May 12, 2006

Consolidated Financial Results for FY March 2006

Okamura Corporation
Listing: Tokyo Stock Exchange, Osaka Securities Exchange
Code Number: 7994 (URL http://www.okamura.co.jp/)
Head Office: Tenri Bldg 18F, 4-1, Kitasaiwai 1-chome, Nishi-Ku, Yokohama, Kanagawa Pref., Japan
Representative: Kazuyoshi Hisamatsu, President and Representative Director
Contact: Kiyoshi Sato, Director and General Manager of Accounting Div. TEL: 045-319-3445
Date of Board Meeting for Consolidated Settlement of Accounts: May 12, 2006
Application of US Financial Accounting Standards: None

1. Consolidated Results for FY March 2006 (Apr. 1, 2005 – Mar. 31, 2006)

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

(1) Business Results (Millions of yen, except for per share figures)

	Net Sales		Operating Income		Ordinary Income	
FY March 2006	202,266	2.9%	9,111	1.5%	9,764	3.8%
FY March 2005	196,526	7.4%	8,980	33.8%	9,410	34.7%

	Net Income		Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)	Return on Equity	Ordinary Income to Total Assets	Ordinary Income to Net Sales
FY March 2006	8,307	51.4%	74.14	-	11.8%	5.4%	4.8%
FY March 2005	5,485	38.1%	48.93	-	8.9%	5.4%	4.8%

Notes:
① Gain from investment in subsidiaries and affiliates accounted for by the equity method:
FY March 2006: ¥143 million
FY March 2005: ¥91 million
② Average number of shares outstanding (consolidated):
FY March 2006: 112,059,027
FY March 2005: 112,120,955
③ Changes in accounting method: Applicable
④ The percentages alongside the net sales, operating income, ordinary income, and net income indicate the percentage increase or decrease from the previous year.

(2) Financial Position (Millions of yen, except for per share figures)

	Total Assets	Shareholders' Equity	Equity Ratio (%)	Shareholders' Equity per Share (Yen)
FY March 2006	185,968	77,148	41.5	688.63
FY March 2005	173,622	63,964	36.8	570.68

Note: Number of shares outstanding at term-end (consolidated):
FY March 2006: 112,031,371
FY March 2005: 112,084,134

(3) Cash Flows (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
FY March 2006	8,933	(5,284)	(2,068)	22,028
FY March 2005	7,009	(3,868)	(6,248)	20,426

(4) Number of Consolidated Subsidiaries and Subsidiaries and Affiliates Accounted for by the Equity Method

Number of consolidated subsidiaries: 12
Number of unconsolidated subsidiaries accounted for by the equity method: None
Number of affiliates accounted for by the equity method: 4

(5) Changes in Consolidation and Scope of Application for Equity Method

Newly consolidated subsidiaries: 1 (Excluded from consolidation: None)
Newly included under equity method: None (Excluded under equity method: None)

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

	Net Sales	Ordinary Income	Net Income
First Half of FY March 2007	99,000	4,800	2,700
FY March 2007	210,000	11,200	6,200

Reference: Expected net income per share ¥55.34

* The above forecast has been prepared based on data as of the announcement date. Actual results may differ from the forecasted figures due to various factors such as fluctuations in exchange. See the accompanying reference P.7 regarding the forecast above.

(1) Group Companies

The Okamura Group (hereinafter the "Group") comprises Okamura Corporation (hereinafter the "Company"), twelve consolidated subsidiaries and four affiliates. The Group's principal business is the manufacture and sale of office furniture, store displays, and material handling systems. In these business segments the Group engages in physical distribution, installation, and other services.

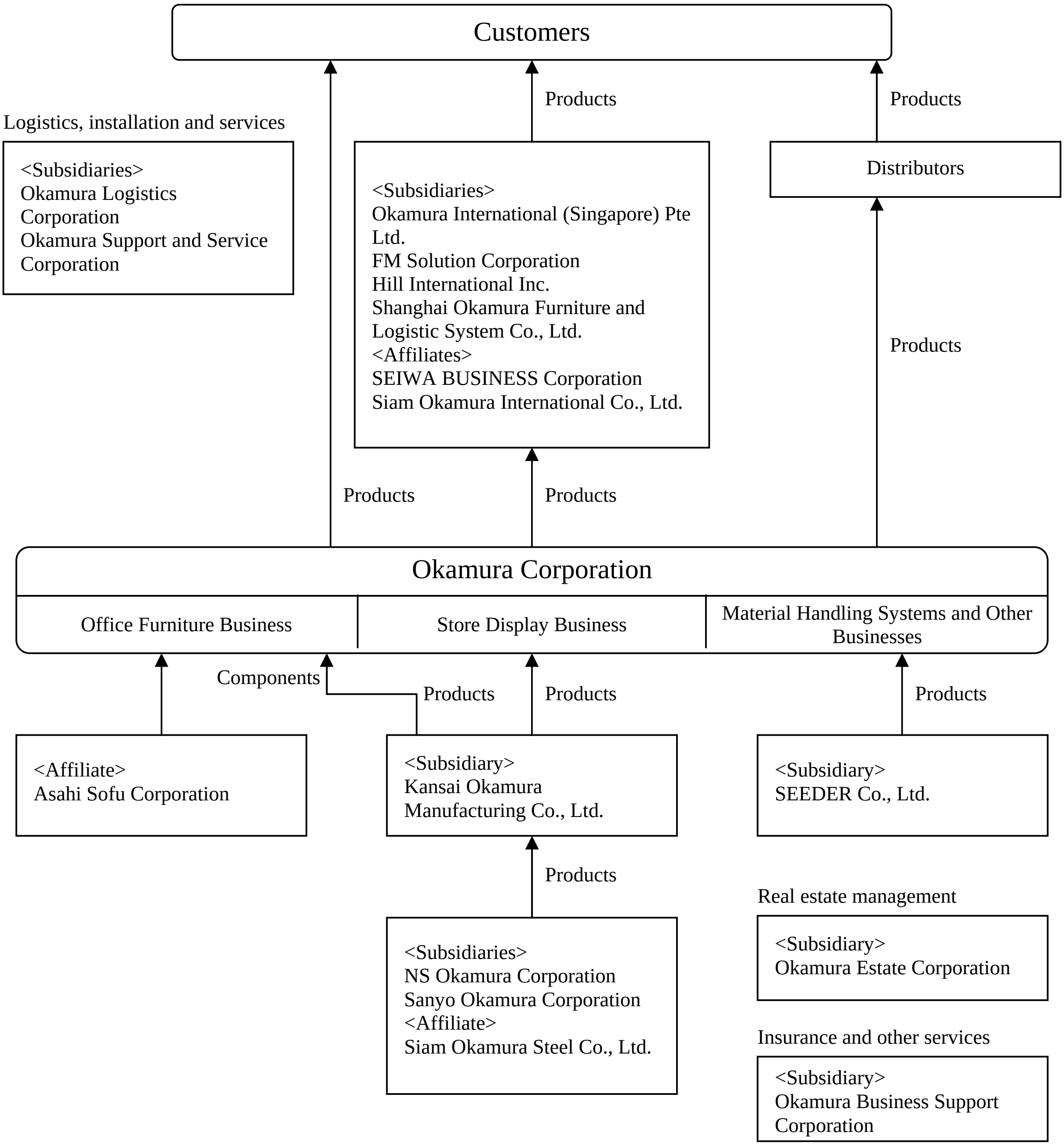
In the office furniture, store displays, and material handling systems business segments, the Company and consolidated subsidiaries, Kansai Okamura Manufacturing Co., Ltd., NS Okamura Corporation, Sanyo Okamura Corporation, and SEEDER Co., Ltd., engage in manufacturing operations.

In the office furniture, store displays, and material handling systems business segments, the Company, consolidated subsidiaries Okamura International (Singapore) Pte Ltd., FM Solution Corporation, Hill International Inc., and Shanghai Okamura Furniture and Logistic System Co., Ltd., and equity method affiliates Seiwa Business Corporation, and Siam Okamura International Co., Ltd. engage in sales through distributors.

