 million.

As a result, the balance of cash and cash equivalents at the end of the consolidated fiscal year under review increased by ¥4,739 million to ¥27,547 million.

The balance of interest-bearing debt (borrowings and corporate bonds) at the end of the consolidated fiscal year under review increased by ¥160 million compared with the end of the previous fiscal year to ¥24,448 million.

Reference: Trends of cash flow indicators

	FY ended March 2012	FY ended March 2013	FY ended March 2014	FY ended March 2015	FY ended March 2016
Equity ratio (%)	46.2	48.4	48.6	49.8	49.7
Market value-based equity ratio (%)	36.8	43.4	52.2	51.3	54.5
Ratio of interest-bearing debt to cash flows (times)	3.9	2.9	2.6	3.3	1.8
Interest coverage ratio (times)	13.9	19.9	28.7	23.3	46.2

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 (Interest expenses)

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 ¥14.00 per share (ordinary dividends: ¥10.00; commemorative dividends: ¥4.00). Therefore, including the interim dividends (¥10.00 per share), dividends applicable to the year will be ¥24.00 per share.

Dividends for next fiscal year are forecast to be ¥24.00 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, 28 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]

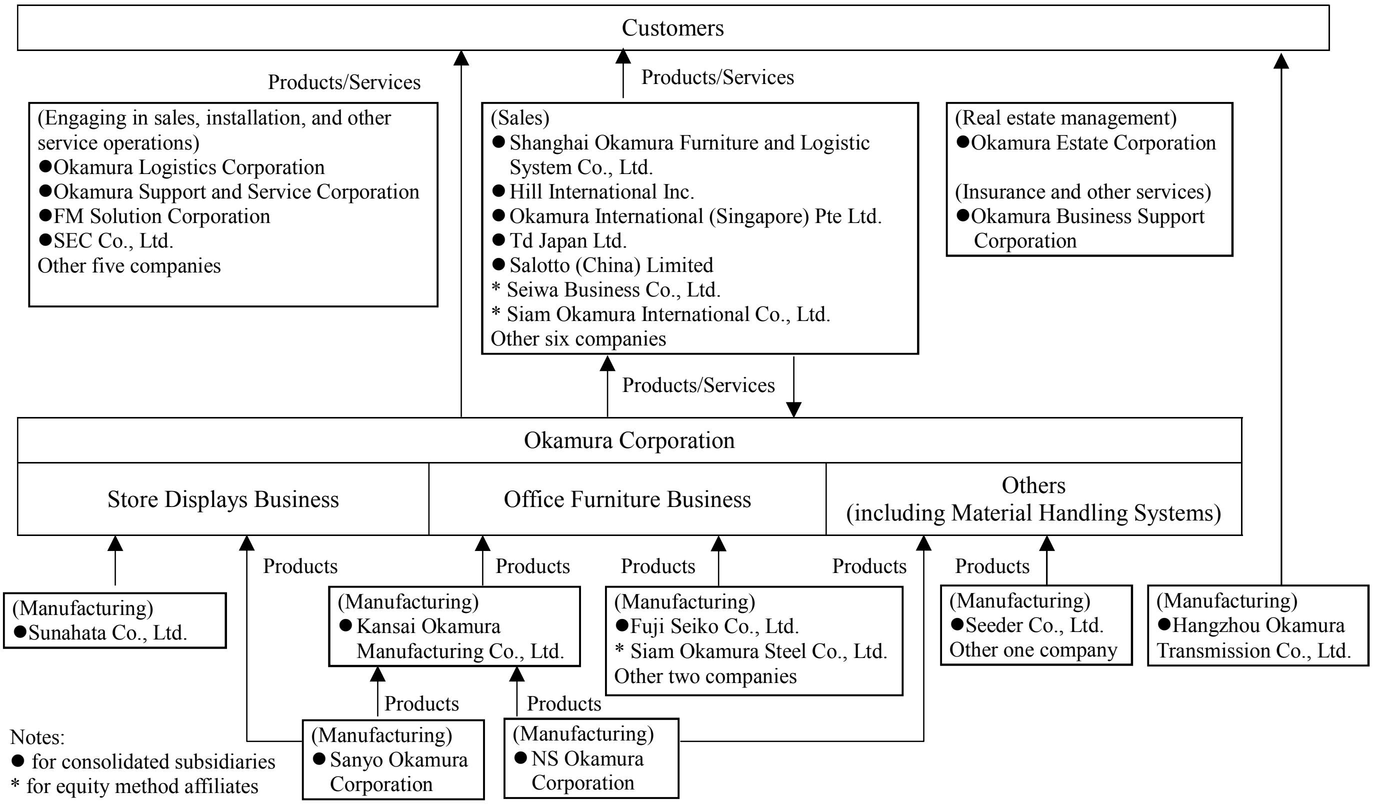
(Engaging in manufacturing operations)

