



February 7, 2007

## Financial and Operational Review for the First 9 Months of the Fiscal Year Ending March 31,2007(Consolidated)

### Okamura Corporation

Listing: Tokyo Stock Exchange, Osaka Securities Exchange

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

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### 1. Matters concerning the preparation of quarterly financial information

- ( i )Adoption of the simplified method in the accounting methods used in the recent consolidated accounting periods :No
- ( ii )Change in the accounting methods used in the recent consolidated accounting periods :No
- ( iii)Changes in the scope of consolidation and equity method :No

### 2. Financial and Operational Review for the First 9 Months (Apr.1,2006-Dec.31,2006) of FY March 2007 (Apr. 1, 2006-Mar. 31, 2007)

\* Amounts less than 1 million yen have been rounded down.

#### (1) Business Results(consolidated)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First 9 months of FY March 2007	153,137	5.6	6,077	30.9	6,702	27.6	3,723	(22.9)
First 9 months of FY March 2006	145,030	2.0	4,641	(9.1)	5,253	(3.9)	4,827	51.0
FY March 2006	202,266	2.9	9,111	1.5	9,764	3.8	8,307	51.4

	Net Income per share	Diluted Net Income per share
	Yen	Yen
First 9 months of FY March 2007	33.24	—
First 9 months of FY March 2006	43.08	—
FY March 2006	74.14	—

Notes: The percentages alongside net sales, operating income, etc. indicate the percentage increase or decrease on a year-on-year basis.

[Qualitative information concerning the progress in (consolidated) business performance, etc.]

The domestic economy of the first 9 months rebounded moderately, led by increasing capital expenditure against the backdrops of improved corporate profits, despite the concerns about weakened signs in personal consumption partially.

Under these circumstances, the Company promoted new product development and proposal-based sales, made efforts to create and explore new markets by obtaining orders for total solutions, aiming toward future growth in each aspects of our business. In December, new plant "Tsurumi plant" has completed construction which is intended to bring further development by enhancing supply capacity of office seating and moving consolidated subsidiary Seeder Co.,Ltd. the manufacturer of clean room conveyor belts into the new plant aiming to expand production capacity.

In the office furniture segment, the mainstay office furniture securely focused on increasing demand from the chain relocation and renovation just as new constructed buildings due to increased capital spending backdrop by improved corporate performance, the Company aggressively developed solution-based proposals to enhance productivity in office environment offering an Intellectually Creative Workstyle. In addition, captured demand for medium and small projects. High-end seating "Contessa" and "Baron" have

also been sold well, expanding sales region in global markets. Sales in the security sector expanded steadily, by increased orders on safe deposit box facilities for financial institutions.

As a result, the sales of the segment for the first 9 months ended up at ¥89,738 million (Y-o-Y increase of 5.6%).

As for the store display segment, nevertheless facing the severe market environment, the Company centered its efforts on expanding customer base and renovation of existing stores, with growing industries as primary target, showed signs of recovery partially.

As a result, the sales of segment for the first 9 months ended up at ¥50,688 million (Y-o-Y increase of 0.3%).

As for the material handling systems and others segment, active trend in strong corporate results and healthy investment in manufacturing as well as logistics facilities, sales of automated storage warehouse systems for distribution center, and conveyor systems for clean rooms and other specially controlled environments increased strongly by aggressive solution-based proposal sales which captured total orders.

As a result, the sales of segment for the first 9 months ended up at ¥12,710 million (Y-o-Y increase of 34.1%).

With respect to profit and loss, the Company tried to trim production, material, and distribution costs through strengthening the balance sheet.

The foregoing results overall led to the total sales for the quarter amounting to ¥153,137 million (Y-o-Y increase of 5.6%), the operating income and the ordinary income resulted in ¥6,077 million (Y-o-Y increase of 30.9%) and ¥6,702 million (Y-o-Y increase of 27.6%). Net income for the quarter ended up at ¥3,723 million (Y-o-Y decrease of 22.9%).

