



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

August 4, 2014

Listing: Tokyo Stock Exchange

Okamura Corporation

Code Number: 7994

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Scheduled date for filing of quarterly report: August 12, 2014

Scheduled date for commencement of dividend payments: –

Preparation of supplementary materials to explain quarterly financial results: None

Scheduling of meeting to explain quarterly financial results: None

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

1. Consolidated Operating Results for First Quarter (Apr. 1, 2014 to Jun. 30, 2014) of FY Ending March 2015 (Apr. 1, 2014 to Mar. 31, 2015)

(1) Operating Results (cumulative)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of FY ending March 2015	47,817	(0.3)	1,172	(20.3)	1,633	(12.3)	981	(10.7)
First quarter of FY ended March 2014	47,979	0.1	1,470	(29.8)	1,863	(25.1)	1,099	(33.0)

Note: Comprehensive income ¥1,860 million (6.1%) for the first quarter of FY ending March 2015
¥1,752 million (113.9%) for the first quarter of FY ended March 2014

	Net income per share	Diluted net income per share
	yen	yen
First quarter of FY ending March 2015	8.91	–
First quarter of FY ended March 2014	9.98	–

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
First quarter of FY ending March 2015	188,604	94,434	49.9
FY ended March 2014	190,913	93,229	48.6

Reference: Total shareholders' equity ¥94,090 million for the first quarter of FY ending March 2015
¥92,853 million for FY ended March 2014

2. Dividend

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

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

3. Forecast of Consolidated Performance for FY Ending March 2015 (April 1, 2014 to March 31, 2015)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
2Q (cumulative)	100,000	0.6	4,000	5.9	4,200	4.6	2,800	3.7	25.41
Full year	220,000	4.1	11,000	16.4	11,500	14.2	7,300	19.4	66.26

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

Notes

(1) Changes in the number of material subsidiaries during the quarter under review (This indicates whether there have been changes in the number of specified subsidiaries involving changes in the scope of consolidation): None

New — company(ies) (—)

Excluded — company(ies) (—)

(2) Adoption of a special accounting method applicable to the preparation of quarterly consolidated financial statements: None

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

① Changes in accounting policy in accordance with revisions to accounting standards: Yes

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

③ Changes in accounting estimates: None

④ Restatement: None

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

① Number of shares issued (including treasury stock) at the end of the term

② Number of shares of treasury stock at the end of the term

③ Average number of shares during the term (cumulative quarters)

1Q of FY ending March 2015	112,391,530	FY ended March 2014	112,391,530
1Q of FY ending March 2015	2,222,281	FY ended March 2014	2,218,636
1Q of FY ending March 2015	110,171,615	1Q of FY ended March 2014	110,193,348

* Indication of Implementation Status of Quarterly Review Procedures

- This quarterly Financial Results summary is not subject to the quarterly review procedures as provided for in the Financial Instruments and Exchange Act. The procedures for reviewing the Company's quarterly financial statements in accordance with the Financial Instruments and Exchange Act are yet to be completed at the time of publication of this quarterly Financial Results summary.

* Explanation of Appropriate Use of Performance Forecasts and Other Issues Requiring Particular Mention

- The performance forecasts and other forward-looking statements contained herein are based on the information available to the Company at the time, and contain certain assumptions that the Company considers to be reasonable. They are subject to diverse factors that may cause actual results of operations and other items to differ significantly from the statements and forecasts. For a description of the assumptions underlying the performance forecasts and the points to note when using the performance forecasts in this document, please refer to (3) Explanation of the performance forecast in 1. Qualitative Information Concerning Quarterly Consolidated Financial Results, etc. on page 3 of the Appendix.

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1. Qualitative Information Concerning Quarterly Consolidated Financial Results

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

During the first quarter of the consolidated fiscal year under review, the Japanese economy was faced with challenges due to uncertainty over the future of the emerging economies and an actual decrease in demand in reaction to the last-minute demand generated before the increase in Japanese consumption tax. However, the outlook of the economy is positive as personal income and employment situation improved on the back of strong growth in corporate performance as well as brisk capital investment, mainly at large manufacturers.

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

Performance results by segment are discussed below.