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 high-value-added products. We also aim to improve market competitiveness, sales prices and profitability ratio by further evolving an advanced production system in response to small-lot production and by promoting automation toward improvement in productivity.

2) Strengthening of the domestic business base

We will expand business domains by promoting the strengthening of our sales capabilities by strengthening inter-segment cooperation and promoting M&A. 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 strengthening product development and sales channels in light of the growth potential of that market. In the Store Displays segment, we will work aggressively to strengthen our development of total solution products to meet our customers' changing needs.

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, especially in Southeast Asia, 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 2015 (As of Mar. 31, 2015)	FY ended March 2016 (As of Mar. 31, 2016)
Assets		
Current assets		
Cash and deposits	24,021	28,933
Notes and accounts receivable-trade	60,898	66,318
Short-term investment securities	21	530
Merchandise and finished goods	10,163	9,191
Work in process	1,625	1,483
Raw materials and supplies	3,954	4,435
Deferred tax assets	1,896	2,123
Other	2,696	2,204
Allowance for doubtful accounts	(30)	(189)
Total current assets	105,247	115,032
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	15,380	14,897
Machinery, equipment and vehicles, net	8,975	9,471
Land	23,522	24,151
Construction in progress	97	178
Other, net	2,260	2,652
Total property, plant and equipment	50,237	51,350
Intangible assets		
Goodwill	401	176
Other	4,645	5,107
Total intangible assets	5,046	5,283
Investments and other assets		
Investment securities	32,773	32,095
Net defined benefit asset	6,808	5,998
Lease deposits	3,990	4,185
Deferred tax assets	1,542	1,920
Other	1,841	1,652
Allowance for doubtful accounts	(98)	(33)
Total investments and other assets	46,856	45,819
Total noncurrent assets	102,140	102,453
Total assets	207,387	217,485

(Millions of yen)

	FY ended March 2015 (As of Mar. 31, 2015)	FY ended March 2016 (As of Mar. 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	34,209	32,105
Electronically recorded obligations-operating	11,123	15,892
Short-term loans payable	6,102	6,066
Current portion of long-term loans payable	3,126	2,341
Income taxes payable	2,311	3,720
Accrued consumption taxes	1,399	1,140
Provision for bonuses	3,250	3,738
Other	4,394	4,420
Total current liabilities	65,919	69,425
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	5,059	6,041
Net defined benefit liability	13,701	15,861
Deferred tax liabilities	4,547	3,344
Other	4,615	4,322
Total noncurrent liabilities	37,923	39,569
Total liabilities	103,843	108,994
Net assets		
Shareholders' equity		
Capital stock	18,670	18,670
Capital surplus	16,759	16,762
Retained earnings	58,365	65,392
Treasury stock	(2,413)	(2,415)
Total shareholders' equity	91,382	98,409
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,308	10,111
Foreign currency translation adjustment	522	302
Remeasurement of defined benefit plans	965	(826)
Total accumulated other comprehensive income	11,796	9,587
Non-controlling interests	366	494
Total net assets	103,544	108,491
Total liabilities and net assets	207,387	217,485