In other related businesses, consolidated subsidiary Okamura Logistics Corporation engages in physical distribution and installation and consolidated subsidiary Okamura Support and Service Corporation engages in installation and services in connection with the Group's office furniture, store displays, and material handling systems operations.

Consolidated subsidiaries Okamura Business Support Corporation and Okamura Estate Corporation engage in insurance and real estate management operations.

The organization chart below depicts the structure of the Group. Business segments in the chart correspond to those in the Segment Information section.



(2) Management Policy

1. Basic Management Policy

Guided by its watchwords for corporate reform—information technology, globalization, and specialization—the Company engages in business activities grounded in a basic policy of building and strengthening a relationship of trust with society by constructing a stable management base, engaging in efficient, profit-oriented management, and demonstrating concern for the natural environment.

The Company proclaimed itself "Cooperative Industry—Okamura Seisakusho" when in 1945, a company of engineers, led by its founder, made mutual contributions of funds, technical expertise, and labor to launch it into operation. Throughout its existence, human bonds of the technologically minded have formed the foundation of its operations, primarily in the lines of office furniture, store displays, material handling systems and others. True to its motto that "Quality pays for itself" are the integrated development, manufacture, and distribution of high-quality products that customers feel enrich their amenity environment, as well as turnkey offerings tailored to customers' diverse space requirements. These comprise the Company's approach to setting itself apart from its competition in its pursuit of ensuring and enhancing its corporate value and hence its common shareholder value.

2. Basic Policy on Profit Distribution

The Company regards the appropriate return of profits to the shareholders as an important management policy.

The policy on the distribution of profits is to strive to maintain stable dividends, aiming for fair distribution of profits in keeping with business performance while taking into consideration factors such as the Company's financial position, future business development, and internal reserves.

Based on this policy, for the fiscal year under review (the year ended March 31, 2006) the Company will increase the year-end dividend by ¥0.75 per share over the previous year to ¥7.00 per share. Coupled with the mid-term dividend of ¥5.00 per share, this brings the annual dividend to ¥12.00 per share, an increase of ¥2.00 per share over the previous year.

Following the enforcement of the Corporations Law, as it concerns the payment of dividends, the Company intends to continue, unchanged, the manner in which it has declared dividends twice annually based on the record dates that correspond to the fiscal first-half and full year-ends.

3. Management Position and Company Policy on Reducing the Trading Unit

The Company recognizes that reducing the trading unit is an effective means of promoting individual investor participation and vitalizing the stock market. The Company intends to carefully consider reducing the trading unit, taking into account changes in the share price and the cost effectiveness of reducing the trading unit.

4. Target Performance Indicators

The Company places importance on return on assets (ROA), return on shareholders' equity (ROE), and ratio of operating income to sales as key indicators of business performance. The Company strives at all times to improve profitability through cost consciousness and to focus on improving investment efficiency by exercising selectivity and concentration in the allocation of management resources.

5. Medium- to Long-Term Business Strategy

On the basis of the Medium-Term Management Vision, the Company aims to further develop its mainstay office furniture and store display businesses and achieve stable growth, while making company-wide efforts to establish a more secure earnings base. To this end, as management efficiency measures, the Company aims to reduce costs and increase asset efficiency by proceeding further with the implementation of the Okamura Production System (OPS), the Company's own newly developed production method, and the Supply Chain Management System (SCM).

(1) Office Furniture

In its mainstay office furniture business, responding to an increase in demands for relocation connected to urban redevelopment projects, the Company aims to increase orders for total solutions by offering new product lines suited to the diverse workstyles of the IT era and engaging actively in business development. The Company will also strive to develop new demands by proposing solutions based on the concept of offices of the near future. Moreover, the Company will fortify marketing activities on a global scale by launching new products. As regards the security business, the Company seeks to reinforce its development and sales system for office security products, to complement its safe deposit box facilities for financial institutions. The Company will leverage the marketing and solutions capabilities developed in the office furniture business to engage in full-scale operations in the public facilities sector, primarily outside of major urban areas, bolstering our sales & marketing structure to better serve the building materials, educational facilities, and social services and medical institutions markets.

(2) Store Displays
In the store display business, the Company's second mainstay operation, the Company aims to increase sales and profits by focusing management resources on growth sectors. In the market for category killers, the Company will develop original fixtures tailored to store characteristics and engage in aggressive proposal-based selling targeting the drugstore, home center, and 100 yen shop retail formats, where further expansion of new store openings is expected.

(3) Material Handling Systems and Others
In the material handling systems and others segment, the Company will engage in active selling activities. In addition to pursuing synergy with other businesses, the Company will target the pharmaceutical, food products, automotive and other growth sectors, aiming to expand sales and secure stable income through development of products and proposal of solutions tailored to the specific needs of each of these markets. The Company will also aim to be active in opening up new sales, with a focus on the foreign market.

(4) Promotion of Management Efficiency
The Company will further advance the development of the Okamura Production System (OPS), a new method of production aimed at reducing manufacturing costs, to its Group companies, through applications to Group companies. The secondary development of the Supply Chain Management System (SCM), aiming at efficient production by improving the accuracy of forecast for demands, has been achieving favorable results. The Company will aim to further enhance the efficiency of its inventory by increasing the products covered by this System. With respect to finance, the Company aims to establish a solid financial base through measures such as the reduction of interest-bearing debt.

(5) Protection of the Environment
The Company regards protection of the natural environment as an important management priority, and the entire Okamura Group engages in environmental protection activities. The Company will continue to pursue business activities that contribute to recycle-oriented society, notably environmentally conscious new products development.

6. Issues Facing the Company

To cope with a social milieu characterized by diversification, globalization and other sweeping social transformations that are likely to continue to occur in the coming years, the Company has periodically convened the Business Process Improvement Committee, flexibly and rapidly responded to the changes, and implemented a series of profit improvement measures necessary to sustain and increase growth and profitability.

In future business development, the Company will aggressively invest management resources in growth business sectors on the basis of a medium-term management strategy grounded in selectivity and concentration, engage in continued restructuring across all businesses and organizations, work to increase capital efficiency, and promote management reform to establish a highly profitable corporate structure.

7. Information Concerning Parent Company

The Company has no parent entity.

(3) Operating Results and Financial Position

I. Operating Results

1. Overview of FY March 2006

1) Overview of Operating Results

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)	ROE (%)
FY March 2006	202,266	9,111	9,764	8,307	74.14	11.8
FY March 2005	196,526	8,980	9,410	5,485	48.93	8.9
Change (%)	2.9%	1.5%	3.8%	51.4%	51.5%	-----

During the fiscal year under review, Japan's economy continued on its path of recovery, despite skyrocketing crude oil prices and rising materials prices providing sources of concern, as improved corporate earnings led to increased capital investment, joined by improved employment conditions and perked-up personal consumption.

In these circumstances, the Company sought to develop new products, promote proposal-based sales, and attract orders for total solutions in order to create and develop new markets, with a view to reinvigorating growth across all business segments. The Company worked to securely tap into increased demand for offices in its mainstay office furniture segment, and in the store display segment, broadened its customer base by cultivating relationships with new retail categories and new customers. In the material handling systems and others segment, the Company worked to deepen its market by promoting solutions sector by sector.

As a result of these initiatives, current term net sales were ¥202,266 million (an increase of 2.9% year on year).

From the perspective of profit and loss, reduction in production costs, procurement and distribution, together with increased sales in the office furniture and material handling systems and others segments, contributed to stronger gross profit. The scaling down of interest-bearing debts to reduce interest expenses continued to strengthen the financial base, and the Company posted an ordinary income of ¥9,764 million (an increase of 3.8%). The Company posted a net income of ¥8,307 million (an increase of 51.4%), which partly reflected the recognition of extraordinary income upon the restructuring of retirement benefits, including the Employees' Pension Fund's return of obligation managed on behalf of the Government.