## (2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
As of Dec.31,2006	183,362	82,051	42.8	700.91
As of Dec.31,2005	175,909	72,693	41.3	648.75
(Reference)As of March 2006	185,968	77,148	41.5	688.63

(Note) Net Assets of Dec.31,2005 and of Mar.31,2006 do not include Minority interests.

### [Consolidated cash flow]

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at Term-End
First 9 months of FY March 2007	11,091	(6,772)	(1,878)	24,482
First 9 months of FY March 2006	5,780	(3,399)	(957)	21,861
(Reference)FY March 2006	8,933	(5,284)	(2,068)	22,028

[Qualitative information concerning the changes in (consolidated) financial position, etc.]

The financial position of the current 9 months period is as follows:

Total assets amounted to ¥183,362 million, down ¥2,606 million from the end of the previous fiscal year. In the current assets, cash and time deposits have increased while notes and accounts receivable have decreased and as the result, decreased by ¥4,463 million. In the fixed assets, increased by ¥1,857 million due to the increase of buildings and structures by construction of Tsurumi plant and, of investment securities mostly driven by decline stock prices.

Total liabilities amounted to ¥101,310 million, down ¥4,016 million from the end of the previous fiscal year, partly due to the decrease of accounts payable and allowance for bonus payable.

Net assets including minority interests amounted to ¥82,051 million, up ¥1,410 million from the end of the previous fiscal year, owing to the increase of retained earnings by addition of the quarterly income while the evaluation difference of other marketable securities decreased. Consequently, the equity ratio went up 1.3 percentage points from the end of the previous fiscal year to 42.8%.

With respect to cash flows, cash flows from operating activities amounted to ¥11,091 million, the amount of the increases of cash flows due to items including net income before income taxes for the 9 months totaling ¥6,522 million, depreciation and amortization of ¥3,598 million, and the decrease of ¥6,742 million in notes and accounts receivable over the increases of cash flows due to items

including the decrease of ¥2,253 million in notes and accounts payable, the allowance for bonus payable ¥1,153 million, payments of corporation tax of ¥3,051 million.

Net cash used in investing activities was ¥6,772 million, which was mainly comprised of payment for purchase, plant and equipment, payment for purchase of intangible fixed assets including the construction of Tsurumi plant, totaling ¥5,865 million.

Net cash used in financing activities was ¥1,878 million, which was mainly comprised of decrease in long-term debt ¥663 million and the cash dividends paid by the Company ¥1,457 million.

Consequently, consolidated cash and cash equivalents at the end of the current first 9 months increased by ¥2,453 million from the end of the previous fiscal year to ¥24,482 million.

**3. Forecast for FY March 2007 (Apr. 1, 2006 – Mar. 31, 2007)** (Millions of yen)

	Net Sales	Ordinary Income	Net Income
FY March 2007	210,000	11,700	6,800

Reference: Estimated net income per share (fiscal year):¥60.71

[Qualitative information concerning the performance forecast, etc.]

As regards the performance forecast for the full fiscal year, the figures announced on November 10,2006 were used without changes for net sales, ordinary income and net income.

(Note) The performance forecast has been prepared using the estimation as of the date of announcement.

Actual results may differ from the forecasted figures due to uncertain factors that may arise in the future.

## First 9 months' Consolidated Balance Sheet

(Millions of yen)