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

Consolidated Statements of Income

(Millions of yen)

	FY ended March 2015 (From Apr. 1, 2014 to Mar. 31, 2015)	FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)
Net sales	220,130	240,794
Cost of sales	*1 155,089	*1 167,301
Gross profit	65,041	73,493
Selling, general and administrative expenses		
Selling expenses	2,786	3,047
Packing and transportation expenses	9,214	10,568
Salaries and allowances	18,428	19,244
Provision for bonuses	2,196	2,540
Retirement benefit expenses	977	860
Depreciation	1,652	1,662
Rent expenses	6,831	7,205
Other	14,187	15,402
Total selling, general and administrative expenses	*1 56,274	*1 60,532
Operating income	8,766	12,960
Non-operating income		
Interest income	23	21
Dividends income	518	500
Equity in earnings of affiliates	271	125
Foreign exchange gains	390	–
Subsidy income	233	–
Other	738	669
Total non-operating income	2,175	1,316
Non-operating expenses		
Interest expenses	320	299
Foreign exchange losses	–	150
Loss on sales and retirement of noncurrent assets	77	71
Other	196	165
Total non-operating expenses	594	687
Ordinary income	10,347	13,590
Extraordinary income		
Gain on sales of investment securities	549	11
Gain on forgiveness of debts	–	199
Gain on sales of golf club memberships	54	–
Total extraordinary income	603	211
Extraordinary loss		
Impairment loss	*2 625	*2 93
Loss on valuation of investment securities	–	80
Loss on valuation of golf club memberships	0	0
Total extraordinary loss	626	173
Income before income taxes and minority interests	10,324	13,627
Income taxes-current	3,988	5,009
Income taxes-deferred	(53)	(498)
Total income taxes	3,934	4,510
Profit	6,390	9,116
Profit (loss) attributable to non-controlling interests	(32)	48
Profit attributable to owners of parent	6,422	9,067

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY ended March 2015 (From Apr. 1, 2014 to Mar. 31, 2015)	FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)
Profit	6,390	9,116
Other comprehensive income		
Valuation difference on available-for-sale securities	4,344	(191)
Foreign currency translation adjustment	227	(142)
Remeasurement of defined benefit plans, net of tax	813	(1,792)
Share of other comprehensive income of entities accounted for using equity method	137	(104)
Total other comprehensive income	*1 5,522	*1 (2,229)
Comprehensive income	11,912	6,886
Details:		
Comprehensive income attributable to owners of parent	11,922	6,858
Comprehensive income attributable to non-controlling interests	(9)	27

(3) Consolidated Statement of Changes in Equity

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)
Profit attributable to owners of parent			6,422		6,422
Purchase of treasury stock				(8)	(8)
Disposal of treasury stock					
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				Non-controlling 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)
Profit attributable to owners of parent						6,422
Purchase of treasury stock						(8)
Disposal of treasury stock						
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

FY ended March 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	18,670	16,759	58,365	(2,413)	91,382
Cumulative effect of changes in accounting policies					–
Restated balance	18,670	16,759	58,365	(2,413)	91,382
Changes of items during the period					
Dividends from surplus			(2,041)		(2,041)
Profit attributable to owners of parent			9,067		9,067
Purchase of treasury stock				(7)	(7)
Disposal of treasury stock		2		4	7
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	2	7,026	(2)	7,027
Ending balance	18,670	16,762	65,392	(2,415)	98,409

	Accumulated other comprehensive income				Non-controlling 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	10,308	522	965	11,796	366	103,544
Cumulative effect of changes in accounting policies						–
Restated balance	10,308	522	965	11,796	366	103,544
Changes of items during the period						
Dividends from surplus						(2,041)
Profit attributable to owners of parent						9,067
Purchase of treasury stock						(7)
Disposal of treasury stock						7
Net changes of items other than shareholders' equity	(196)	(220)	(1,792)	(2,208)	128	(2,080)
Total changes of items during the period	(196)	(220)	(1,792)	(2,208)	128	4,946
Ending balance	10,111	302	(826)	9,587	494	108,491

