

Financial Results for Fiscal Year Ended March 2018 [Japanese GAAP] (Consolidated)



May 9, 2018

Listing: Tokyo Stock Exchange

Okamura Corporation

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

Representative: Masayuki Nakamura, President and Representative Director

Contact: Kiyoshi Sato, Senior Managing Director and Senior General Manager, Administration Division TEL: +81-(0)45-319-3445

Scheduled date for Board Meeting for Consolidated Settlement of Accounts: June 28, 2018

Scheduled date for filing Annual Security Report: June 28, 2018

Scheduled date for commencement of dividend payments: June 29, 2018

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 2018 (April 1, 2017 to March 31, 2018)

(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 2018	241,752	2.1	13,142	11.2	14,000	9.7	10,820	30.4
FY ended March 2017	236,776	(1.7)	11,815	(8.8)	12,761	(6.1)	8,295	(8.5)

Note: Comprehensive income ¥14,234 million (64.9%) for FY ended March 2018, ¥8,633 million (25.4%) for FY ended March 2017

	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 2018	98.23	–	9.1	6.2	5.4
FY ended March 2017	75.30	–	7.5	5.9	5.0

Reference: Equity in earnings of affiliates ¥217 million for FY ended March 2018, ¥372 million for FY ended March 2017

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY ended March 2018	235,765	125,585	53.1	1,136.82
FY ended March 2017	218,741	114,249	52.0	1,032.06

Reference: Total equity ¥125,223 million for FY ended March 2018, ¥113,689 million for FY ended March 2017

(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 2018	12,059	(7,665)	(3,870)	26,122
FY ended March 2017	11,439	(9,153)	(4,184)	25,461

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 2017	–	12.00	–	12.00	24.00	2,647	31.9	2.4
FY ended March 2018	–	12.00	–	14.00	26.00	2,868	26.5	2.4
FY ending March 2019 (forecast)	–	14.00	–	14.00	28.00		30.8	

3. Forecast of Consolidated Performance for FY Ending March 2019 (from April 1, 2018 to March 31, 2019)

(% 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)	119,000	5.0	5,100	8.5	5,400	1.2	3,700	1.5	33.59
Full year	252,000	4.2	13,800	5.0	14,500	3.6	10,000	(7.6)	90.78

* 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: None

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

③ Changes in accounting estimates: Yes

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 the period

FY ended March 2018	112,391,530	FY ended March 2017	112,391,530
FY ended March 2018	2,238,845	FY ended March 2017	2,233,725
FY ended March 2018	110,155,135	FY ended March 2017	110,161,260

Reference: Non-Consolidated Operating Results

1. Non-Consolidated Operating Results for FY Ended March 2018 (April 1, 2017 to March 31, 2018)

(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 2018	216,575	1.7	10,896	23.8	13,708	30.8	11,290	56.2
FY ended March 2017	212,927	(2.2)	8,798	(19.0)	10,480	(11.2)	7,227	(6.9)
	Profit per share		Diluted profit per share					
	yen		yen					
FY ended March 2018	102.33		—					
FY ended March 2017	65.51		—					

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY ended March 2018	211,437	113,793	53.8	1,031.43
FY ended March 2017	192,743	101,532	52.7	920.30

Note: Total equity ¥113,793 million for FY ended March 2018, ¥101,532 million for FY ended March 2017

* The Financial Results summary is not subject to audit by Certified Public Accountants or an audit firm.

* 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 (4) Forecast Earnings for the Future in 1. Outline of the Operating Results on page 4 of the Appendix to this Financial Results summary.

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1. Outline of the Operating Results

(1) Outline of the Operating Results for the FY Ended March 2018

① Overall 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 2018	241,752	13,142	14,000	10,820	98.23	9.1
FY ended March 2017	236,776	11,815	12,761	8,295	75.30	7.5
Changes (%)	2.1%	11.2%	9.7%	30.4%	30.4%	—

During the consolidated fiscal year under review, corporate profits and the employment situation in the country continued to improve, keeping the Japanese economy on a moderate recovery trend.

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

As a result, net sales for the consolidated fiscal year under review stood at a record ¥241,752 million (a year-over-year increase of 2.1%).

From a profit-and-loss perspective, operating income amounted to ¥13,142 million (a year-over-year increase of 11.2%) and ordinary income totaled ¥14,000 million (a year-over-year increase of 9.7%). Profit attributable to owners of parent came to a record ¥10,820 million (a year-over-year increase of 30.4%).

② Segment status

Segment name	Net sales (Millions of yen)			Segment income (loss) (Millions of yen)		
	FY ended March 2017	FY ended March 2018	Increase/decrease	FY ended March 2017	FY ended March 2018	Increase/decrease
Office Furniture	124,446	128,515	4,068	8,879	9,782	902
Store Displays	96,220	95,956	(264)	3,034	2,487	(546)
Others	16,109	17,280	1,171	(98)	872	971
Total	236,776	241,752	4,975	11,815	13,142	1,326

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, although large office relocation projects declined in number since the supply of large-scale office buildings was in a brief off-demand period, demand for office relocation and renovation grew chiefly among strongly-performing companies. Under these circumstances, the Company proactively made proposals on how to create a new office environment in response to work style innovations in offices and the rising interest in health, achieving year-over-year growth in both net sales and income.