Accounts	Term	First 9 months of FY March 2007 (As of Dec.31,2006)		First 9 months of FY March 2006 (As of Dec.31,2005)		Increase/ Decrease Amount	FY March 2006 (As of Mar.31,2006)	
		Amount	Ratio	Amount	Ratio		Amount	Ratio
<b>(Assets)</b>			(%)		(%)			(%)
<b>I .Current assets:</b>								
	Cash and time deposits	26,838		24,389		2,449	24,676	
	Trade notes and accounts receivable	48,223		45,287		2,936	54,965	
	Marketable securities	887		554		333	584	
	Inventories	15,349		15,667		(318)	14,935	
	Deferred income taxes	1,001		779		222	1,647	
	Other current assets	1,952		3,366		(1,413)	1,948	
	Allowance for doubtful debt	(157)		(197)		39	(198)	
	<b>Total current assets</b>	<b>94,095</b>	<b>51.3</b>	<b>89,846</b>	<b>51.1</b>	<b>4,249</b>	<b>98,558</b>	<b>53.0</b>
<b>II .Fixed assets:</b>								
<b>1.Tangible fixed assets:</b>								
	Buildings and structures	15,451		14,045		1,405	13,794	
	Machinery, equipment and vehicles	9,290		9,501		(211)	9,315	
	Land	21,744		21,471		272	21,471	
	Construction in progress	313		88		224	101	
	Others	3,046		2,670		375	2,894	
	<b>Total tangible fixed assets</b>	<b>49,845</b>	<b>27.2</b>	<b>47,778</b>	<b>27.1</b>	<b>2,067</b>	<b>47,577</b>	<b>25.6</b>
	<b>2.Intangible fixed assets:</b>	<b>2,656</b>	<b>1.4</b>	<b>2,453</b>	<b>1.4</b>	<b>202</b>	<b>2,718</b>	<b>1.5</b>
<b>3.Investments and other assets:</b>								
	Investment securities	28,421		28,017		403	29,832	
	Guarantee deposits	4,017		3,985		31	4,010	
	Deferred income taxes	2,053		1,993		59	2,013	
	Others	2,374		1,998		375	1,374	
	Allowance for doubtful accounts	(100)		(164)		63	(117)	
	<b>Total investment and other assets</b>	<b>36,765</b>	<b>20.1</b>	<b>35,831</b>	<b>20.4</b>	<b>934</b>	<b>37,114</b>	<b>19.9</b>
	<b>Total fixed assets</b>	<b>89,267</b>	<b>48.7</b>	<b>86,063</b>	<b>48.9</b>	<b>3,203</b>	<b>87,409</b>	<b>47.0</b>
<b>Total assets</b>		<b>183,362</b>	<b>100.0</b>	<b>175,909</b>	<b>100.0</b>	<b>7,452</b>	<b>185,968</b>	<b>100.0</b>

(Millions of yen)

Accounts	Term	First 9 months of FY March 2007 (As of Dec.31,2006)		First 9 months of FY March 2006 (As of Dec.31,2005)		Increase/ Decrease Amount	FY March 2006 (As of Mar.31,2006)	
		Amount	Ratio	Amount	Ratio		Amount	Ratio
<b>(Liabilities)</b>								
<b>I .Current liabilities:</b>								
Trade notes and accounts payable		48,358		45,821		2,536	50,490	
Short-term bank loans		10,200		10,800		(600)	9,900	
Long-term debts due within one year		1,531		4,610		(3,078)	1,670	
Bonds redeemed within one year		5,000		—		5,000	5,000	
Income taxes payable		786		34		751	1,578	
Consumption taxes payable		336		315		21	339	
Allowance for bonus payable		1,555		1,408		147	2,709	
Others		3,416		2,684		730	2,578	
Total current liabilities		71,184	38.8	65,674	37.3	5,510	74,267	39.9
<b>II .Long-term liabilities:</b>								
Bonds		5,000		10,000		(5,000)	5,000	
Long-term loans payable		7,145		4,920		2,225	7,670	
Deffered tax liabilities		5,665		5,408		257	6,504	
Severance and employee retirement benefits		9,819		11,322		(1,503)	9,321	
Reserve for directors' retirement benefits		16		519		(503)	544	
Consolidated adjustment account		—		148		(148)	130	
Other liabilities		2,479		1,887		592	1,889	
Total long-term liabilities		30,125	16.5	34,206	19.5	(4,080)	31,060	16.7
<b>Total liabilities</b>		<b>101,310</b>	<b>55.3</b>	<b>99,881</b>	<b>56.8</b>	<b>1,429</b>	<b>105,327</b>	<b>56.6</b>
<b>Minority interests</b>		<b>—</b>	<b>—</b>	<b>3,335</b>	<b>1.9</b>	<b>—</b>	<b>3,492</b>	<b>1.9</b>
<b>(Shareholders' equity)</b>								
I .Capital stock		—	—	18,670	10.6	—	18,670	10.0
II .Capital surplus		—	—	16,759	9.5	—	16,759	9.0
III .Retained earnings		—	—	28,654	16.3	—	32,135	17.3
IV .Unrealized holding gains(loss) on securities		—	—	8,986	5.1	—	9,953	5.4
V .Foreign currency translation adujstment		—	—	(182)	(0.1)	—	(152)	(0.1)
VI .Treasury stock, at cost		—	—	(196)	(0.1)	—	(218)	(0.1)
<b>Total shareholders' equity</b>		<b>—</b>	<b>—</b>	<b>72,693</b>	<b>41.3</b>	<b>—</b>	<b>77,148</b>	<b>41.5</b>
<b>Total liabilities, minority interests and shareholders' equity</b>		<b>—</b>	<b>—</b>	<b>175,909</b>	<b>100.0</b>	<b>—</b>	<b>185,968</b>	<b>100.0</b>
<b>(Net assets)</b>								
<b>I .Owners' equity</b>								
Capital stock		18,670	10.2	—	—	—	—	—
Capital surplus		16,759	9.1	—	—	—	—	—
Retained earnings		34,386	18.7	—	—	—	—	—
Treasury stock, at cost		(260)	(0.1)	—	—	—	—	—
Total owners' equity		69,556	37.9	—	—	—	—	—
<b>II .Net unrealized gain and translation adjustments</b>								
Unrealized holding gains (losses) on securities		9,035	4.9	—	—	—	—	—
Foreign currency translation adujstment		(91)	(0.0)	—	—	—	—	—
Total Net unrealized gain and translation adjustments		8,944	4.9	—	—	—	—	—
III .Minority interests		3,551	1.9	—	—	—	—	—
<b>Total net assets</b>		<b>82,051</b>	<b>44.7</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total liabilities and net assets</b>		<b>183,362</b>	<b>100.0</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