Segment name	Net sales (Millions of yen)			Segment income (loss) (Millions of yen)		
	First quarter of FY ended March 2014	First quarter of FY ending March 2015	Increase/decrease	First quarter of FY ended March 2014	First quarter of FY ending March 2015	Increase/decrease
Office Furniture	23,999	23,845	(154)	352	581	229
Store Displays	20,620	21,054	433	1,060	707	(352)
Others	3,359	2,918	(441)	57	(117)	(174)
Total	47,979	47,817	(161)	1,470	1,172	(298)

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

Office Furniture

In the Office Furniture segment, demand for both office relocation and renewal were in a transitional period, mainly in large-scale projects. Under these circumstances, the Company proactively made proposals on how to use office space in an optimal way in response to various office working styles. It also endeavored to launch new products for educational, healthcare, cultural, and R&D facilities, as well as municipality offices in the office-related furniture market. The results of the above efforts maintained net sales and increased income year-over-year.

As a result, net sales in this segment amounted to ¥23,845 million (a decrease of 0.6% year-over-year), and the segment income amounted to ¥581 million (an increase of 65.1% year-over-year).

Store Displays

In the Store Displays segment, the Company concentrated its efforts on convenience stores and drug stores that are aggressive in opening new stores and store renovations, and endeavored to acquire more orders for our refrigerated showcases. We also aggressively pursued a line of business offering total store solutions that is designed to meet consumer needs, to improve store energy efficiency, and to provide store security systems. The results of the above efforts increased net sales year-over-year.

As a result, net sales in this segment amounted to ¥21,054 million (an increase of 2.1% year-over-year), and the segment income amounted to ¥707 million (a decrease of 33.3% year-over-year).

Others (including Material Handling Systems business)

In the Materials Handling Systems segment, the Company focused on growth areas such as food, healthcare, and Internet shopping and on making use of synergies with other segments in such areas as food processing centers and automated book vaults for libraries. In addition, the Company aggressively attracted more orders for total solutions by taking advantage of its solution-proposal capabilities and its products, which are distinguished by their superiority, and its systems for operational support and post-sales maintenance. However, despite these efforts, net sales and income decreased year-over-year.

As a result, net sales in this segment amounted to ¥2,918 million (a decrease of 13.1% year-over-year), and the segment loss amounted to ¥117 million (versus a segment income of ¥57 million in the same period of the previous fiscal year).

As a result of the above, during the first quarter of the current fiscal year, the Company posted net sales of ¥47,817 million (a decrease of 0.3% year-over-year), operating income of ¥1,172 million (a decrease of 20.3% year-over-year), ordinary income of ¥1,633 million (a decrease of 12.3% year-over-year), and net income of ¥981 million (a decrease of 10.7% year-over-year).

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

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

Total assets amounted to ¥188,604 million, down ¥2,309 million compared with the end of the previous consolidated fiscal year. Current assets decreased by ¥3,662 million, mainly because of an increase in cash and deposits and decreases in notes and accounts receivable-trade, and noncurrent assets increased by ¥1,353 million, mainly because of increases in investment securities.

Liabilities amounted to ¥94,169 million, down ¥3,514 million over the end of the previous fiscal year, mainly because of increases in short-term loans payable and decreases in notes and accounts payable-trade as well as income taxes payable and provision for bonuses.

Net assets amounted to ¥94,434 million, up ¥1,205 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. The equity ratio amounted to 49.9%, up 1.3 percentage points.

A review of cash flows for the first quarter of the current fiscal year is as follows.

Operating activities generated a net cash increase of ¥2,196 million (an increase of ¥3,712 million in the same period of the previous fiscal year), reflecting inflows including income before income taxes and minority interests for the quarter of ¥1,632 million, depreciation and amortization of ¥1,051 million, and a decrease in notes and accounts receivable-trade of ¥9,524 million. Outflows included a decrease in provision for bonuses of ¥2,543 million, a decrease in notes and accounts payable-trade of ¥3,758 million, and income taxes paid of ¥3,995 million.

Investment activities resulted in a net cash outflow of ¥1,134 million (versus a net cash outflow of ¥1,297 million in the previous fiscal year), reflecting inflows including income from sales and redemption of investment securities of ¥303 million, increase in time deposits of ¥487 million, and outflows including disbursements of ¥490 million for the purchase of property, plant and equipment and ¥167 million for the purchase of intangible assets.

Financing activities resulted in a net cash increase of ¥3,599 million (an increase of ¥3,832 million in the same period of the previous fiscal year), reflecting inflows including an increase in short-term loans payable of ¥4,678 million and outflows including dividend payments of ¥932 million.