2) Segment Information

(Millions of yen)

	Net sales			Operating income		
	FY March 2005	FY March 2006	Change	FY March 2005	FY March 2006	Change
Office Furniture	118,040	122,228	4,188	6,310	7,267	957
Store Displays	68,595	66,836	(1,758)	2,573	879	(1,694)
Material Handling Systems and Others	9,891	13,201	3,310	97	965	868

① Office Furniture

In the office furniture segment, stronger demand in the Tokyo area for new building construction and for redevelopment-triggered relocation coincided with recovering markets in rural areas. The Company worked to securely obtain orders stemming from such demand as well as from demand for medium- and small-scale developments across the country. In addition to this, efforts to increase orders for total solutions by developing new product lines suited to diversified work-styles and by expanding solutions-based business approaches succeeded in increasing sales.

While high-grade seating lines, including Contessa and Baron, continued to report strong sales, our efforts to create new markets included new product introductions to stimulate new demand in offices.

In the security sector, with a diverse product range that includes vault and safe deposit box facilities for financial institutions and business offices, security system centering on room access control systems, waterproof panels that prevents water leakage in buildings, and utilization of the effects of synergy with office furniture products, sales in this sector developed favorably.

As a result of these developments, net sales in this segment were ¥122,228 million (an increase of 3.5% year on year), and operating income was ¥7,267 million (an increase of 15.2%).

② Store Displays

In the store display segment, the Company leveraged its competitive advantage of being the only manufacturer to offer total solutions combining store display fixtures and freezer & refrigerator showcases. This was particularly instrumental in stepping up the development of original and novel products and in broadening its customer base primarily among growing retail categories. Conditions in the market remained difficult, however, especially as a slowdown in the opening of outlets by mass retailers reduced overall demand, and as the prices of material supplies, particularly steel products, appreciated steeply.

As a result, net sales in this segment were ¥66,836 million (an increase of 2.6% year on year), and operating income was ¥879 million (a decrease of 65.8%).

③ Material Handling Systems and Others

In the material handling systems and others segment, the Company aggressively promoted sales, particularly of automated warehouse systems and carrier equipment for logistics facilities among its target customer sectors. These included pharmaceutical wholesale, transport, and automobiles, as well as customer markets in Korea and China. The Company’s entry into the field of conveyor systems for clean rooms and other specially controlled environments, via its newly consolidated subsidiary, SEEDER Co., Ltd., was aimed at augmenting revenues and earnings.

Brisk exports of forklifts favored the Company’s lineup of torque converters as it enjoyed increased orders.

As a result, net sales and operating income in this segment increased to ¥13,201 million (an increase of 33.5% year on year) and ¥965 million (an increase of 891.9% year on year), respectively.

2. Outlook for Fiscal 2007

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (Yen)	ROE (%)
FY March 2007	210,000	10,500	11,200	6,200	55.34	7.8
FY March 2006	202,266	9,111	9,764	8,307	74.14	11.8
Change	3.8%	15.2%	14.7%	(25.4%)	(25.4%)	-

Japan’s economy is likely to continue on its recovery path, despite remaining concerns particularly over sharply rising crude oil and materials prices and economic trends overseas. The indications are that stronger corporate performances will continue to stimulate capital investment, while improved employment and income conditions will lead to stronger personal consumption.

In the mainstay office furniture business, a continuing decline in the office space vacancy rate in the Tokyo area and the re-booming in 2006 of the construction of large buildings indicate stronger demand ahead for offices. In such circumstances, the Company will securely obtain demand stemming from the construction of large buildings, as well as from medium- and small-scale developments, as markets grow increasingly across the country, and from redevelopment-triggered relocations. Furthermore, the Company will attract orders for total solutions across the lines of office furniture, building materials, and products for public facilities by aggressively expanding the solutions-based business model, its proven forte, in order to multiply sales and secure profit margins.

In the security sector, as many companies are becoming more concerned about safety, market needs are also expected to increase, centering on products such as vault and safe deposit box facilities for financial institutions and room access control systems.

In the store display business, the Company will seek to increase its share of installed store showcases by promoting total solutions that extend to the construction of peripheral and backyard fixtures. The Company will also work on developing products involving the participation of users, and on broadening its customer base particularly among promising new retail categories and growing customer sectors. In addition to this, the Company will continue to secure demand from new store openings and existing store renovations, in order to reinvigorate revenues and earnings in this business.

In the material handling systems and others segment, in view of booming investments in logistics centers and production facilities, the Company will enhance its product portfolio by achieving synergy with the newly consolidated SEEDER Co., Ltd. The Company will also gear up the promotion of sector-specific solutions, in order to augment revenues and earnings.

Initiatives to improve profitability will include continued efforts to reduce selling, general and administrative expenses, production costs via enhanced productivity, purchasing costs, and distribution costs. The broader goals will include the construction of a stable financial base that can flexibly accommodate changes in its economic environment, and the evolution of a solid, highly profitable corporate structure via focused, efficient investment of management resources. All these reflect the Company’s commitment to consistent corporate transformation for improved profitability.

For fiscal 2007 the Company anticipates consolidated net sales of ¥210 billion, consolidated ordinary income of ¥11.2 billion, and net income of ¥6.2 billion.

II. Financial Position

1) Assets, Liabilities and Shareholders' Equity (Millions of yen)

	FY March 2005	FY March 2006
Total assets	173,622	185,968
Shareholders' equity	63,964	77,148
Equity ratio	36.8%	41.5%
Shareholders' equity per share (Yen)	570.68	688.63

Total assets at the end of the year under review amounted to ¥185,968 million, an increase of ¥12,345 million over the end of the previous fiscal year. Current assets increased by ¥2,152 million, due primarily to increases in cash & time deposits and inventories as sales increased, whereas fixed assets increased by ¥10,193 million, due primarily to an increase in investment securities largely as stock prices appreciated.

Total liabilities at the end of the year under review amounted to ¥105,327 million, a decrease of ¥1,079 million from the end of the previous fiscal year. This was due primarily to a reduction of ¥740 million in interest-bearing debt and to a reduction of ¥6,765 million in retirement benefit allowance as a result of restructuring retirement benefits. Meanwhile, trade payables increased by ¥1,191 million, and an increase of ¥6,136 million in deferred tax liabilities largely reflected increased unrealized gains carried by investment securities.

Shareholders' equity at the end of the year under review was ¥77,148 million, an increase of ¥13,184 million over the previous fiscal year-end. This was due primarily to increased retained earnings, reflecting net income posted for the year, and to increased unrealized gains carried by other securities. The shareholders' equity ratio increased by 4.7 percentage points to 41.5%.

2) Cash Flows (Millions of yen)

	FY March 2005	FY March 2006
Cash flows from operating activities	7,009	8,933
Cash flows from investing activities	(3,868)	(5,284)
Cash flows from financing activities	(6,248)	(2,068)
Cash and cash equivalents at the term (year) end	20,426	22,028
Borrowings and corporate bonds at the term (year) and	29,980	29,240

Operating activities increased cash flows primarily as a result of net income before income taxes of ¥14,463 million and depreciation and amortization of ¥4,885 million. Operations decreased cash flows primarily as a result of an increase of ¥1,155 million in inventories, income tax payments of ¥4,353 million, a gain of ¥3,493 million on the Employees' Pension Fund's return of obligation to the Government, and a gain of ¥1,357 million on termination of the tax-qualified pension program. All this resulted in a net cash increase of ¥8,933 million.

Investment activities netted a cash outflow of ¥5,284 million, owing mainly to disbursements of ¥5,327 million to invest largely in establishing environmental protection capabilities and upgrading information systems.

Financing activities netted a cash outflow of ¥2,068 million, owing mainly to a reduction of ¥740 million in interest-bearing debt and the Parent Company's dividend payments of ¥1,262 million.

Consequently, cash and cash equivalents at the end of the fiscal year under review increased by ¥1,602 million to ¥22,028 million.

The balance of interest-bearing debt (borrowings and corporate bonds) at the end of the current term under review decreased by ¥740 million compared to the end of the previous fiscal year to ¥29,240 million.