As a result, net sales in this segment amounted to ¥128,515 million (a year-over-year increase of 3.3%) and the segment income amounted to ¥9,782 million (a year-over-year increase of 10.2%).

Store Displays

In the Store Display segment, the Company stepped up efforts to deliver total solutions mainly to strongly-performing retailers such as supermarkets and drugstores for display fixtures, store carts, store security systems, and the like by leveraging the organization's overall capabilities. The Company also focused on increasing its market share in refrigerated showcases and making cost reductions. Despite these efforts, net sales were flat and income decreased compared to the previous consolidated fiscal year due in part to sluggish demand in the second half of the consolidated fiscal year under review and increasing prices for materials.

As a result, net sales in this segment amounted to ¥95,956 million (a year-over-year decrease of 0.3%) and the segment income amounted to ¥2,487 million (a year-over-year decrease of 18.0%).

Others (including Material Handling Systems)

In the Material Handling Systems segment, the Company focused its efforts on promising areas such as food, healthcare and mail-order business, and on increasing sales of automated warehouse equipment. The organization also engaged in aggressive sales activities by maximum utilization of its solution-proposal capabilities and its products, which stand out from among

others due to their superiority, in response to labor-saving needs arising from labor shortages. As a result, both net sales and income increased year-over-year.

As a result, net sales in this segment amounted to ¥17,280 million (a year-over-year increase of 7.3%) and the segment income amounted to ¥872 million (compared to segment loss of ¥98 million for the previous fiscal year), marking a significant income improvement.

(2) Outline of the Financial Position for the FY Ended March 2018

	At the end of FY ended March 2017	At the end of FY ended March 2018
Total assets (Millions of yen)	218,741	235,765
Net assets (Millions of yen)	114,249	125,585
Equity ratio (%)	52.0	53.1
Net assets per share (Yen)	1,032.06	1,136.82

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

Total assets amounted to ¥235,765 million, up ¥17,023 million compared with the end of the previous consolidated fiscal year. Current assets increased by ¥6,473 million, mainly because of an increase in notes and accounts receivable-trade and inventories, and non-current assets increased by ¥10,550 million, mainly because of an increase in investment securities and a decrease in net defined benefit asset.

Liabilities amounted to ¥110,179 million, up ¥5,688 million compared with the end of the previous consolidated fiscal year, mainly as a result of increases in notes and accounts payable-trade and deferred tax liabilities.

Net assets amounted to ¥125,585 million, up ¥11,335 million over the end of the previous fiscal year, mainly because of an increase in retained earnings and valuation difference on available-for-sale securities.

As a result of the above, the equity ratio increased by 1.1 percentage points to 53.1% compared with the end of the previous consolidated fiscal year, and the net assets per share increased from ¥1,032.06 at the end of the previous consolidated fiscal year to ¥1,136.82.

(3) Outline of Cash Flows for FY Ended March 2018

	FY ended March 2017 (Millions of yen)	FY ended March 2018 (Millions of yen)
Net cash provided by (used in) operating activities	11,439	12,059
Net cash provided by (used in) investing activities	(9,153)	(7,665)
Net cash provided by (used in) financing activities	(4,184)	(3,870)
Cash and cash equivalents at the end of the fiscal year	25,461	26,122
Borrowings and corporate bonds at the end of the fiscal year	23,490	23,001

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

Operating activities generated a net cash increase of ¥12,059 million (an increase of ¥11,439 million in the previous fiscal year), reflecting: 1) inflows including profit before income taxes for the year of ¥16,078 million, depreciation and amortization of ¥5,405 million, and an increase in notes and accounts payable-trade of ¥2,647 million; and 2) outflows including a gain of ¥1,976 million on revision of retirement benefit plan, a decrease of ¥1,599 million in net defined benefit liability, an increase of notes and accounts payable-trade of ¥3,450 million, an increase of ¥1,737 million in inventories and a decrease of ¥3,873 million in income taxes paid.

Investment activities resulted in a net cash outflow of ¥7,665 million (versus a net cash outflow of ¥9,153 million in the previous fiscal year), reflecting outflows including disbursements of ¥4,241 million for the purchase of property, plant and equipment, ¥875 million for the purchase of intangible assets and ¥2,578 million for the purchase of the investment securities.

Financing activities resulted in a net cash outflow of ¥3,870 million (versus a net cash outflow of ¥4,184 million in the previous fiscal year), reflecting outflows including a decrease in long-term loans payable of ¥543 million and cash dividends paid of ¥2,647 million.

As a result, the balance of cash and cash equivalents at the end of the consolidated fiscal year under review increased by ¥660 million to ¥26,122 million.

The balance of interest-bearing debt (borrowings and corporate bonds) at the end of the consolidated fiscal year under review decreased by ¥489 million compared with the end of the previous fiscal year to ¥23,001 million.

(4) Forecast Earnings for the Future

	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 2019	252,000	13,800	14,500	10,000	90.78
FY ended March 2018	241,752	13,142	14,000	10,820	98.23
Change (%)	4.2	5.0	3.6	(7.6)	(7.6)

Effective as of April 1, 2018, the Company changed its Japanese corporate name to "Kabushiki Kaisha Okamura." Moreover, it specified that Okamura's mission is "to serve the world around us with open ideas and proven quality through space creation." By unifying its corporate name and brand name, the Company will strive further to transform itself into a total solutions company and to promote its globalization while bolstering its efforts to increase its corporate value in a sustained manner.