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY ended March 2015 (From Apr. 1, 2014 to Mar. 31, 2015)	FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	10,324	13,627
Depreciation and amortization	4,997	4,184
Gain on forgiveness of debts	–	(199)
Loss (gain) on sales and retirement of noncurrent assets	76	69
Equity in (earnings) losses of affiliates	(271)	(125)
Increase (decrease) in allowance for doubtful accounts	74	93
Increase (decrease) in provision for bonuses	6	487
Increase (decrease) in net defined benefit liability	485	314
Interest and dividends income	(541)	(521)
Interest expenses	320	299
Loss (gain) on sales of investment securities	(549)	(11)
Loss (gain) on valuation of investment securities	–	80
Decrease (increase) in notes and accounts receivable-trade	(5,617)	(5,420)
Decrease (increase) in inventories	(1,326)	632
Increase (decrease) in notes and accounts payable-trade	2,741	2,866
Increase (decrease) in accrued consumption taxes	924	(259)
Other, net	381	1,230
Subtotal	12,027	17,349
Interest and dividends income received	586	547
Interest expenses paid	(319)	(291)
Income taxes paid	(4,830)	(3,733)
Net cash provided by (used in) operating activities	7,463	13,870
Net cash provided by (used in) investing activities		
Payments into time deposits	(2,018)	(1,675)
Proceeds from withdrawal of time deposits	2,349	1,500
Purchase of property, plant and equipment	(5,112)	(4,425)
Proceeds from sales of property, plant and equipment	272	13
Purchase of intangible assets	(1,788)	(1,397)
Purchase of investment securities	(878)	(567)
Proceeds from sales and redemption of investment securities	1,434	22
Other, net	(745)	(367)
Net cash provided by (used in) investing activities	(6,487)	(6,896)

(Millions of yen)

	FY ended March 2015 (From Apr. 1, 2014 to Mar. 31, 2015)	FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(101)	(23)
Proceeds from long-term loans payable	200	3,400
Repayment of long-term loans payable	(1,112)	(3,194)
Proceeds from issuance of bonds	5,000	–
Redemption of bonds	(5,000)	–
Purchase of treasury stock	(3)	(2)
Cash dividends paid	(2,038)	(2,039)
Other, net	(240)	(254)
Net cash provided by (used in) financing activities	(3,296)	(2,114)
Effect of exchange rate change on cash and cash equivalents	218	(121)
Net increase (decrease) in cash and cash equivalents	(2,101)	4,739
Cash and cash equivalents at beginning of the fiscal year	24,909	22,808
Cash and cash equivalents at the end of the fiscal year	*1 22,808	*1 27,547

(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: 27

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.

PT. Okamura Chitose Indonesia, which was established in July 2015, has 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, profit (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., Okamura International (Singapore) Pte Ltd and PT. Okamura Chitose Indonesia. 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., Okamura International (Singapore) Pte Ltd and PT. Okamura Chitose Indonesia 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 29, 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 26, 2015).

(Changes in Accounting Policy)

Starting from the fiscal year under review, the Company has applied the Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013). In line with the application of these standards, the presentation of profit, etc. has been changed, and the presentation of minority interests has been changed to non-controlling interests. The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect these changes in presentation.

(Changes in accounting policies for items that are difficult to distinguish from changes in accounting estimates)

The Company and its consolidated subsidiaries in Japan, which had primarily used the declining-balance method to depreciate property, plant and equipment (except for leased assets), have adopted the straight-line method, starting from the fiscal year under review.