Trends of cash flow indicators

	FY March 2002	FY March 2003	FY March 2004	FY March 2005	FY March 2006
Equity ratio (%)	33.6	32.8	34.3	36.8	41.5
Market value-based equity ratio (%)	39.0	31.3	47.4	54.1	69.8
Debt repayment period (years)	16.8	4.7	2.8	4.3	3.3
Interest coverage ratio (times)	2.9	11.0	21.5	15.2	25.6

Equity ratio: Shareholder's equity/Total assets
Market value-based equity ratio: Market capitalization/Total assets
Debt repayment period: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest payments

1. All of the above cash flow indicators are calculated on a consolidated basis.

2. Market capitalization is calculated by multiplying the closing share price on the final trading day of the fiscal year by the total number of shares issued and outstanding as of the corresponding fiscal year-end (adjusted for treasury stocks).

3. Operating cash flow equals cash flows from operating activities stated in the Consolidated Statements of Cash Flows. Interest-bearing debt equals all liabilities on which interests are paid, as stated in the Consolidated Balance Sheets. Interest payments are equal to interests paid as stated in the Consolidated Statements of Cash Flows.

III. Business and Other Risks

This section explains the risks that may affect the Group's operating results, price of stock, financial condition, and so on. The Company intends to make its best efforts to keep control of and avoid, as much as possible, the occurrence of such risks. The risks listed below do not constitute an exhaustive catalogue of all potential risks facing the Company's operations. In this section, the discussions of the future reflect the observations reached by the Company as of the end of the year under review.

(1) Factors Affecting Changes in Financial Condition or Operating Results

① Competitive Conditions, Trend of Pricing
The industry of which the Group is a part is highly competitive, and the Company takes advantage of its technological superiority to differentiate its products from their competitors. Still, the Company may lose its share of the market to a competitor whose product emulates the design or technology belonging to the Company's product, and undercuts its price, or whose own design or technology excels the Company's. Since the market constantly pressures its suppliers to mark down their prices, there is no assurance that the Group can consistently ensure a substantial profit margin for its products.

② Macroeconomic Circumstances
Japan accounts for more than 90% of all sales generated by the Group. This causes demand for its products to be greatly affected by the capital-investment behavior of local customers. If a local economic downturn depresses corporate earnings, which in turn restrains business equipment investment, a shrinkage in demand for its products may adversely affect the Group's operating results or financial condition.

③ Funding Risks, Consequences of Interest Rate Fluctuations
The Group is in the business of manufacturing products, which calls for investing regularly in constructing and renewing/replacing facilities necessary to prepare for the future. At present, the Company enjoys good relationships with its banks and has no trouble raising funds as needed, but there is no assurance that the Company can continue to meet its funding needs readily over the years to come. Most outstanding long-term debts and bonds issued and owed by the Company are arranged already to pay fixed interest rates, and are little exposed to the risks of fluctuating interest rates generally. Yet, as far as its future funding is concerned, the movements of general interest rates might affect the Company's operating results.

④ Consequences of Investing in Securities
The Group owns shares of stock in the financial institutions it deals with, its associated businesses, and its primary trading relationships, which the Company intends to hold for the long term. Changes in the prices of the individual stock issues held by the Company might affect its operating results.

(2) Quality Control, Statutory Regulations

Product quality maintenance

The Group manufactures a variety of products in accordance with globally recognized quality standards (ISO 9001). This provides no assurance, however, of preventing severe contingencies or serious complaints from arising from or because of any of the products over the years ahead. The Company is insured against product liability claims, yet there is no assuring that the insurance could completely cover all eventual damages the Company might be found liable for in a case that might occur. A severe product deficiency might affect the reputation enjoyed by the Group, to the effect of adversely affecting its operating results or financial condition.

(3) Occurrence of Significant Litigation

At present, the Group is not in any way the subject of a claim or lawsuit seeking damages that could have a material impact on the Company's operating results in the future. Regarding the future, however, in the normal course of the Group's business activities, it is possible that a lawsuit or other claim might be initiated against the Group on charges of supplying a defective product, producing a hazardous substance, or breaching an intellectual property right, or on a range of other grounds. Depending upon the details, such an occurrence might adversely affect the Group's operating results.

(4) Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)

	FY March 2005 (As of Mar. 31, 2005)		FY March 2006 (As of Mar. 31, 2006)		Increase (Decrease)
	Amount	Ratio	Amount	Ratio	
(Assets)		(%)		(%)	
I. Current assets:					
Cash and time deposits	23,095		24,676		1,580
Trade notes and accounts receivable	55,753		54,965		(787)
Marketable securities	614		584		(29)
Inventories	13,677		14,935		1,257
Deferred income taxes	1,660		1,647		(13)
Other current assets	1,966		1,948		(17)
Allowance for doubtful accounts	(360)		(198)		162
Total current assets	96,406	55.5	98,558	53.0	2,152
II. Fixed assets:					
1. Tangible fixed assets:					
Buildings and structures	14,799		13,794		(1,004)
Machinery, equipment and vehicles	9,200		9,315		114
Land	21,470		21,471		1
Construction in progress	77		101		23
Others	2,781		2,894		113
Total tangible fixed assets	48,328	27.8	47,577	25.6	(751)
2. Intangible fixed assets:	1,889	1.1	2,718	1.5	828
3. Investments and other assets:					
Investment securities	19,290		29,832		10,542
Guarantee deposits	4,095		4,010		(85)
Deferred income taxes	2,406		2,013		(392)
Others	1,377		1,374		(2)
Allowance for doubtful accounts	(171)		(117)		53
Total investments and other assets	26,997	15.6	37,114	19.9	10,116
Total fixed assets	77,216	44.5	87,409	47.0	10,193
Total assets	173,622	100.0	185,968	100.0	12,345

(Millions of yen)

	FY March 2005 (As of Mar. 31, 2005)		FY March 2006 (As of Mar. 31, 2006)		Increase (Decrease)
	Amount	Ratio	Amount	Ratio	
(Liabilities)		(%)		(%)	
I. Current liabilities:					
Trade notes and accounts payable	49,298		50,490		1,191
Short-term bank loans	16,900		9,900		(7,000)
Long-term debts due within one year	3,940		1,670		(2,270)
Bonds redeemed within one year	-		5,000		5,000)
Income taxes payable	2,233		1,578		(654)
Consumption taxes payable	350		339		(10)
Allowance for bonus payable	2,828		2,709		(118)
Others	2,716		2,578		(137)
Total current liabilities	78,266	45.1	74,267	39.9	(3,999)
II. Long-term liabilities:					
Bonds	5,000		5,000		-
Long-term debt	4,140		7,670		3,530
Deferred tax liabilities	367		6,504		6,136
Severance and employee retirement benefits	16,086		9,321		(6,765)
Reserve for directors' retirement benefits	519		544		25
Consolidated adjustment account	226		130		(96)
Other liabilities	1,799		1,889		89
Total long-term liabilities	28,140	16.2	31,060	16.7	2,920
Total liabilities	106,407	61.3	105,327	56.6	(1,079)
Minority interests	3,251	1.9	3,492	1.9	241
(Shareholders' equity)					
I. Common stock	18,670	10.8	18,670	10.0	-
II. Capital surplus	16,759	9.6	16,759	9.0	-
III. Retained earnings	25,089	14.4	32,135	17.3	7,045
IV. Unrealized holding gains (losses) on securities	3,818	2.2	9,953	5.4	6,135
V. Foreign currency translation adjustment	(208)	(0.1)	(152)	(0.1)	56
VI. Treasury stock, at cost	(165)	(0.1)	(218)	(0.1)	(53)
Total shareholders' equity	63,964	36.8	77,148	41.5	13,184
Total liabilities, minority interests and shareholders' equity	173,622	100.0	185,968	100.0	12,345

2. Consolidated Statements of Income

(Millions of yen)