During the consolidated fiscal year under review, corporate earnings and the employment situation in the country will likely continue to improve, keeping the Japanese economy on a moderate recovery path in spite of persisting future uncertainty as evidenced by U.S. government policy developments and a potential economic deceleration feared for China and other emerging countries.

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 office furniture will remain strong as a result of a high level supply of large-scale buildings, mainly in downtown Tokyo. In addition, the trend toward creating new office styles, such as the innovation in ways of working in offices and the interest in health, is further accelerating. Under these circumstances, the Company will aim to increase sales 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. On the back of labor shortages, investments for labor-saving efforts will likely grow further. 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 total solutions in the areas of display fixtures, store carts, and store security products.

In the Others segment (including Material Handling Systems), demand for large-scale logistics facilities will likely remain at high levels on the back of growing Internet shopping for wholesalers and retailers while labor saving needs are expected to rise further. Under these circumstances, the Company will actively work to develop differentiated products and strengthen its internal engineering platform, thereby aiming to grow sales and secure steady income.

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.

For production and logistics, the Company will seek to optimize its supply chain by engaging in effective capital investment and conducting continuous improvements in response to rising raw material costs and logistics costs. In addition, it will further bolster efforts to streamline operations across the Company.

As a result, the Company anticipates consolidated net sales of ¥252 billion, consolidated operating income of ¥13.8 billion, consolidated ordinary income of ¥14.5 billion and profit attributable to owners of parent of ¥10 billion for the year ending March 2019.

2. 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.

3. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	FY ended March 2017 (As of Mar. 31, 2017)	FY ended March 2018 (As of Mar. 31, 2018)
Assets		
Current assets		
Cash and deposits	26,536	27,452
Notes and accounts receivable-trade	64,565	*5 68,015
Short-term investment securities	10	–
Merchandise and finished goods	10,113	11,579
Work in process	1,467	1,658
Raw materials and supplies	4,384	4,464
Deferred tax assets	2,018	2,124
Other	2,365	2,579
Allowance for doubtful accounts	(137)	(78)
Total current assets	111,322	117,795
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,268	14,666
Machinery, equipment and vehicles, net	10,091	10,822
Land	28,072	27,892
Construction in progress	77	229
Other, net	2,762	2,732
Total property, plant and equipment	*1, *3 56,273	*1, *3 56,343
Intangible assets		
Goodwill	18	5
Other	4,505	4,039
Total intangible assets	4,523	4,045
Investments and other assets		
Investment securities	*2 32,632	*2 49,414
Net defined benefit asset	6,627	725
Lease deposits	4,178	4,387
Deferred tax assets	1,665	1,555
Other	1,552	1,533
Allowance for doubtful accounts	(33)	(35)
Total investments and other assets	46,622	57,580
Total non-current assets	107,419	117,969
Total assets	218,741	235,765

(Millions of yen)

	FY ended March 2017 (As of Mar. 31, 2017)	FY ended March 2018 (As of Mar. 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	30,007	*5 28,764
Electronically recorded obligations-operating	16,398	20,283
Short-term loans payable	*3, *4 6,147	*3, *4 6,190
Current portion of long-term loans payable	*3 1,115	1,503
Current portion of bonds	5,000	5,000
Income taxes payable	2,988	3,010
Accrued consumption taxes	741	886
Provision for bonuses	3,685	3,850
Deferred tax liabilities	–	0
Other	4,277	5,369
Total current liabilities	70,362	74,858
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term loans payable	*3 6,227	*3 5,307
Net defined benefit liability	15,674	15,502
Deferred tax liabilities	2,967	5,765
Other	4,260	3,746
Total non-current liabilities	34,129	35,321
Total liabilities	104,491	110,179
Net assets		
Shareholders' equity		
Capital stock	18,670	18,670
Capital surplus	16,762	16,766
Retained earnings	70,819	78,991
Treasury stock	(2,422)	(2,429)
Total shareholders' equity	103,829	111,999
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,256	14,103
Foreign currency translation adjustment	56	236
Remeasurement of defined benefit plans	(452)	(1,116)
Total accumulated other comprehensive income	9,860	13,223
Non-controlling interests	559	362
Total net assets	114,249	125,585
Total liabilities and net assets	218,741	235,765

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

Consolidated Statements of Income

(Millions of yen)

	FY ended March 2017 (From Apr. 1, 2016 to Mar. 31, 2017)	FY ended March 2018 (From Apr. 1, 2017 to Mar. 31, 2018)
Net sales	236,776	241,752
Cost of sales	*1 162,777	*1 165,957
Gross profit	73,998	75,794
Selling, general and administrative expenses		
Selling expenses	3,152	3,022
Packing and transportation expenses	10,325	10,500
Salaries and allowances	19,791	20,410
Provision for bonuses	2,489	2,620
Retirement benefit expenses	1,207	374
Depreciation	2,120	2,064
Rent expenses	7,585	8,014
Other	15,510	15,643
Total selling, general and administrative expenses	*1 62,182	*1 62,651
Operating income	11,815	13,142
Non-operating income		
Interest income	23	20
Dividends income	531	624
Equity in earnings of affiliates	372	217
Other	740	607
Total non-operating income	1,667	1,469
Non-operating expenses		
Interest expenses	255	196
Foreign exchange losses	163	59
Loss on sales and retirement of non-current assets	121	116
Other	181	238
Total non-operating expenses	722	611
Ordinary income	12,761	14,000
Extraordinary income		
Gain on sales of investment securities	2	–
Gain on liquidation of subsidiaries	22	–
Gain on revision of retirement benefit plan	–	1,976
Gain on forgiveness of debts	–	123
Total extraordinary income	25	2,100
Extraordinary loss		
Impairment loss	*2 787	*2 5
Loss on valuation of investment securities	–	14
Loss on valuation of golf club memberships	2	2
Total extraordinary loss	789	22
Profit before income taxes	11,996	16,078
Income taxes-current	3,862	3,809
Income taxes-deferred	(237)	1,404
Total income taxes	3,624	5,213
Profit	8,371	10,865
Profit attributable to non-controlling interests	76	44
Profit attributable to owners of parent	8,295	10,820