By the end of the previous fiscal year, the Group had for the most part completed its major investments in domestic facilities and equipment, with the aim of establishing its profit base in the medium- to long-term. These facilities and the equipment are expected to start operating at full scale in the fiscal year under review, and to operate stably over the long term. Against this background, we have changed the depreciation method, based on our conclusion that adopting the straight-line method for property, plant and equipment will contribute to more appropriate cost control, and will display the real state of our business conditions.

As a result of this change, operating income, ordinary income, income before income taxes and minority interests for the fiscal year under review increased by ¥1,325 million compared with the corresponding amounts that would have been recorded under the previous method.

The effect of this change on Segment Information is explained in the relevant notes.

(Consolidated Balance Sheet)

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

	FY ended March 2015 (As of Mar. 31, 2015)	FY ended March 2016 (As of Mar. 31, 2016)
Accumulated depreciation of property, plant and equipment	¥100,598 million	¥101,900 million

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

	FY ended March 2015 (As of Mar. 31, 2015)	FY ended March 2016 (As of Mar. 31, 2016)
Investment securities (equity shares)	¥2,708 million	¥2,702 million

*3 Pledged assets and secured obligations

Pledged assets and secured obligations are as follows:

Pledged assets

	FY ended March 2015 (As of Mar. 31, 2015)	FY ended March 2016 (As of Mar. 31, 2016)
Buildings and structures	¥2,296 million	¥2,139 million
Land	¥7,732 million	¥7,732 million
Investment securities	¥17 million	–
Total	¥10,047 million	¥9,872 million

Within the above, assets offered as mortgage for factory foundation

	FY ended March 2015 (As of Mar. 31, 2015)	FY ended March 2016 (As of Mar. 31, 2016)
Buildings and structures	¥338 million	¥328 million
Land	¥282 million	¥282 million
Total	¥620 million	¥610 million

Secured obligations

	FY ended March 2015 (As of Mar. 31, 2015)	FY ended March 2016 (As of Mar. 31, 2016)
Short-term loans payable	¥1,500 million	¥1,500 million
Current portion of long-term loans payable	¥259 million	¥759 million
Long-term loans payable	¥713 million	¥53 million
Total	¥2,473 million	¥2,313 million

Within the above, obligations corresponding to mortgage for factory foundation

	FY ended March 2015 (As of Mar. 31, 2015)	FY ended March 2016 (As of Mar. 31, 2016)
Short-term loans payable	¥100 million	¥100 million
Current portion of long-term loans payable	¥159 million	¥159 million
Long-term loans payable	¥213 million	¥53 million
Total	¥473 million	¥313 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 2015 (As of Mar. 31, 2015)	FY ended March 2016 (As of Mar. 31, 2016)
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 2015 (From Apr. 1, 2014 to Mar. 31, 2015)	FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)
Research and development expenses	¥978 million	¥1,074 million

*2 Impairment loss

The Okamura Group recorded impairment losses for the following asset groups:

FY ended March 2015 (From Apr. 1, 2014 to Mar. 31, 2015)

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 breakdown of the account is ¥485 million for goodwill, ¥93 million for machinery, equipment, etc. and ¥46 million for others.

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

FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)

Purpose	Location	Type
Assets used for business	Shanghai, etc., in the People's Republic of China.	Structures, 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 (¥93 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 details of the account is ¥61 million for structures and ¥31 million for others.

The recoverable value from the relevant asset group 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 2015 (From Apr. 1, 2014 to Mar. 31, 2015)	FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)
Valuation difference on available-for-sale securities		
Amount recognized in the period under review	¥6,509 million	-¥638 million
Amount of recycling	-¥549 million	-¥0 million
Before income tax effect adjustment	¥5,960 million	-¥638 million
Amount of income tax effect	-¥1,615 million	¥447 million
Valuation difference on available-for-sale securities	¥4,344 million	-¥191 million
Foreign currency exchange adjustments		
Amount recognized in the period under review	¥227 million	-¥142 million
Remeasurement of defined benefit plans		
Amount recognized in the period under review	¥1,360 million	-¥2,292 million