	FY March 2005 (From Apr. 1, 2004 to Mar. 31, 2005)		FY March 2006 (From Apr. 1, 2005 to Mar. 31, 2006)		Increase (Decrease)
	Amount	Ratio	Amount	Ratio	Amount
		(%)		(%)	
I. Net sales	196,526	100.0	202,266	100.0	5,739
II. Cost of sales	135,975	69.2	139,642	69.0	3,666
Gross profit	60,551	30.8	62,624	31.0	2,073
III. Selling, general and administrative expenses	51,570	26.2	53,512	26.5	1,941
Operating income	8,980	4.6	9,111	4.5	131
IV. Other income:	1,067	0.5	1,215	0.6	147
Interest and dividends income	212		282		70
Amortization of consolidated adjustment account	76		72		(4)
Equity in earnings of affiliated companies	91		143		52
Others	687		717		29
V. Other expenses:	638	0.3	562	0.3	(76)
Interest expenses	448		369		(79)
Others	189		192		3
Ordinary income	9,410	4.8	9,764	4.8	354
VI. Extraordinary income:	269	0.2	5,054	2.5	4,784
Gain on sale of property, plant and equipment	32		-		(32)
Gain on sale of investment securities	236		82		(154)
Reversal of allowance for doubtful accounts	-		120		120
Gain on Employees' Pension Fund's return of obligation to government	-		3,493		3,493
Gain on termination of tax-qualified pension program	-		1,357		1,357
VII. Extraordinary losses:	332	0.2	355	0.1	23
Loss on disposal of property, plant and equipment	264		238		(25)
Loss on sale of investment securities	0		5		5
Loss on devaluation of investment securities	33		55		22
Impairment loss	18		-		(18)
Evaluation losses of corporate memberships	16		11		(4)
Others	-		43		43
Income before income taxes for the current term (fiscal year)	9,347	4.8	14,463	7.2	5,115
Income taxes	4,287	2.2	3,568	1.8	(719)
Adjustments on income taxes	(510)	(0.2)	2,330	1.2	2,840
Minority interests in earnings	84	0.0	256	0.1	172
Net income for the current term (fiscal year)	5,485	2.8	8,307	4.1	2,822

3. Consolidated Statements of Retained Earnings

(Millions of yen)

	FY March 2005 (From Apr. 1, 2004 to Mar. 31, 2005)	FY March 2006 (From Apr. 1, 2005 to Mar. 31, 2006)	Increase (Decrease)
	Amount	Amount	Amount
(Capital Surplus)			
I. Capital surplus at beginning of year	16,759	16,759	-
II. Capital surplus at term (year) end	16,759	16,759	-
(Retained Earnings)			
I. Retained earnings at beginning of year	20,586	25,089	4,503
II. Increase in retained earnings:	5,485	8,307	2,822
Net income	5,485	8,307	2,822
III. Decrease in retained earnings:	982	1,262	279
Cash dividends	982	1,262	279
IV. Retained earnings at term (year) end	25,089	32,135	7,045

4. Consolidated Statements of Cash Flows

(Millions of yen)

	FY March 2005 (From Apr. 1, 2004 to Mar. 31, 2005)	FY March 2006 (From Apr. 1, 2005 to Mar. 31, 2006)
I. Cash flows from operating activities		
Income before income taxes for the current term (fiscal year)	9,347	14,463
Depreciation and amortization	4,485	4,885
Loss on disposal of property, plant and equipment	264	230
Equity in earnings of affiliated companies	(91)	(143)
Amortization of consolidation adjustments accounts	(76)	(72)
Decrease in allowance for doubtful accounts	65	(218)
Increase in allowance for bonuses payable	299	(145)
Increase in reserve for employee retirement benefits	408	(1,934)
Gain on Employees' Pension Fund's return of obligation to government	-	(3,493)
Gain on termination of tax-qualified pension program	-	(1,357)
Increase (Decrease) in reserve for directors' retirement benefits	30	25
Interest and dividends income	(212)	(282)
Interest expenses	448	369
Loss on sale of property, plant and equipment	(32)	-
Loss (Gain) on sale of investment securities	(236)	(77)
Loss on devaluation of investment securities	33	55
Decrease in notes and accounts receivable	(1,391)	1,113
Decrease (Increase)in inventories	(1,953)	(1,155)
Increase in notes and accounts payable	2,788	1,082
Others	314	(31)
Sub-total	14,490	13,313
Interest and dividends received	225	322
Interest expenses paid	(460)	(348)
Income taxes paid	(7,246)	(4,353)
Income taxes refund	0	-
Net Cash provided by operating activities	7,009	8,933
II. Cash flows from investing activities		
Term deposits paid	(5,466)	(5,085)
Term deposits withdrawn	5,526	5,136
Payment for purchase of property, plant and equipment	(3,858)	(3,934)
Proceeds from sale of property, plant and equipment	94	59
Payment for purchase of intangible fixed assets	(681)	(1,392)
Payment for purchase of investment securities	(87)	(484)
Proceeds from sale of investments securities	483	415
Increase due to the acquisition of subsidiaries' stocks accompanied by changes in the scope of consolidation	61	-
Payment for acquisition of stock in newly consolidated subsidiary	-	(74)
Others	59	75
Net cash used in investing activities	(3,868)	(5,284)
III. Cash flows from financing activities		
Net increase (decrease) of short-term bank loans	3,010	(7,000)
Proceeds from long-term debt	2,000	5,200
Repayments of long-term debt	(1,210)	(3,940)
Issuance of bonds	-	5,000
Redemption of bonds	(9,000)	-
Purchase of treasury stock	(50)	(50)
Cash dividends paid by the Company	(982)	(1,262)
Cash dividends paid to minority shareholders	(16)	(16)
Net cash used in financing activities	(6,248)	(2,068)
IV. Effect on exchange rate changes on cash and cash equivalents	(3)	21
V. Increase (Decrease) in cash and cash equivalents	(3,111)	1,602
VI. Cash and cash equivalents at beginning of year	23,538	20,426
VII. Cash and cash equivalents at the term (year) end	20,426	22,028

5. Significant Items for the Preparation of Consolidated Financial Statements

1. Scope of consolidation

Consolidated subsidiaries: All 12 subsidiaries of the Company are consolidated.

Consolidated subsidiaries	Kansai Okamura Manufacturing Co., Ltd. Okamura Logistics Corporation NS Okamura Corporation Sanyo Okamura Corporation Okamura Estate Corporation Okamura International (Singapore) Pte Ltd. Okamura Business Support Corporation FM Solution Corporation Okamura Support and Service Corporation HILL INTERNATIONAL INC. Shanghai Okamura Furniture and Logistic System Co., Ltd. SEEDER Co., Ltd.

Effective with the fiscal year under review, SEEDER Co., Ltd. is a consolidated subsidiary as a result of the Company's acquisition of its stock on May 31, 2005. The deemed date of acquisition is the beginning of the fiscal year under review.

2. Application of the equity method

Affiliates subject to the equity method: All of 4 affiliates of the Company were accounted for by the equity method.

Affiliates subject to the equity method	Siam Okamura Steel Co., Ltd. Siam Okamura International Co., Ltd. Asahi Sofu Corporation SEIWA BUSINESS Corporation

3. Operating year of consolidated subsidiaries

The date of yearly settlement of accounts is December 31 for Okamura International (Singapore) Pte Ltd. and Shanghai Okamura Furniture and Logistic System Co., Ltd. For other consolidated subsidiaries, the date of yearly settlement of accounts is March 31, which is the same as the date when the Company files consolidated financial statements. The difference between the date of yearly settlement of accounts for Okamura International (Singapore) Pte Ltd. and Shanghai Okamura Furniture and Logistic System Co., Ltd. and the date of yearly settlement of consolidated accounts is three months or less, so that the financial statements of the two subsidiaries according to their operating year could be used as the basis for consolidating the two subsidiaries. Any significant transactions that occurred following the end of such operating year through the date of yearly settlement of consolidated accounts were adjusted in manners necessary for consolidation.

4. Accounting policies

(a) Standards and methods for valuation of significant assets

(1) Securities
Other securities
Securities with market value
Market value method based on values such as the market price at the end of the settlement year
(All valuation differences were accounted for as separate components of shareholders' equity, and the cost of selling was calculated on the moving average method.)
Securities without market value
Cost method based on the moving average method

(2) Derivatives
Market value method

(3) Inventories
Cost method based on the moving average method

(b) Methods of depreciation of significant depreciable assets

(1) Tangible fixed assets
Fixed percentage method, except that buildings (excluding building equipment) acquired on or after April 1, 1998 are depreciated by the straight-line method.
The duration of useful lives and residual value were determined subject to the standards prescribed in the Japanese Corporation Tax Law.