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY ended March 2017 (From Apr. 1, 2016 to Mar. 31, 2017)	FY ended March 2018 (From Apr. 1, 2017 to Mar. 31, 2018)
Profit	8,371	10,865
Other comprehensive income		
Valuation difference on available-for-sale securities	103	3,833
Foreign currency translation adjustment	(226)	123
Remeasurement of defined benefit plans, net of tax	374	(664)
Share of other comprehensive income of entities accounted for using equity method	10	77
Total other comprehensive income	*1 261	*1 3,369
Comprehensive income	8,633	14,234
Details:		
Comprehensive income attributable to owners of parent	8,568	14,192
Comprehensive income attributable to non-controlling interests	64	42

(3) Consolidated Statement of Changes in Equity

FY ended March 2017 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	18,670	16,762	65,392	(2,415)	98,409
Changes of items during the period					
Dividends from surplus			(2,868)		(2,868)
Profit attributable to owners of parent			8,295		8,295
Purchase of treasury stock				(6)	(6)
Change of equity interests due to the additional acquisition of shares of consolidated subsidiaries					-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	5,426	(6)	5,420
Ending balance	18,670	16,762	70,819	(2,422)	103,829

	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	10,111	302	(826)	9,587	494	108,491
Changes of items during the period						
Dividends from surplus						(2,868)
Profit attributable to owners of parent						8,295
Purchase of treasury stock						(6)
Change of equity interests due to the additional acquisition of shares of consolidated subsidiaries						-
Net changes of items other than shareholders' equity	144	(245)	374	273	64	338
Total changes of items during the period	144	(245)	374	273	64	5,758
Ending balance	10,256	56	(452)	9,860	559	114,249

FY ended March 2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	18,670	16,762	70,819	(2,422)	103,829
Changes of items during the period					
Dividends from surplus			(2,647)		(2,647)
Profit attributable to owners of parent			10,820		10,820
Purchase of treasury stock				(6)	(6)
Change of equity interests due to the additional acquisition of shares of consolidated subsidiaries		3			3
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	3	8,172	(6)	8,169
Ending balance	18,670	16,766	78,991	(2,429)	111,999

	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	10,256	56	(452)	9,860	559	114,249
Changes of items during the period						
Dividends from surplus						(2,647)
Profit attributable to owners of parent						10,820
Purchase of treasury stock						(6)
Change of equity interests due to the additional acquisition of shares of consolidated subsidiaries						3
Net changes of items other than shareholders' equity	3,847	180	(664)	3,363	(197)	3,165
Total changes of items during the period	3,847	180	(664)	3,363	(197)	11,335
Ending balance	14,103	236	(1,116)	13,223	362	125,585

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY ended March 2017 (From Apr. 1, 2016 to Mar. 31, 2017)	FY ended March 2018 (From Apr. 1, 2017 to Mar. 31, 2018)
Net cash provided by (used in) operating activities		
Profit before income taxes	11,996	16,078
Depreciation and amortization	5,257	5,405
Impairment loss	787	5
Loss (gain) on liquidation of subsidiaries	(22)	–
Gain on revision of retirement benefit plan	–	(1,976)
Gain on forgiveness of debts	–	(123)
Loss (gain) on sales and retirement of non-current assets	121	84
Equity in (earnings) losses of affiliates	(372)	(217)
Increase (decrease) in allowance for doubtful accounts	(51)	(57)
Increase (decrease) in provision for bonuses	(53)	165
Increase (decrease) in net defined benefit liability	(265)	(1,599)
Interest and dividends income	(554)	(644)
Interest expenses	255	196
Loss (gain) on sales of investment securities	(2)	–
Loss (gain) on valuation of investment securities	–	14
Decrease (increase) in notes and accounts receivable-trade	1,753	(3,450)
Decrease (increase) in inventories	(853)	(1,737)
Increase (decrease) in notes and accounts payable-trade	(2,086)	2,647
Increase (decrease) in accrued consumption taxes	(470)	131
Other, net	584	550
Subtotal	16,022	15,472
Interest and dividends income received	581	666
Interest expenses paid	(269)	(206)
Income taxes paid	(4,894)	(3,873)
Net cash provided by (used in) operating activities	11,439	12,059
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,379)	(1,514)
Proceeds from withdrawal of time deposits	1,710	1,363
Purchase of property, plant and equipment	(9,168)	(4,241)
Proceeds from sales of property, plant and equipment	61	316
Purchase of intangible assets	(796)	(875)
Purchase of investment securities	(721)	(2,578)
Proceeds from sales and redemption of investment securities	1,191	11
Other, net	(50)	(146)
Net cash provided by (used in) investing activities	(9,153)	(7,665)