Amount of recycling	-¥158 million	-¥362 million
Before income tax effect adjustment	¥1,201 million	-¥2,655 million
Amount of income tax effect	-¥387 million	¥862 million
Remeasurement of defined benefit plans	¥813 million	-¥1,792 million
Share of other comprehensive income of entities accounted for using equity method		
Amount recognized in the period under review	¥137 million	-¥104 million
Total other comprehensive income	¥5,522 million	-¥2,229 million

(Consolidated Statement of Changes in Equity)

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

FY ended March 2016 (From April 1, 2015 to March 31, 2016)

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)	2,228,194	6,465	7,500	2,227,159

(Outline of change factors)
The details of increase are as stated below:
Increase due to purchase of fractional shares 2,082 shares
Increase due to purchase of treasury stock by equity method affiliates which belongs to us 4,383 shares

The details of decrease are as stated below:
Decrease due to sale of treasury stock by equity method affiliates which belongs to us 7,500 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 26, 2015	Common stock	937	8.50	March 31, 2015	June 29, 2015
Board of Directors held on October 21, 2015	Common stock	1,103	10.00	September 30, 2015	December 10, 2015

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

Resolved	Type	Resource of the dividends to be paid	Total amount (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 28, 2016	Common stock	Retained earnings	1,544	14.00	March 31, 2016	June 29, 2016

(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 2015 (From Apr. 1, 2014 to Mar. 31, 2015)	FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)
Cash and deposit accounts	¥24,021 million	¥28,933 million
Time deposits—over three months	-¥1,234 million	-¥1,407 million
Short-term investment securities—within three months	¥21 million	¥21 million
Cash and cash equivalents	¥22,808 million	¥27,547 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."

As noted in "Changes in accounting policies for items that are difficult to distinguish from changes in accounting estimates," the Company and its consolidated subsidiaries in Japan, which had primarily used the declining-balance method to depreciate property, plant and equipment (except for leased assets), have adopted the straight-line method, starting from the fiscal year under review.

As a result of this change, the segment incomes of "Office Furniture," "Store Displays" and "Others" for the fiscal year under review increased by ¥865 million, ¥360 million and ¥99 million respectively, compared with the corresponding amounts that would have been recorded under the previous method.

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

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

(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	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.

FY ended March 2016 (From April 1, 2015 to March 31, 2016)

(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	124,988	99,204	224,192	16,602	240,794	–	240,794
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	124,988	99,204	224,192	16,602	240,794	–	240,794
Segment income	9,182	3,516	12,698	262	12,960	–	12,960
Segment property	94,965	49,672	144,637	14,438	159,076	58,409	217,485
Other items							
Depreciation	2,724	1,006	3,730	441	4,172	–	4,172
Increase in property, plant and equipment and intangible assets	3,975	1,477	5,453	518	5,972	–	5,972

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 ¥58,409 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.

(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 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

FY ended March 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Report Segments			Others	Total	Adjusted amount	Amount reported in the Consolidated Statements of Income
	Office Furniture	Store Displays	Total				
Impairment loss	74	2	77	15	93	–	93

(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)

There is no information that needs to be disclosed herein.

(Per Share Data)

	FY ended March 2015 (From Apr. 1, 2014 to Mar. 31, 2015)	FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)
Net assets per share of common stock	936.59 yen	980.32 yen
Profit per share of common stock	58.30 yen	82.31 yen

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

Items	FY ended March 2015 (From Apr. 1, 2014 to Mar. 31, 2015)	FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)
Profit attributable to owners of parent (in million yen)	6,422	9,067
Amount not reverting to common shareholders (in million yen)	–	–
Profit relating to common stock attributable to owners of parent (in million yen)	6,422	9,067
Average number of shares of common stock during the period (in thousand shares)	110,167	110,162