(2) Intangible fixed assets
Straight-line method.
The years of depreciation and amortization were determined subject to the standards prescribed in the Japanese Corporation Tax Law.

Goodwill is amortized in equal amounts over five years, and software for in-house use is amortized using the straight-line method over an estimated useful life for internal use (5 years).

(c) Method of accounting for significant deferred assets
The expense incurred for issuing bonds was charged in full to income as disbursed.

(d) Standards for providing for significant allowances

(1) Allowance for doubtful accounts
In order to provide against loss arising from bad debts, the Company has provided for estimated uncollectable amounts.

① General receivables
Based on the method of actual bad debt rates.

② Receivables from doubtful, bankrupt, or reorganized debtors
Based on the method of valuating financial positions.

(2) Allowance for bonuses payable
To prepare for the payment of bonuses to employees, the amount expected to be payable to all employees for the current term under review was determined based on the portion of total amount expected to be payable corresponding to the current term.

(3) Severance and employee retirement benefits
To prepare for payment of severance and retirement benefits to employees, the amount considered to have been accrued as of the end of the current term was given based on the estimated amount of liabilities for severance and retirement benefits and pension assets at term end.
Past service liabilities were accounted for as an expense by the amount prorated over a certain number of years (14 and 15 years) not exceeding the average remaining service period of employees in the year in which the liabilities are recognized. Actuarial differences were accounted for as expenses effective the year following their accrual by the amount prorated over a certain number of years (14 or 15 years) not exceeding the average remaining service period of employees in each year of accrual.

(4) Reserve for directors' retirement benefits
To prepare for payment of retirement benefits to directors of the Company and major consolidated subsidiaries, the Company has provided for the amount considered necessary at the end of the current term end under the internal rules.

(e) Method of accounting for significant lease transactions
Excluding transactions where the ownership of the leasehold asset is transferred to the lessee, finance lease transactions were accounted for in accordance with the normal lease transaction method.

(f) Significant hedge accounting method

(1) Hedge accounting method for deferred hedges and the like
The Company has adopted an exceptional treatment for interest rate swap transactions since the requirements for the treatment have been met. Foreign currency-denominated receivables that are hedged by forward foreign exchange contracts are accounted for using the contracted forward rates.

(2) Hedge method and transactions to be hedged

Hedge method	Transactions to be hedged	
Interest rate swap transactions	Interest on borrowings	(with the risk of loss that may arise due to fluctuations in the interest rate market and will consequently change cash flows)
Forward exchange transactions	Foreign currency receivables	(with the risk of loss that may arise due to fluctuations in the foreign exchange market that will consequently change cash flows)

(3) Hedging policy
The Company will engage in derivatives transactions in order to avoid risk of interest rate fluctuations or reduce the burden of interest payment, not in those with a speculative purpose or high leverage effect.
The Company will also engage in currency derivatives transactions within the volume of contracts for assets, liabilities, or transactions in foreign currency, since the purpose of derivatives transactions is to hedge transactions in foreign currency against the risk of exchange rate fluctuations. The Company will therefore not conduct derivatives transactions for speculative purposes.

(4) Method for valuating the effectiveness of hedge transactions
The Company has adopted an exceptional treatment for interest rate swap transactions since the notional principal, conditions for receipt and payment of interest (such as the interest rate and dates of receipt and payment of interest) and contract terms are the same as those for transactions being hedged. The Company has not therefore conducted post tests to evaluate the effectiveness of interest rate transactions. Forward exchange contracts are used to hedge foreign currency exposures under a risk management policy of designing

the contract, as it is concluded, to have the same amount and maturity in order to establish a relationship that cancels out any subsequent change in the exchange rate. This allows the Company to dispense with evaluation of the effectiveness of such hedges at the settlement of accounts.

(5) Other risk control methods concerned with hedge accounting

Since the issuance of corporate bonds to be hedged, borrowing of a large amount of money, and similar acts are subject to resolutions by the board of directors, the conclusion of currency swap or interest rate swap contracts as a means of hedging such bond issuances, borrowings, and the like are to be resolved at the time of the act by the board of directors. Currency and interest derivatives transactions are conducted and managed by the Accounting Department subject to the Corporate Management Rules.

(g) Other significant items for the preparation of Consolidated Financial Statements

Accounting for consumption taxes

National and local consumption taxes are accounted for using the tax exclusion method.

5. Appraising consolidated subsidiaries' assets and liabilities

Consolidated subsidiaries' assets and liabilities are revalued as acquired by the Company to their fair market value, inclusive of minority interests.

6. Amortizing goodwill

The consolidated adjustment account is amortized in equal amounts over five years.

7. Accounting for surplus appropriations

Consolidated statements of retained earnings are based on surplus appropriations finalized within the year under review.

8. Scope of funds in consolidated cash flow statement

Cash and cash equivalents in the consolidated cash flow statement are comprised of items such as cash on hand, demand deposits, time deposits due within three months of the date of acquisition, and beneficiary certificates of trust that are due within three months of the date of acquisition, are easily converted into money, and have a small risk of price fluctuation.

Supplementary Information

(Return of the employees' pension funds managed on behalf of the government)

The Okamura Corporation Employees' Pension Fund, of which Okamura Corporation and its major consolidated subsidiaries in Japan are the sponsors, was authorized by the Minister of Health, Labor and Welfare on October 1, 2005, to return to the government the fund's government-subcontracted obligation as it related to past employee service. This followed the enforcement of the Defined Benefit Corporate Pension Law. The payment of the transfer (minimum actuarial liability) to the government was completed in cash on March 17, 2006. This resulted in the recognition of a gain of ¥3,493 million in extraordinary income.

(Restructuring of tax-qualified pension program)

The tax-qualified retirement pension program of which Okamura Corporation and its major consolidated subsidiaries in Japan were the sponsors terminated on March 20, 2006, to switch over to a retirement benefits structure that comprises a newly instituted defined contribution pension program and a remolded program of lump-sum severance allowances. This resulted in the recognition of a gain of ¥1,357 million in extraordinary income.

6. Notes

Consolidated Balance Sheet

(Millions of yen)

	FY March 2005	FY March 2006
1. Accumulated depreciation of tangible fixed assets		
	79,829	82,366
2. Equity shares in affiliated companies		
Investment securities (equity securities)	914	1,046
3. Hypothecated assets and secured liabilities		
Amount of pledged assets (book value)		
Land	7,269	7,269
Other tangible fixed assets	3,444	3,165
Total	10,713	10,434
Liabilities relevant to the above		
Short-term debts	2,000	2,000
Total	2,000	2,000
4. Total number of shares of stock issued by the Company		
Common stock (thousand shares)	112,391	112,391
5. Number of shares of stock in the Company held by consolidated subsidiaries and equity-method affiliates		
Common stock (thousand shares)	307	360

6. The allowance for severance and employee retirement benefits is stated net of a prepaid benefit cost of ¥820 million.

Consolidated Income Statement

(Millions of yen)

	FY March 2005	FY March 2006
1. Major items and amounts of selling, general and administrative expenses		
Selling expense	2,858	2,882
Transportation and packing expense	10,663	10,749
Salaries and allowances	13,996	14,657
Provision for allowance for bonus payable	1,856	1,789
Retirement benefits	2,039	1,460
Depreciation and amortization expense	1,399	1,575
Rent	6,006	6,493
Provision for allowance for doubtful accounts	124	-
2. R&D costs included in selling, general and administrative expenses and manufacturing costs during the year		
	834	957
3. Breakdown of gain on sale of fixed assets		
Buildings and structures	2	-
Machinery, equipment and vehicles	0	-
Land	29	-
Others	0	-
Total	32	-
4. Breakdown of loss on retirement of fixed assets		
Buildings and structures	46	15
Machinery, equipment and vehicles	155	143
Land	18	-
Others	43	79
Total	264	238

Consolidated Cash Flow Statement

Relations between the balance of cash and cash equivalents at the end of the term (fiscal year) and the amount of the item posted in the consolidated balance sheet