## First 9 months' Consolidated Income Statement

(Millions of yen)

Term Accounts	First 9 months of FY March 2007 (From Apr.1,2006 to Dec.31,2006)		First 9 months of FY March 2006 (From Apr.1,2005 to Dec.31,2005)		Increase/ Decrease Amount	FY March 2006 (From Apr.1,2005 to Mar.31,2006)	
	Amount	Ratio (%)	Amount	Ratio (%)		Amount	Ratio (%)
I .Net sales	153,137	100.0	145,030	100.0	8,106	202,266	100.0
II .Cost of sales	106,791	69.7	101,201	69.8	5,590	139,642	69.0
Gross profit	46,345	30.3	43,828	30.2	2,516	62,624	31.0
III.Selling, general and administrative expenses	40,267	26.3	39,187	27.0	1,080	53,512	26.5
Operating income	6,077	4.0	4,641	3.2	1,435	9,111	4.5
IV.Other income:	1,076	0.7	1,038	0.7	38	1,215	0.6
Interest and dividends income	377		267		109	282	
Amortization of consolidated adujstment account	—		54		(54)	72	
Equity in earnings of affiliated companies	224		115		109	143	
Others	474		601		(127)	717	
V.Other expenses:	451	0.3	426	0.3	24	562	0.3
Interest expenses	282		277		5	369	
Others	169		149		19	192	
Ordinary income	6,702	4.4	5,253	3.6	1,449	9,764	4.8
VI.Extraordinary income:	39	0.0	3,563	2.5	(3,524)	5,054	2.5
Gain on sales of investment securities	0		82		(82)	82	
Reversal of allowance for doubtful accounts	39		162		(122)	120	
Gain from the transfer of the substitutional portion of the government's WelfarePension Insurance Scheme	—		3,319		(3,319)	3,493	
Gain from termination of the tax-qualified defined benefit plan	—		—		—	1,357	
VII.Extraordinary losses:	219	0.1	288	0.2	(69)	355	0.1
Loss on disposal of property, plant and equipment	176		209		(32)	238	
Loss on devaluation of investment securities	2		5		(2)	5	
Impairment loss	9		51		(41)	55	
Evaluation losses of golf memberships	—		11		(11)	11	
Other losses	29		10		19	43	
Income before income taxes for the quarter term(fiscal year)	6,522	4.3	8,528	5.9	(2,005)	14,463	7.2
Income taxes	2,326	1.5	814	0.6	1,511	3,568	1.8
Adjustments on income taxes	398	0.3	2,786	1.9	(2,387)	2,330	1.2
Minority intersts in earnings	74	0.1	100	0.1	(25)	256	0.1
Net income for the first 9 months (fiscal year)	3,723	2.4	4,827	3.3	(1,104)	8,307	4.1