Consequently, consolidated cash and cash equivalents at the end of the current fiscal year's first quarter increased by ¥4,593 million from the end of the previous fiscal year (an increase of ¥6,343 million in the same period of the previous fiscal year) to ¥29,503 million.

(3) Explanation of the performance forecast

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

2. Summary Information (Notes)

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

Nothing in particular.

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

Nothing in particular.

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

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

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

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

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

3. Quarterly Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Previous fiscal year (As of March 31, 2014)	First quarter of the current fiscal year (As of June 30, 2014)
Assets		
Current assets		
Cash and deposits	26,545	31,623
Notes and accounts receivable-trade	55,281	45,756
Short-term investment securities	331	31
Merchandise and finished goods	8,851	9,446
Work in process	1,491	1,626
Raw materials and supplies	3,708	3,570
Other	3,827	4,315
Allowance for doubtful accounts	(28)	(25)
Total current assets	100,008	96,345
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	13,221	13,053
Land	23,522	23,522
Other, net	11,728	11,718
Total property, plant and equipment	48,471	48,294
Intangible assets		
Goodwill	1,292	1,191
Other	3,595	3,579
Total intangible assets	4,887	4,770
Investments and other assets		
Investment securities	26,154	27,811
Other	11,416	11,407
Allowance for doubtful accounts	(26)	(26)
Total investments and other assets	37,545	39,193
Total noncurrent assets	90,905	92,258
Total assets	190,913	188,604

(Millions of yen)

	Previous fiscal year (As of March 31, 2014)	First quarter of the current fiscal year (As of June 30, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	31,361	25,450
Electronically recorded obligations-operating	11,051	13,330
Short-term loans payable	6,289	10,950
Current portion of long-term loans payable	1,085	1,181
Current portion of bonds	5,000	5,000
Income taxes payable	3,134	103
Provision for bonuses	3,244	700
Other	4,475	5,611
Total current liabilities	65,641	62,328
Noncurrent liabilities		
Bonds payable	5,000	5,000
Long-term loans payable	7,988	7,766
Net defined benefit liability	13,427	12,644
Other	5,627	6,430
Total noncurrent liabilities	32,043	31,841
Total liabilities	97,684	94,169
Net assets		
Shareholders' equity		
Capital stock	18,670	18,670
Capital surplus	16,759	16,759
Retained earnings	53,532	53,862
Treasury stock	(2,405)	(2,408)
Total shareholders' equity	86,557	86,883
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,957	6,966
Foreign currency translation adjustment	186	113
Remeasurement of defined benefit plans	152	126
Total accumulated other comprehensive income	6,295	7,206
Minority interests	375	344
Total net assets	93,229	94,434
Total liabilities and net assets	190,913	188,604

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

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

(Millions of yen)

	First quarter of FY ended March 2014 (From April 1, 2013 to June 30, 2013)	First quarter of FY ending March 2015 (From April 1, 2014 to June 30, 2014)
Net sales	47,979	47,817
Cost of sales	33,761	33,558
Gross profit	14,218	14,259
Selling, general and administrative expenses		
Packing and transportation expenses	2,021	1,992
Salaries and allowances	4,353	4,614
Provision for bonuses	365	388
Rent expenses	1,520	1,673
Other	4,486	4,419
Total selling, general and administrative expenses	12,748	13,087
Operating income	1,470	1,172
Non-operating income		
Interest income	10	4
Dividends income	214	249
Equity in earnings of affiliates	136	69
Other	212	279
Total non-operating income	573	603
Non-operating expenses		
Interest expenses	93	74
Bond issue costs	42	–
Exchange loss	–	32
Other	44	34
Total non-operating expenses	180	141
Ordinary income	1,863	1,633
Extraordinary income		
Gain on sales of investment securities	18	–
Total extraordinary income	18	–
Extraordinary loss		
Loss on valuation of golf club memberships	1	0
Total extraordinary loss	1	0
Income before income taxes and minority interests	1,881	1,632
Income taxes-current	56	62
Income taxes-deferred	746	611
Total income taxes	802	673
Income before minority interests	1,078	959
Minority interests in income	(20)	(22)
Net income	1,099	981

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

(Millions of yen)