(Millions of yen)

	FY ended March 2017 (From Apr. 1, 2016 to Mar. 31, 2017)	FY ended March 2018 (From Apr. 1, 2017 to Mar. 31, 2018)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	97	47
Proceeds from long-term loans payable	1,337	1,230
Repayment of long-term loans payable	(2,364)	(1,773)
Proceeds from issuance of bonds	–	5,000
Redemption of bonds	–	(5,000)
Purchase of treasury stock	(1)	(1)
Cash dividends paid	(2,865)	(2,647)
Payments due to such acquisition of shares in subsidiary as does not involve a change in the scope of consolidation	–	(236)
Other, net	(387)	(490)
Net cash provided by (used in) financing activities	(4,184)	(3,870)
Effect of exchange rate change on cash and cash equivalents	(187)	137
Net increase (decrease) in cash and cash equivalents	(2,085)	660
Cash and cash equivalents at beginning of the fiscal year	27,547	25,461
Cash and cash equivalents at the end of the fiscal year	*1 25,461	*1 26,122

(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.

Effective as of April 1, 2018, Kansai Okamura Manufacturing Co., Ltd. changed its trade name to "Kansai Okamura Corporation."

(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 three 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. Because there is an interval of not more than three months between the date of yearly consolidated settlement of accounts and the date of yearly settlement of accounts of consolidated subsidiaries closing their books on December 31, consolidation is conducted using the financial statements for their fiscal year as the basis. 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.

(Additional Information)

The Company and some of its consolidated subsidiaries, having previously had in place defined benefit and defined contribution corporate pension plans as their retirement benefit plans, decided to transfer all of the current employees' portion to a defined contribution pension plan, effective as of March 21, 2018. The accounting treatment for the transfer was performed pursuant to Accounting for Transfers between Retirement Benefit Plans (Accounting Standards Board of Japan [ASBJ] Guidance No. 1) and Practical Procedure for Accounting for Transfers between Retirement Benefit Plans (ASBJ Practical Issues

Task Force No. 2). The gain of ¥1,976 million that is likely to be generated due to the transfer was recorded as a gain on revision of retirement benefit plan in extraordinary income.

(Changes in Accounting Estimates)

As the above-mentioned plan transfer resulted in a shortening of the average remaining service period for the pension plan residual portion, the Company fully expensed an unrecognized past service liability of ¥76 million and an unrecognized actuarial difference of ¥635 million, both as part of retirement benefit costs, at the end of the consolidated fiscal year.

As a result of this change, operating income, ordinary income, profit before income taxes for the fiscal year under review increased by ¥711 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 2017 (As of Mar. 31, 2017)	FY ended March 2018 (As of Mar. 31, 2018)
Accumulated depreciation of property, plant and equipment	¥103,273 million	¥104,519 million

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

	FY ended March 2017 (As of Mar. 31, 2017)	FY ended March 2018 (As of Mar. 31, 2018)
Investment securities (equity shares)	¥3,056 million	¥3,326 million

- *3 Pledged assets and secured obligations

Pledged assets and secured obligations are as follows:

Pledged assets

	FY ended March 2017 (As of Mar. 31, 2017)	FY ended March 2018 (As of Mar. 31, 2018)
Buildings and structures	¥2,063 million	¥2,012 million
Land	¥7,732 million	¥7,732 million
Total	¥9,796 million	¥9,744 million

Within the above, assets offered as mortgage for factory foundation

	FY ended March 2017 (As of Mar. 31, 2017)	FY ended March 2018 (As of Mar. 31, 2018)
Buildings and structures	¥331 million	¥319 million
Land	¥282 million	¥282 million
Total	¥613 million	¥601 million

Secured obligations

	FY ended March 2017 (As of Mar. 31, 2017)	FY ended March 2018 (As of Mar. 31, 2018)
Short-term loans payable	¥1,600 million	¥1,600 million
Current portion of long-term loans payable	¥53 million	–
Long-term loans payable	¥500 million	¥500 million
Total	¥2,153 million	¥2,100 million

Within the above, obligations corresponding to mortgage for factory foundation

	FY ended March 2017 (As of Mar. 31, 2017)	FY ended March 2018 (As of Mar. 31, 2018)
Short-term loans payable	¥200 million	¥200 million
Current portion of long-term loans payable	¥53 million	–
Total	¥253 million	¥200 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 2017 (As of Mar. 31, 2017)	FY ended March 2018 (As of Mar. 31, 2018)
Total amount under specified commitment line agreements	¥14,000 million	¥14,000 million
Outstanding loans borrowed	–	–
Balance	¥14,000 million	¥14,000 million

- *5 Notes becoming due on the last day of the consolidated fiscal year under review were accounted for by deeming them as having been settled on their due dates.
Because the last day of the consolidated fiscal year under review was a bank holiday, the following notes due on the last day of the fiscal year shown below were accounted for by deeming them as having been settled on their due dates.