## First 9 months' Consolidated Statements of Change in Net Assets

First 9 months of FY March 2007 (From Apr.1,2006 to Dec.31,2006)

(Millions of yen)

	Owners' equity					Net unrealized gain and translation adjustments			Minority Interests	Net assets (Total)
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gains on for-sale securities	Foreign currency translation adjustments	Total		
Balance at the end of prior period (March 31,2006)	18,670	16,759	32,135	(218)	67,346	9,953	(152)	9,801	3,492	80,641
Changes of items during third quarter										
Dividends			(1,457)		(1,457)					(1,457)
Directors' bonus			(14)		(14)					(14)
Net income			3,723		3,723					3,723
Acquisition of treasury stock				(42)	(42)					(42)
Changes of items other items during third quarter (Net)					—	(917)	61	(856)	58	(798)
Changes of items during third quarter (Total)	—	—	2,251	(42)	2,209	(917)	61	(856)	58	1,410
Balance at the end of first 9 months (Dec.31, 2006)	18,670	16,759	34,386	(260)	69,556	9,035	(91)	8,944	3,551	82,051

## First 9 months' Consolidated Statements of Cash Flows

(Millions of yen)

Accounts	Term	First 9 months of FY March 2007 (From Apr.1,2006 to Dec.31,2006)	First 9 months of FY March 2006 (From Apr.1,2005 to Dec.31,2005)	FY March 2006 (From Apr.1,2005 to Mar.31,2006)
<b>I .Cash flows from operating activities</b>				
Income before income taxes for the first 9 months (fiscal year)		6,522	8,528	14,463
Depreciation and amortization		3,598	3,507	4,885
Loss on disposal of property, plant and equipment		171	209	230
Equity in earnings of affiliated companies		(224)	(115)	(143)
Amortization of consolidated adjustment accounts		—	(54)	(72)
Increase/decrease in allowance for doubtful accounts		(57)	(173)	(218)
Allowance for bonuses payable		(1,153)	(1,446)	(145)
Increase/decrease in allowance for employee retirement benefits		498	(1,464)	(1,934)
Gain from the transfer of the substitutional portion of the government's Welfare Pension Insurance Scheme		—	(3,319)	(3,493)
Gain from termination of the tax-qualified defined benefit plan		—	—	(1,357)
Increase/decrease in allowance for directors' retirement benefits		(30)	0	25
Interest and dividends income		(377)	(267)	(282)
Interest expense		282	277	369
Gain/loss on sale of investment securities		2	(76)	(77)
Loss on devaluation of investment securities		9	51	55
Increase/decrease in notes and accounts receivable		6,742	10,791	1,113
Increase/decrease in inventories		(416)	(1,888)	(1,155)
Increase/decrease in notes and accounts payable		(2,253)	(3,633)	1,082
Others		703	(995)	(31)
Sub-total		14,015	9,931	13,313
Interest and dividends received		377	305	322
Interest expenses paid		(249)	(235)	(348)
Income taxes paid		(3,051)	(4,220)	(4,353)
Net Cash provided by operating activities		11,091	5,780	8,933
<b>II .Cash flows from investing activities</b>				
Term deposits paid		(5,454)	(4,044)	(5,085)
Term deposits withdrawn		4,694	4,246	5,136
Payment for purchase of property, plant and equipment		(5,472)	(2,764)	(3,934)
Proceeds from sale of property, plant and equipment		10	9	59
Payment for purchase of intangible fixed assets		(393)	(964)	(1,392)
Payment for purchase of investment securities		(38)	(344)	(484)
Proceeds from sale of investment securities		4	444	415
Payment for acquisition of stock in newly consolidated subsidiary		—	(74)	(74)
Others		(122)	93	75
Net Cash used in investing activities		(6,772)	(3,399)	(5,284)
<b>III .Cash flows from financing activities</b>				
Increase/decrease in short-term bank loans		300	(6,100)	(7,000)
Proceeds from long-term debt		600	2,000	5,200
Repayments of long-term debt		(1,263)	(550)	(3,940)
Issuance of bonds		—	5,000	5,000
Purchase of treasury stock		(40)	(28)	(50)
Cash dividends paid by the Company		(1,457)	(1,262)	(1,262)
Cash dividends paid to minority shareholders		(16)	(16)	(16)
Net Cash used in financing activities equivalents		(1,878)	(957)	(2,068)
IV .Effect on exchange rate changes on cash and cash equivalents		12	11	21
V .Increase/decrease in cash and cash equivalents		2,453	1,435	1,602
VI .Cash and cash equivalents at beginning of year		22,028	20,426	20,426
VII .Cash and cash equivalents at the end of first 9 months		24,482	21,861	22,028