(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 2015 (As of Mar. 31, 2015)	FY ended March 2016 (As of Mar. 31, 2016)
Assets		
Current assets		
Cash and deposits	11,468	14,882
Notes receivable-trade	7,301	8,845
Accounts receivable-trade	49,131	53,252
Short-term investment securities	21	530
Merchandise and finished goods	9,072	8,493
Work in process	756	714
Raw materials and supplies	3,208	3,407
Prepaid expenses	780	781
Deferred tax assets	1,566	1,665
Other	1,867	1,622
Allowance for doubtful accounts	(17)	(13)
Total current assets	85,158	94,182
Noncurrent assets		
Property, plant and equipment		
Buildings	12,237	11,723
Structures	915	851
Machinery and equipment	5,062	5,611
Vehicles	106	87
Tools, furniture and fixtures	1,172	1,554
Land	21,464	21,464
Construction in progress	86	153
Total property, plant and equipment	41,044	41,447
Intangible assets		
Patent right	0	3
Leasehold right	560	560
Software	4,007	4,366
Other	117	114
Total intangible assets	4,686	5,045
Investments and other assets		
Investment securities	29,380	28,660
Stocks of subsidiaries and affiliates	9,925	10,484
Long-term loans receivable from subsidiaries and affiliates	1,970	1,840
Claims provable in bankruptcy, claims provable in rehabilitation and other	98	33
Prepaid pension cost	3,853	4,781
Lease deposits	3,625	3,799
Other	960	1,027
Allowance for doubtful accounts	(803)	(1,073)
Total investments and other assets	49,012	49,554
Total noncurrent assets	94,743	96,048
Total assets	179,902	190,231

(Millions of yen)

	FY ended March 2015 (As of Mar. 31, 2015)	FY ended March 2016 (As of Mar. 31, 2016)
Liabilities		
Current liabilities		
Notes payable-trade	7,864	7,312
Electronically recorded obligations-operating	11,123	15,892
Accounts payable-trade	24,124	22,968
Short-term loans payable	5,200	5,200
Current portion of long-term loans payable	2,650	1,700
Lease obligations	115	109
Accounts payable-other	500	519
Accrued expenses	1,655	1,884
Income taxes payable	1,903	3,010
Accrued consumption taxes	1,029	820
Advances received	242	266
Deposits received	238	180
Provision for bonuses	2,491	2,889
Total current liabilities	59,139	62,752
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	3,200	3,650
Lease obligations	297	295
Provision for retirement benefits	9,058	10,251
Long-term deposits received	2,302	2,337
Deferred tax liabilities	3,792	3,372
Other	508	483
Total noncurrent liabilities	29,161	30,390
Total liabilities	88,300	93,142
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	4,634	4,595
General reserve	4,180	4,180
Retained earnings brought forward	37,919	43,682
Total retained earnings	48,608	54,331
Treasury stock	(2,331)	(2,334)
Total shareholders' equity	81,706	87,428
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	9,895	9,660
Total valuation and translation adjustments	9,895	9,660
Total net assets	91,602	97,088
Total liabilities and net assets	179,902	190,231

(2) Non-Consolidated Statements of Income

(Millions of yen)

	FY ended March 2015 (From Apr. 1, 2014 to Mar. 31, 2015)	FY ended March 2016 (From Apr. 1, 2015 to Mar. 31, 2016)
Net sales	198,717	217,690
Cost of sales	143,269	154,781
Gross profit	55,447	62,909
Selling, general and administrative expenses	47,869	52,048
Operating income	7,578	10,860
Non-operating income		
Interest income	38	38
Dividend income	6,217	1,147
Foreign exchange gains	286	–
Other	860	609
Total non-operating income	7,404	1,796
Non-operating expenses		
Interest expenses	202	182
Interest on bonds	72	51
Loss on sales and retirement of noncurrent assets	51	52
Provision of allowance for doubtful accounts for subsidiaries and affiliates	290	335
Foreign exchange losses	–	94
Other	160	138
Total non-operating expenses	776	853
Ordinary income	14,205	11,803
Extraordinary income		
Gain on sales of investment securities	549	10
Total extraordinary income	549	10
Extraordinary loss		
Loss on valuation of investment securities	–	80
Loss on valuation of stocks of subsidiaries and affiliates	1,262	55
Loss on valuation of golf club memberships	0	0
Total extraordinary loss	1,262	135
Income before income taxes	13,491	11,678
Income taxes-current	3,297	3,980
Income taxes-deferred	46	(66)
Total income taxes	3,343	3,913
Profit	10,147	7,764