	FY ended March 2017 (As of Mar. 31, 2017)	FY ended March 2018 (As of Mar. 31, 2018)
Notes receivable	–	¥628 million
Notes payable	–	¥680 million

(Consolidated Statements of Income)

- *1 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 2017 (From Apr. 1, 2016 to Mar. 31, 2017)	FY ended March 2018 (From Apr. 1, 2017 to Mar. 31, 2018)
Research and development expenses	¥1,037 million	¥1,162 million

- *2 Impairment loss

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

FY ended March 2017 (From Apr. 1, 2016 to Mar. 31, 2017)

Purpose	Location	Type
Production equipment, etc.	Yokohama-shi, Kanagawa, Japan	Machinery, equipment, structures, etc.
Assets used for business	Shanghai, in the People's Republic of China.	Construction in progress
Employee dormitory	Yokohama-shi, Kanagawa, Japan	Land and buildings

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

As a result, cash flows from operating activities continued to be negative. The book value of operating assets such as production facilities the book value of which was unlikely to be recovered as well as Okamura Group-held employee dormitories decided to be sold was lowered to a recoverable value. The details of the impairment loss is ¥86 million for building, ¥27 million for structures, ¥66 million for machinery, equipment, etc., ¥37 million for construction in progress, ¥565 million for land and ¥4 million for others.

The recoverable value of production equipment, etc. and assets used for business is measured based on value in use, and the value in use is estimated as zero. The employee dormitory was measured at the net sale price, which was computed according to the planned sale price.

FY ended March 2018 (From Apr. 1, 2017 to Mar. 31, 2018)

Purpose	Location	Type
Assets used for business	Yokohama-shi, Kanagawa, Japan	Other

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

As a result, cash flows from operating activities continued to be negative. The book value of operating assets the book value of which was unlikely to be recovered was lowered to a recoverable value. The details of the impairment loss is ¥5 million for others.

The recoverable value 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 2017 (From Apr. 1, 2016 to Mar. 31, 2017)	FY ended March 2018 (From Apr. 1, 2017 to Mar. 31, 2018)
Valuation difference on available-for-sale securities		
Amount recognized in the period under review	¥152 million	¥5,509 million
Amount of recycling	-¥2 million	¥12 million
Before income tax effect adjustment	¥149 million	¥5,521 million
Amount of income tax effect	-¥46 million	-¥1,687 million
Valuation difference on available-for-sale securities	¥103 million	¥3,833 million
Foreign currency exchange adjustments		
Amount recognized in the period under review	-¥204 million	¥123 million
Amount of recycling	-¥22 million	-
Foreign currency exchange adjustments	-¥226 million	¥123 million
Remeasurement of defined benefit plans		
Amount recognized in the period under review	¥523 million	¥818 million
Amount of recycling	¥26 million	-¥1,775 million
Before income tax effect adjustment	¥550 million	-¥957 million
Amount of income tax effect	-¥176 million	¥293 million
Remeasurement of defined benefit plans	¥374 million	-¥664 million
Share of other comprehensive income of entities accounted for using equity method		
Amount recognized in the period under review	¥10 million	¥77 million
Total other comprehensive income	¥261 million	¥3,369 million

(Consolidated Statement of Changes in Equity)

FY ended March 2017 (From April 1, 2016 to March 31, 2017)

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)	2,227,159	6,566	-	2,233,725

(Outline of change factors)

The details of increase are as stated below:

Increase due to purchase of fractional shares	1,481 shares
Increase due to purchase of treasury stock by equity method affiliates which belongs to us	5,085 shares

3. Stock acquisition rights and others

There is no information that needs to be disclosed herein.

4. Dividends

(1) Dividends paid during the fiscal year

Resolved	Type	Total amount (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 28, 2016	Common stock	1,544	14.00	March 31, 2016	June 29, 2016
Board of Directors held on October 19, 2016	Common stock	1,323	12.00	September 30, 2016	December 9, 2016

(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 29, 2017	Common stock	Retained earnings	1,323	12.00	March 31, 2017	June 30, 2017

FY ended March 2018 (From April 1, 2017 to March 31, 2018)

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)	2,233,725	5,120	-	2,238,845

(Outline of change factors)

The details of increase are as stated below:

Increase due to purchase of fractional shares	855 shares
Increase due to purchase of treasury stock by equity method affiliates which belongs to us	4,265 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 29, 2017	Common stock	1,323	12.00	March 31, 2017	June 30, 2017
Board of Directors held on October 18, 2017	Common stock	1,323	12.00	September 30, 2017	December 8, 2017

(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, 2018	Common stock	Retained earnings	1,544	14.00	March 31, 2018	June 29, 2018

(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 2017 (From Apr. 1, 2016 to Mar. 31, 2017)	FY ended March 2018 (From Apr. 1, 2017 to Mar. 31, 2018)
Cash and deposit accounts	¥26,536 million	¥27,452 million
Time deposits—over three months	-¥1,074 million	-¥1,329 million
Cash and cash equivalents	¥25,461 million	¥26,122 million

2 Significant non-cash transactions

FY ended March 2017 (From April 1, 2016 to March 31, 2017)

There is no information that needs to be disclosed herein.

FY ended March 2018 (From April 1, 2017 to March 31, 2018)

The increase in investment securities resulting from the termination of the retirement benefit trust in the current consolidated fiscal year amounted to ¥8,348 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 shown in the "Changes in accounting estimates" section, actuarial differences and past service costs, both related to retirement benefits, had previously been expensed as amounts determined by prorating, using the straight-line method, the past service cost over a certain number of years (13 years) within the employees' average remaining service period at the time of occurrence, starting from the consolidated fiscal year of the occurrence. Moreover, actuarial differences had previously been expensed using the declining-balance method over a certain number of years (13 years) within the employees' average remaining service period at the time of occurrence in each consolidated fiscal year, and starting from the consolidated fiscal year immediately following the occurrence. However, the average remaining service period for the residual portion of the pension plan of the Company and some of its consolidated subsidiaries was shortened for the current consolidated fiscal year. Therefore, they fully expensed the unrecognized past service liability of ¥76 million and the unrecognized actuarial difference of ¥635 million, both as part of retirement benefit costs, at the end of the consolidated fiscal year.