(Segment Information)

1. Business Segment Information

First 9 Months (From Apr.1,2006 to Dec.31,2006) of FY March 2007 (from Apr.1,2006 to Mar.31,2007)

(Millions of yen)

Item	Segment			Total	Unallocated and Eliminations	Consolidated
	Office Furniture	Store Displays	Material Handling Systems and Others			
I. Net sales and operating income (loss)						
Net sales						
(1) Net sales to external customers	89,738	50,688	12,710	153,137	—	153,137
(2) Internal sales or transfers between segments	—	—	—	—	(—)	—
Total	89,738	50,688	12,710	153,137	(—)	153,137
Operating expenses	85,268	49,989	11,801	147,059	(—)	147,059
Operating income	4,469	698	908	6,077	(—)	6,077

First 9 Months (From Apr.1,2005 to Dec.31,2005) of FY March 2006 (from Apr.1,2005 to Mar.31,2006)

(Millions of yen)

Item	Segment			Total	Unallocated and Eliminations	Consolidated
	Office Furniture	Store Displays	Material Handling Systems and Others			
I. Net sales and operating income (loss)						
Net sales						
(1) Net sales to external customers	84,999	50,552	9,478	145,030	—	145,030
(2) Internal sales or transfers between segments	—	—	—	—	(—)	—
Total	84,999	50,552	9,478	145,030	(—)	145,030
Operating expenses	81,575	49,841	8,971	140,388	(—)	140,388
Operating income	3,423	711	506	4,641	(—)	4,641

Previous Consolidated Fiscal Year (From Apr.1,2005 to Mar.31,2006)

(Millions of yen)

Item	Segment			Total	Unallocated and Eliminations	Consolidated
	Office Furniture	Store Displays	Material Handling Systems and Others			
I. Net sales and operating income (loss)						
Net sales						
(1) Net sales to external customers	122,228	66,836	13,201	202,266	—	202,266
(2) Internal sales or transfers between segments	—	—	—	—	(—)	—
Total	122,228	66,836	13,201	202,266	(—)	202,266
Operating expenses	114,961	65,957	12,235	193,154	(—)	193,154
Operating income	7,267	879	965	9,111	(—)	9,111

- Notes:
1. Business segmentation method  
Business segmentation is based on considerations of similarities among product types (inclusive of operations) and markets.
  2. Classification of main products by business segment

Business segment	Main Products
Office Furniture	Office furniture, Cultural and educational facilities, Partitions, Medical and research facilities, Security systems, SOHO-related products
Store Displays	Showcases for stores, Refrigerated showcases, Counters for stores
Material Handling Systems and Others	Racks and stackers for factories and warehouses, Automated material handling systems, Torque converters for industrial and construction equipment, Real estate leasing, Insurance