(Millions of yen)

	FY March 2005	FY March 2006
Cash and deposit accounts	23,095	24,676
Securities account	614	584
Total	23,709	25,260
Time deposits - over 3 months	(3,283)	(3,231)
Cash and cash equivalents	20,426	22,028

Lease Transactions

Non-ownership-transfer finance lease transactions

1. Amounts equivalent to the cost of acquisition, accumulated depreciation, and balance as of the end of the term (fiscal year) for lease properties

(Millions of yen)

	FY March 2005	FY March 2006
Amount equivalent to acquisition cost	1,861	850
Amount equivalent to accumulated depreciation	1,441	566
Amount equivalent to the balance as of the end of the term (fiscal year)	420	284

2. Amount equivalent to the balance of prepaid rent at the end of the term (fiscal year)

	FY March 2005	FY March 2006
One year or less	357	172
More than one year	504	287
Total	862	459

3. Amounts equivalent to lease payment, accumulated depreciation and interest expense

	FY March 2005	FY March 2006
Lease payment	483	377
Amount equivalent to depreciation expense	357	287
Amount equivalent to interest expense	43	27

4. Method of calculating the amounts equivalent to depreciation expense and interest
   The amount equivalent to depreciation expense was computed by multiplying the depreciation expense by 9/10 (0.9) calculated on the straight-line method considering the lease period to be the durable years and residual value to be 10%.
   The amount equivalent to interest was computed considering the difference between the total lease payment and the amount equivalent to the cost of acquisition to be the amount equivalent to interest. The difference was distributed to each term using the interest method.

Securities

1. Other securities with market value

(Millions of yen)

	FY March 2005 (As of Mar. 31, 2005)			FY March 2006 (As of Mar. 31, 2006)		
	Acquisition cost	Consolidated Balance Sheet Amount at Consolidated Settlement Date	Difference	Acquisition cost	Consolidated Balance Sheet Amount at Consolidated Settlement Date	Difference
Other securities with consolidated balance sheet amount exceeding acquisition cost						
① Stocks	8,075	14,756	6,680	9,721	26,574	16,852
② Bonds	149	160	10	149	155	5
③ Others	203	271	68	-	-	-
Subtotal	8,428	15,188	6,759	9,871	26,729	16,858
Other securities with consolidated balance sheet amount not exceeding acquisition cost						
① Stocks	2,079	1,768	(310)	766	697	(69)
② Others	119	111	(8)	48	46	(1)
Subtotal	2,198	1,879	(319)	814	743	(70)
Total	10,627	17,067	6,440	10,686	27,473	16,787

2. Other securities sold during the year

(Millions of yen)

	FY March 2005 (As of Mar. 31, 2005)			FY March 2006 (As of Mar. 31, 2006)		
	Proceeds from Sale	Gross Gain on Sale	Gross Loss on Sale	Proceeds from Sale	Gross Gain on Sale	Gross Loss on Sale
① Stocks	480	236	0	39	1	2
② Others	2	-	-	375	81	3
Total	483	236	0	415	82	5

3. Securities not marked to market

(Millions of yen)

	FY March 2005 (As of Mar. 31, 2005)	FY March 2006 (As of Mar. 31, 2006)
	Consolidated Balance Sheet Amount	Consolidated Balance Sheet Amount
Other securities		
MMF	513	483
Medium-term government securities fund	100	100
Unlisted stocks (except OTC stocks)	308	313
Preferred subscription certificate	1,000	1,000
Total	1,922	1,897

4. Scheduled redemptions of other securities having maturity

(Millions of yen)

	Due within 1 year	Due in 1 to 5 years	Due in 5 to 10 years	Due after 10 years
Held-to-maturity bonds				
Corporate bonds	-	150	-	-
Total	-	150	-	-

Derivatives Transactions

Amount of contracts on derivatives transactions, market value and valuation income (loss)

(Millions of yen)

Classification	Types of transactions	FY March 2005 (As of Mar. 31, 2005)			FY March 2006 (As of Mar. 31, 2006)		
		Contract amount etc.	Market value	Valuation profit/loss	Contract amount etc.	Market value	Valuation profit/loss
Currency	Exchange options	664	(19)	(19)	390	1	1
Total		664	(19)	(19)	390	1	1

Notes:
1. The above transactions are collar transactions, which have the effect of limiting exchange risk by combining the long open position of call options and the short open position of put options.
2. Contract amounts and the like were posted by translating the balance of unsettled amount into foreign currency as of the end of the consolidated accounting year by the spot exchange rate.
3. Market values were based on the price presented by the transaction companies.
4. Items subjected to hedge accounting were excluded from the scope of disclosure.

Retirement Benefits

1. Established retirement benefit arrangements

The Company and five domestic consolidated subsidiaries provided a range of defined-benefit programs, comprising Employees' Pension Fund plans, tax-qualified retirement annuity, and lump-sum severance allowance grants. The Employees' Pension Fund was authorized by the Minister of Health, Labor and Welfare on October 1, 2005, to return to the government the fund's government-subcontracted obligation as it related to past employee service. This followed the enforcement of the Defined Benefit Corporate Pension Law. The payment of the transfer (minimum actuarial liability) to the government was completed in cash on March 17, 2006. The defined-benefit pension plans that remain following the return of obligation are covered with trust arrangements to provide for retirement benefits.

The tax-qualified retirement pension program of which Okamura Corporation and its major consolidated subsidiaries in Japan were the sponsors terminated on March 20, 2006, to switch over to a retirement benefits structure that comprises a newly instituted defined contribution pension program and a remolded program of lump-sum severance allowances.

2. Retirement benefit obligation

(Millions of yen)

		FY March 2005 (As of Mar. 31, 2005)	FY March 2006 (As of Mar. 31, 2006)
a.	Benefit obligation	(52,952)	(18,056)
b.	Pension assets	31,120	9,730
c.	Unfunded benefit obligation (a + b)	(21,831)	(8,325)
d.	Unrecognized actuarial difference	12,327	2,348
e.	Unrecognized past service obligation (Note 2)	(6,582)	(3,344)
f.	Consolidated balance-sheet net benefit liability (c + d + e)	(16,086)	(9,321)
g.	Prepaid benefit cost	-	-
h.	Allowance for retirement benefits (f – g)	(16,086)	(9,321)
	Notes:	1. Gross of the employees' pension fund portion managed by the Company on behalf of the Government.	1. "Allowance for retirement benefits" is stated net of the "prepaid benefit cost" of ¥820 million as it appears on the Company's non-consolidated balance sheet.
		2. Regarding the employees' pension fund portion managed by the Company on behalf of the Government, the amount of pension funds estimated to be returned (minimum actuarial liability) as of the end of the current year was ¥13,310 million. Assuming that this amount is returned as of the end of the current year, the expected income (income from return) arising from the application of Section 44, Paragraph 2 of the "Practical Guidelines concerning Accounting for Retirement Benefits (Interim Report)" (JICPA Accounting System Committee Report No. 13) is ¥2,623 million.	2. -

3. Retirement benefit expense

(Millions of yen)

		FY March 2005 (From Apr. 1, 2004 to Mar. 31, 2005)	FY March 2006 (From Apr. 1, 2005 to Mar. 31, 2006)
a.	Service cost (Note)	1,740	1,489
b.	Interest cost	1,336	1,037
c.	Expected return on plan assets	(719)	(654)
d.	Amortization of actuarial difference	1,098	716
e.	Amortization of past service obligation	(355)	(412)
f.	Contributions to the defined contribution pension program	-	28
g.	Retirement benefit expense	3,099	2,205
h.	Gain on Employees' Pension Fund's return of obligation	-	(3,493)
i.	Gain on termination of tax-qualified pension program	-	(1,357)
	Total	3,099	(2,645)
		Note: Net of employee contributions to the employees' pension fund.	Note: Same as noted in the left column.