As a result of this change, the segment incomes of "Office Furniture," "Store Displays" and "Others" for the fiscal year under review increased by ¥481 million, ¥176 million and ¥53 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 2017 (From April 1, 2016 to March 31, 2017)

(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	124,446	96,220	220,667	16,109	236,776	–	236,776
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	124,446	96,220	220,667	16,109	236,776	–	236,776
Segment income (loss)	8,879	3,034	11,914	(98)	11,815	–	11,815
Segment property	96,103	48,478	144,582	19,352	163,935	54,806	218,741
Other items							
Depreciation	3,523	1,218	4,742	503	5,245	–	5,245
Increase in property, plant and equipment and intangible assets	3,609	1,250	4,859	5,747	10,607	–	10,607

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 ¥54,806 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 2018 (From April 1, 2017 to March 31, 2018)

(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	128,515	95,956	224,471	17,280	241,752	–	241,752
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	128,515	95,956	224,471	17,280	241,752	–	241,752
Segment income	9,782	2,487	12,269	872	13,142	–	13,142
Segment property	99,309	49,810	149,119	18,668	167,788	67,977	235,765
Other items							
Depreciation	3,640	1,260	4,900	492	5,393	–	5,393
Increase in property, plant and equipment and intangible assets	3,673	1,387	5,061	329	5,390	–	5,390

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 ¥67,977 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 Non-current Assets by Segment)

FY ended March 2017 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Report Segments			Others	Total	Adjusted amount	Amount reported in the Consolidated Statements of Income
	Office Furniture	Store Displays	Total				
Impairment loss	8	7	15	111	127	660	787

Note: With regards to the employee dormitory that is not attributable to any of the segments, the Company recorded ¥660 million as an impairment loss due to a decrease in the recoverable value.

FY ended March 2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Report Segments			Others	Total	Adjusted amount (Note)	Amount reported in the Consolidated Statements of Income
	Office Furniture	Store Displays	Total				
Impairment loss	-	-	-	5	5	-	5

(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 2017 (From Apr. 1, 2016 to Mar. 31, 2017)	FY ended March 2018 (From Apr. 1, 2017 to Mar. 31, 2018)
Net assets per share of common stock	1,032.06 yen	1,136.82 yen
Profit per share	75.30 yen	98.23 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:

	FY ended March 2017 (From Apr. 1, 2016 to Mar. 31, 2017)	FY ended March 2018 (From Apr. 1, 2017 to Mar. 31, 2018)
Profit attributable to owners of parent (in million yen)	8,295	10,820
Amount not reverting to common shareholders (in million yen)	–	–
Profit relating to common stock attributable to owners of parent (in million yen)	8,295	10,820
Average number of shares of common stock during the period (in thousand shares)	110,161	110,155

4. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of yen)

	FY ended March 2017 (As of Mar. 31, 2017)	FY ended March 2018 (As of Mar. 31, 2018)
Assets		
Current assets		
Cash and deposits	12,535	15,108
Notes receivable-trade	8,551	7,290
Accounts receivable-trade	51,987	55,382
Short-term investment securities	10	–
Merchandise and finished goods	9,790	10,909
Work in process	735	996
Raw materials and supplies	3,405	3,507
Prepaid expenses	806	933
Deferred tax assets	1,619	1,714
Other	1,159	1,415
Allowance for doubtful accounts	(25)	(26)
Total current assets	90,575	97,232
Non-current assets		
Property, plant and equipment		
Buildings	12,193	11,695
Structures	805	760
Machinery and equipment	6,406	7,070
Vehicles	78	72
Tools, furniture and fixtures	1,610	1,777
Land	25,433	25,253
Construction in progress	56	179
Total property, plant and equipment	46,585	46,809
Intangible assets		
Patent right	3	6
Leasehold right	560	560
Software	3,807	3,324
Other	112	109
Total intangible assets	4,482	4,001
Investments and other assets		
Investment securities	28,836	45,038
Stocks of subsidiaries and associates	10,483	11,151
Long-term loans receivable from subsidiaries and associates	2,693	1,943
Claims provable in bankruptcy, claims provable in rehabilitation and other	33	35
Prepaid pension cost	5,424	725
Lease deposits	3,906	4,111
Other	984	1,193
Allowance for doubtful accounts	(1,263)	(805)
Total investments and other assets	51,098	63,394
Total non-current assets	102,167	114,205
Total assets	192,743	211,437

(Millions of yen)