(3) Non-Consolidated Statement of Changes in Equity

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

(Millions of yen)

	Shareholders' equity							
		Capital surplus		Retained earnings				
					Other retained earnings			
	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings	Reserve for reduction entry	General reserve	Retained earnings brought forward	Total retained earnings
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	–
Profit							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		–			–
Profit		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

FY ended March 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity							
		Capital surplus		Retained earnings				
					Other retained earnings			
	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings	Reserve for reduction entry	General reserve	Retained earnings brought forward	Total retained earnings
Opening balance	18,670	16,759	16,759	1,874	4,634	4,180	37,919	48,608
Cumulative effect of changes in accounting policies								–
Restated balance	18,670	16,759	16,759	1,874	4,634	4,180	37,919	48,608
Changes of items during the period								
Dividends from surplus							(2,041)	(2,041)
Reversal of reserve for reduction entry					(39)		39	–
Profit							7,764	7,764
Purchase of treasury stock								
Net changes of items other than shareholders' equity								
Total changes of items during the period	–	–	–	–	(39)	–	5,762	5,723
Ending balance	18,670	16,759	16,759	1,874	4,595	4,180	43,682	54,331

	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	(2,331)	81,706	9,895	9,895	91,602
Cumulative effect of changes in accounting policies					–
Restated balance	(2,331)	81,706	9,895	9,895	91,602
Changes of items during the period					
Dividends from surplus		(2,041)			(2,041)
Reversal of reserve for reduction entry		–			–
Profit		7,764			7,764
Purchase of treasury stock	(2)	(2)			(2)
Net changes of items other than shareholders' equity			(235)	(235)	(235)
Total changes of items during the period	(2)	5,721	(235)	(235)	5,486
Ending balance	(2,334)	87,428	9,660	9,660	97,088

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 28, 2016)

① Directors to be Promoted

Senior Managing Director and Senior General Manager, Office Sales Division	Shigeji Kikuchi	(Currently Managing Director and Senior General Manager, Tokyo Regional Sales Office, Office Sales Division)
Managing Director and Senior General Manager, Store Displays Division	Fumio Yamamoto	(Currently Director and Senior General Manager, Store Displays Division)

② Directors to be Retired

Outside Director	Kanji Nishiura	(Currently Executive Vice President, Group CEO, Metals Group, Mitsubishi Corporation)
Outside Director	Hiromi Asano	(Currently Director, The Toa Reinsurance Company, Limited) (Formerly Director and Vice President Executive Officer, Mitsui Sumitomo Insurance Co., Ltd.)
Director and Senior General Manager, Telecom Sales Division	Hiroshi Makino	(Currently Senior General Manager, Telecom Sales Division) (Formerly Executive Assistant General Manager and Head of Financial Innovation Systems, NTT Communications Corporation)
Director and Senior General Manager, West Japan Regional Sales Office, Store Displays Division	Shinji Sakatoku	(Currently General Manager, West Japan Regional Sales Office, Store Displays Division)
Director and Senior General Manager, Tokyo Regional Sales Office, Office Sales Division	Naoki Kono	(Currently Kyobashi Branch Manager, Office Sales Division)

③ Candidate Directors to be Newly Appointed

Senior Managing Director and Senior General Manager, Office Sales Division	Hiroshi Makino	(To be appointed President and Representative Director, Okamura Logistics Corporation)
Outside Director	Jun Kinukawa	
Outside Director	Ken Ebina	