4. Basis for calculating retirement benefit obligation and others

	FY March 2005 (From Apr. 1, 2004 to Mar. 31, 2005)	FY March 2006 (From Apr. 1, 2005 to Mar. 31, 2006)
a. Method to periodically allocate projected benefit obligation	Allocated equally to each service year.	Same as noted in the left column.
b. Discount rate	2.5%	2.0% (The discount rate applied at the beginning of the fiscal year was 2.5%, but is revised to 2.0% based on a review of assumptions at the year-end.)
c. Expected return on pension assets	2.5%	2.5%
d. Number of years to amortize actuarial difference	15 years (Actuarial differences are prorated over a constant number of years (15 years) that is within the average remaining service period of employees in an accounting year as they arise, and recognized in expense the following years.)	14 years and 15 years (Actuarial differences are prorated over a constant number of years (14 or 15 years) that is within the average remaining service period of employees in an accounting year as they arise, and recognized in expense the following years.)
e. Number of years to amortize past service obligation	14 years and 15 years (Past service obligations are prorated and recognized in expense over a constant number of years (14 or 15 years) that is within the average remaining service period of employees as they arise.)	14 years and 15 years (Same as noted in the left column.)

Accounting for Deferred Income Taxes

1. Significant components of deferred income tax assets and liabilities

	FY March 2005 (million yen)	FY March 2006 (million yen)
(1) Current assets and liabilities		
Deferred tax assets		
Excess bonuses accrued	1,150	1,094
Accrued social insurance premiums	118	119
Accrued enterprise taxes	190	151
Valuation loss of finished products	77	109
Others	219	335
Sub-total deferred tax assets	1,756	1,810
Valuation allowance	(95)	(163)
Total deferred tax assets	1,660	1,647
(2) Non-current assets and liabilities		
Deferred tax liabilities		
Deferred gains on fixed assets	3,779	3,702
Net unrealized holding gains on securities	2,620	6,832
Total deferred tax liabilities	6,399	10,534
Offset against deferred tax assets	(6,031)	(4,030)
Net deferred tax liabilities	367	6,504
Deferred tax assets		
Retirement benefits	7,148	4,727
Unrealized gross profits from sales of property, plant and equipment	744	744
Excess bad debt expenses	65	17
Director’s retirement benefits	211	221
Unrealized loss on golf club memberships	157	159
Others	193	172
Sub-total deferred tax assets	8,521	6,043
Valuation allowance	(83)	-
Total deferred tax assets	8,438	6,043
Offset against deferred tax liabilities	(6,031)	(4,030)
Net deferred tax assets	2,406	2,013

2. Significant components of difference between statutory tax rate and effective tax rate after adjustments for tax-effect accounting

	FY March 2005	FY March 2006
Statutory tax rate	40.7%	40.7%
(Reconciliation)		
Non-deductible expenses	2.1	1.6
Non-taxable dividend income	(0.5)	(0.4)
Per capita inhabitant tax	1.1	0.7
Special deduction of experimental and research expenses, others	(0.9)	(0.6)
Tax loss carryforwards	(1.1)	(0.0)
Others	(1.0)	(1.2)
Effective tax rate	40.4%	40.8%

Segment Information

1. Business Segment Information

FY March 2006 (From Apr. 1, 2005 to Mar. 31, 2006)

(Millions of yen)

	Office Furniture	Store Displays	Material Handling Systems and Others	Total	Unallocated and Eliminations	Consolidated
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
II. Assets, depreciation and amortization, and capital expenditure						
Assets	85,465	38,439	10,058	133,963	52,004	185,968
Depreciation and amortization	3,405	1,147	332	4,885	(-)	4,885
Capital expenditure	3,734	849	671	5,255	1	5,257

FY March 2005 (From Apr. 1, 2004 to Mar. 31, 2005)

(Millions of yen)

	Office Furniture	Store Displays	Material Handling Systems and Others	Total	Unallocated and Eliminations	Consolidated
I. Net sales and operating income (loss)						
Net sales						
(1) Net sales to external customers	118,040	68,595	9,891	196,526	-	196,526
(2) Internal sales or transfers between segments	-	-	-	-	(-)	-
Total	118,040	68,595	9,891	196,526	(-)	196,526
Operating expenses	111,730	66,021	9,793	187,546	(-)	187,546
Operating income	6,310	2,573	97	8,980	(-)	8,980
II. Assets, depreciation and amortization, and capital expenditure						
Assets	84,477	40,503	7,562	132,544	41,078	173,622
Depreciation and amortization	3,092	1,146	246	4,485	(-)	4,485
Capital expenditure	3,151	1,218	278	4,648	(-)	4,648

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, Partition, 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, insurance and real estate management

3. Of assets, major corporate assets included in the corporate and eliminations item are cash and marketable securities, and their amounts are as follows:
   FY March 2006 ¥52,004 million
   FY March 2005 ¥41,078 million

2. Geographically Segmented Information
Because net sales and assets for Japan exceed 90% of aggregate net sales and assets for all segments, geographically segmented information is omitted.

3. Overseas sales
Overseas sales were omitted since they accounted for less than 10% of total consolidated sales.

Transactions with Related Parties

During current year (from Apr. 1, 2005 to Mar. 31, 2006)

Directors, major individual shareholders, others

Type of party	Name	Address of residence	Capital or other contribution to the Company (million yen)	Line of business or occupation	Voting share ownership (%) in the Company (or the Company's ownership in the Party)	Relationship		Trading details	Trading volume (million yen)	Line item	Balance at year-end
						Concurrent directorship	Business partnership				
Director	Mutsumi Kotsuka	--	--	The Company's Director, Mitsubishi Corporation's Representative Director	None	--		Sales of products to Mitsubishi Corporation (Note 2)	20,918	Trade receivables	4,585

Notes: 1. In the table above, the trading volume is net of, and the balance at year-end is gross of, consumption taxes.
2. The selling price and other trading terms were determined on an arm's length basis.

Per Share Data

	Previous year (to Mar. 31, 2005)	Current year (to Mar. 31, 2006)
Shareholders' equity per share of common stock	¥570.68	¥688.63
Net income per share of common stock	¥48.93	¥74.14
	The diluted net income per share of common stock is not presented, since there were no securities with dilutive effect outstanding through the period.	The diluted net income per share of common stock is not presented, since there were no securities with dilutive effect outstanding through the period.

The basis for calculating net income per share of common stock was as follows:

Net income	¥5,485 million	¥8,307 million
Net income attributable to common stock	¥5,485 million	¥8,307 million
Average number of shares of common stock during the period	112,120,955 shares	112,059,027 shares

(5) Sales (Consolidated sales broken down by business segment)

1. Results of manufacturing

(Millions of yen)

Business Segment	FY March 2005 (From Apr. 1, 2004 to Mar. 31, 2005)	FY March 2006 (From Apr. 1, 2005 to Mar. 31, 2006)
Office Furniture	67,408	69,744
Store Displays	21,215	21,310
Material Handling Systems and Others	5,690	7,362
Total	94,314	98,417

Notes: 1. The above figures represent selling prices.
2. Consumption taxes are excluded from the above figures.

2. Orders received

(Millions of yen)

Business Segment	FY March 2005 (From Apr. 1, 2004 to Mar. 31, 2005)			FY March 2006 (From Apr. 1, 2005 to Mar. 31, 2006)		
	Beginning amount of unfilled orders	Amount of orders received for the current term	Unfilled orders at end of the term	Beginning amount of unfilled orders	Amount of orders received for the current term	Unfilled orders at end of the term
Office Furniture	7,828	117,855	7,642	7,642	123,941	9,354
Store Displays	2,054	68,214	1,673	1,673	66,757	1,594
Material Handling Systems and Others	551	10,061	721	721	13,370	890
Total	10,433	196,130	10,036	10,036	204,068	11,838

Notes: 1. Total orders received during the term were posted as orders received since most products are manufactured on a market production basis.
2. Consumption taxes are excluded from the above figures.

3. Sales results

(Millions of yen)

Business Segment	FY March 2005 (From Apr. 1, 2004 to Mar. 31, 2005)	FY March 2006 (From Apr. 1, 2005 to Mar. 31, 2006)
Office Furniture	118,040	122,228
Store Displays	68,595	66,836
Material Handling Systems and Others	9,891	13,201
Total	196,526	202,266

Note: Consumption taxes are excluded from the above figures.