	FY ended March 2017 (As of Mar. 31, 2017)	FY ended March 2018 (As of Mar. 31, 2018)
Liabilities		
Current liabilities		
Notes payable-trade	7,090	4,820
Electronically recorded obligations-operating	16,398	20,283
Accounts payable-trade	21,428	21,713
Short-term loans payable	5,200	5,200
Short-term loans payable to subsidiaries and associates	100	100
Current portion of long-term loans payable	300	1,000
Current portion of bonds	5,000	5,000
Lease obligations	94	78
Accounts payable-other	444	715
Accrued expenses	1,915	2,205
Income taxes payable	2,431	2,616
Accrued consumption taxes	467	723
Advances received	285	565
Deposits received	170	217
Provision for bonuses	2,963	3,121
Total current liabilities	64,291	68,360
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term loans payable	4,650	3,950
Lease obligations	237	202
Provision for retirement benefits	11,165	11,532
Provision for loss on business of subsidiaries and associates	–	23
Long-term deposits received	2,526	2,591
Deferred tax liabilities	2,877	5,676
Other	462	308
Total non-current liabilities	26,919	29,284
Total liabilities	91,210	97,644
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	4,556	4,516
General reserve	4,180	4,180
Retained earnings brought forward	48,079	56,761
Total retained earnings	58,690	67,332
Treasury stock	(2,335)	(2,336)
Total shareholders' equity	91,785	100,426
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	9,747	13,367
Total valuation and translation adjustments	9,747	13,367
Total net assets	101,532	113,793
Total liabilities and net assets	192,743	211,437

(2) Non-Consolidated Statements of Income

(Millions of yen)

	FY ended March 2017 (From Apr. 1, 2016 to Mar. 31, 2017)	FY ended March 2018 (From Apr. 1, 2017 to Mar. 31, 2018)
Net sales	212,927	216,575
Cost of sales	148,685	149,058
Gross profit	64,241	67,517
Selling, general and administrative expenses	55,442	56,621
Operating income	8,798	10,896
Non-operating income		
Interest income	38	36
Dividend income	1,612	3,021
Other	676	592
Total non-operating income	2,328	3,650
Non-operating expenses		
Interest expenses	146	119
Interest on bonds	51	29
Loss on sales and retirement of non-current assets	67	89
Provision of allowance for doubtful accounts for subsidiaries and associates	190	372
Provision for loss on business of subsidiaries and associates	–	23
Foreign exchange losses	64	–
Other	126	204
Total non-operating expenses	645	838
Ordinary income	10,480	13,708
Extraordinary income		
Gain on sales of investment securities	0	–
Gain on extinguishment of tie-in shares	24	–
Gain on revision of retirement benefit plan	–	1,812
Total extraordinary income	24	1,812
Extraordinary loss		
Loss on valuation of investment securities	–	14
Loss on valuation of shares of subsidiaries and associates	–	45
Loss on valuation of golf club membership	1	2
Impairment loss	660	–
Total extraordinary loss	661	61
Profit before income taxes	9,843	15,459
Income taxes-current	2,855	3,060
Income taxes-deferred	(238)	1,108
Total income taxes	2,616	4,169
Profit	7,227	11,290

(3) Non-Consolidated Statement of Changes in Equity

FY ended March 2017 (From April 1, 2016 to March 31, 2017)

(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	4,595	4,180	43,682	54,331
Changes of items during the period								
Dividends from surplus							(2,868)	(2,868)
Reversal of reserve for reduction entry					(38)		38	-
Profit							7,227	7,227
Purchase of treasury stock								
Net changes of items other than shareholders' equity								
Total changes of items during the period	-	-	-	-	(38)	-	4,397	4,358
Ending balance	18,670	16,759	16,759	1,874	4,556	4,180	48,079	58,690

	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	(2,334)	87,428	9,660	9,660	97,088
Changes of items during the period					
Dividends from surplus		(2,868)			(2,868)
Reversal of reserve for reduction entry		-			-
Profit		7,227			7,227
Purchase of treasury stock	(1)	(1)			(1)
Net changes of items other than shareholders' equity			87	87	87
Total changes of items during the period	(1)	4,357	87	87	4,444
Ending balance	(2,335)	91,785	9,747	9,747	101,532

FY ended March 2018 (From April 1, 2017 to March 31, 2018)

(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	4,556	4,180	48,079	58,690
Changes of items during the period								
Dividends from surplus							(2,647)	(2,647)
Reversal of reserve for reduction entry					(40)		40	-
Profit							11,290	11,290
Purchase of treasury stock								
Net changes of items other than shareholders' equity								
Total changes of items during the period	-	-	-	-	(40)	-	8,682	8,642
Ending balance	18,670	16,759	16,759	1,874	4,516	4,180	56,761	67,332

	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	(2,335)	91,785	9,747	9,747	101,532
Changes of items during the period					
Dividends from surplus		(2,647)			(2,647)
Reversal of reserve for reduction entry		-			-
Profit		11,290			11,290
Purchase of treasury stock	(1)	(1)			(1)
Net changes of items other than shareholders' equity			3,619	3,619	3,619
Total changes of items during the period	(1)	8,641	3,619	3,619	12,260
Ending balance	(2,336)	100,426	13,367	13,367	113,793

5. 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, 2018)

① Directors to be Promoted

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

② New Director Candidates

Outside Director	Norikazu Tanaka	(Currently Executive Vice President and CEO, Metals Group of Mitsubishi Corporation)
Director and Senior General Manager, Marketing Division	Kazumi Arakawa	(Currently General Manager, Office Marketing Department, Marketing Division)

③ Directors to be Retired

Senior Managing Director and Senior General Manager, Marketing Division	Hiroki Iwashita	(To be appointed Advisor to the Company)
Outside Director	Kanji Nishiura	