	First quarter of FY ended March 2014 (From April 1, 2013 to June 30, 2013)	First quarter of FY ending March 2015 (From April 1, 2014 to June 30, 2014)
Income before minority interests	1,078	959
Other comprehensive income		
Valuation difference on available-for-sale securities	461	1,024
Foreign currency translation adjustment	112	(73)
Remeasurement of defined benefit plans, net of tax	–	(25)
Share of other comprehensive income of associates accounted for using equity method	100	(23)
Total other comprehensive income	674	901
Comprehensive income	1,752	1,860
(Details)		
Comprehensive income attributable to owners of the parent	1,773	1,891
Comprehensive income attributable to minority interests	(20)	(31)

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	First quarter of FY ended March 2014 (From April 1, 2013 to June 30, 2013)	First quarter of FY ending March 2015 (From April 1, 2014 to June 30, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,881	1,632
Depreciation and amortization	1,027	1,051
Loss (gain) on sales and retirement of noncurrent assets	16	4
Equity in (earnings) losses of affiliates	(136)	(69)
Increase (decrease) in allowance for doubtful accounts	(3)	(3)
Increase (decrease) in provision for bonuses	(2,087)	(2,543)
Increase (decrease) in provision for retirement benefits	175	–
Increase (decrease) in net defined benefit liability	–	152
Interest and dividends income	(224)	(254)
Interest expenses	93	74
Loss (gain) on valuation of investment securities	(18)	–
Decrease (increase) in notes and accounts receivable-trade	7,560	9,524
Decrease (increase) in inventories	(585)	(596)
Increase (decrease) in notes and accounts payable-trade	(2,498)	(3,758)
Other, net	1,110	799
Subtotal	6,309	6,013
Interest and dividends income received	217	249
Interest expenses paid	(123)	(71)
Income taxes paid	(2,691)	(3,995)
Net cash provided by (used in) operating activities	3,712	2,196
Net cash provided by (used in) investing activities		
Payments into time deposits	(400)	(787)
Proceeds from withdrawal of time deposits	250	300
Purchase of property, plant and equipment	(692)	(490)
Purchase of intangible assets	(259)	(167)
Purchase of investment securities	(1)	(21)
Proceeds from sales and redemption of investment securities	65	303
Other, net	(259)	(271)
Net cash provided by (used in) investing activities	(1,297)	(1,134)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	4,552	4,678
Proceeds from long-term loans payable	100	–
Repayment of long-term loans payable	(165)	(115)
Proceeds from issuance of bonds	5,000	–
Redemption of bonds	(5,000)	–
Purchase of treasury stock	(1)	(2)
Cash dividends paid	(586)	(932)
Other, net	(66)	(28)
Net cash provided by (used in) financing activities	3,832	3,599
Effect of exchange rate change on cash and cash equivalents	96	(67)
Net increase (decrease) in cash and cash equivalents	6,343	4,593
Cash and cash equivalents at the beginning of the fiscal year	25,818	24,909

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Cash and cash equivalents at the end of the quarter term	<u>32,162</u>	<u>29,503</u>
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(4) Note regarding consolidated quarterly financial statements

Note regarding the assumption of going concern

There is no information that needs to be disclosed herein.

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

There is no information that needs to be disclosed herein.

Segment information

First quarter of FY ended March 2014 (from April 1, 2013 to June 30, 2013)

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

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustment	Amount recorded on Quarterly Consolidated Statements of Income (Note 2)
	Office Furniture	Store Displays	Total				
Net sales							
Net sales to external customers	23,999	20,620	44,620	3,359	47,979	—	47,979
Internal sales or transfers between segments	—	—	—	—	—	—	—
Total	23,999	20,620	44,620	3,359	47,979	—	47,979
Segment income	352	1,060	1,413	57	1,470	—	1,470

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

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

First quarter of FY ending March 2015 (from April 1, 2014 to June 30, 2014)

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

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustment	Amount recorded on Quarterly Consolidated Statements of Income (Note 2)
	Office Furniture	Store Displays	Total				
Net sales							
Net sales to external customers	23,845	21,054	44,899	2,918	47,817	—	47,817
Internal sales or transfers between segments	—	—	—	—	—	—	—
Total	23,845	21,054	44,899	2,918	47,817	—	47,817
Segment income (loss)	581	707	1,289	(117)	1,172	—	1,172

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

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

Material subsequent events

There is no information that needs to be disclosed herein.