



Financial Results for First Quarter of Fiscal Year Ending March 31, 2014 [Japanese GAAP] (Consolidated)

August 5, 2013

Okamura Corporation

Listing: Tokyo Stock Exchange

Code Number: 7994

URL: <http://www.okamura.co.jp/>

Representative: Masayuki Nakamura, President and Representative Director

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

Scheduled date for filing of quarterly report: August 13, 2013

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. Financial and Operational Review for First Quarter (Apr. 1, 2013 to June 30, 2013) of FY Ending March 2014 (Apr. 1, 2013 to Mar. 31, 2014)

(1) Business 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 2014	47,979	0.1	1,470	(29.8)	1,863	(25.1)	1,099	(33.0)
First quarter of FY ended March 2013	47,935	13.3	2,094	70.9	2,487	61.4	1,640	66.7

Note: Comprehensive income ¥1,752 million (113.9%) for the first quarter of FY ending March 2014
¥819 million (4.7%) for the first quarter of FY ended March 2013

	Net income per share	Diluted net income per share
	yen	yen
First quarter of FY ending March 2014	9.98	–
First quarter of FY ended March 2013	14.89	–

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
First quarter of FY ending March 2014	177,415	87,455	49.2
FY ended March 2013	177,959	86,367	48.4

Reference: Total shareholders' equity ¥87,283 million for the first quarter of FY ending March 2014
¥86,174 million for FY ended March 2013

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 2013	–	6.00	–	6.00	12.00
FY ending March 2014	–				
FY ending March 2014 (forecast)		7.00	–	7.00	14.00

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

3. Forecast of Consolidated Performance for FY ending March 2014 (April 1, 2013 to March 31, 2014)

(% 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)	95,000	1.6	3,000	2.0	3,400	1.8	2,300	1.1	20.87
Full year	203,000	4.2	8,500	18.9	9,000	11.1	5,700	8.2	51.73

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: None

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 2014	112,391,530	FY ended March 2013	112,391,530
1Q of FY ending March 2014	2,199,755	FY ended March 2013	2,196,231
1Q of FY ending March 2014	110,193,348	1Q of FY ended March 2013	110,207,091

* 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) Qualitative information concerning 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 underlying trend of Japan's economy was toward a low yen and high stock prices due to the business community's expectations for the government's economic policy such as monetary easing, though the future of emerging economies, including China, remained uncertain. The market showed positive signs, though corporate profits improved only slowly, mainly in the manufacturing industry, and the recovery of consumer spending was lethargic. But the private sector still remained sluggish in capital investments, and Okamura Corporation continued to be faced with a challenging business environment.

Under these circumstances, the Okamura Group strove to develop new market potential and cultivate new customer bases by introducing new products that incorporate new technologies and offering total solutions. The Group also endeavored to improve productivity and accelerate the cost savings.

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 2013	First quarter of FY ending March 2014	Increase/decrease	First quarter of FY ended March 2013	First quarter of FY ending March 2014	Increase/decrease
Office Furniture	26,048	23,999	(2,049)	1,881	352	(1,528)
Store Displays	19,666	20,620	953	512	1,060	548
Others	2,220	3,359	1,139	(299)	57	356
Total	47,935	47,979	44	2,094	1,470	(623)

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

Office Furniture

In the Office Furniture segment, both office relocation and renewal demand remained sluggish due to decreases in the number of large-scale projects and reductions in corporate investments as a result of their cautious attitude toward the future of the economy. On the other hand, there were deep-rooted needs for greater office efficiency, reviews of working procedures and safety measures, and in order to respond to such needs, the Company proactively made proposals on how to use office space in an optimal way. It also endeavored to develop new demand among public, educational, healthcare, and research facilities as well as local government offices in the office-related furniture market. Despite these efforts, net sales and income decreased year-over-year.

As a result, net sales in this segment amounted to ¥23,999 million (a decrease of 7.9% year-over-year), and the segment income amounted to ¥352 million (a decrease of 81.3% year-over-year).

Store Displays

In the Store Displays segment, the Company developed new products to meet the needs of members of the retail industry who planned to develop business globally, and also those planning to create smaller stores. We also aggressively promoted total store solutions designed to meet consumer needs in creating stores, to improve store energy efficiency, and to provide store safety and security measures and systems as well as anticrime measures. Furthermore, we concentrated on winning more orders from retailers for new stores and store renovations. The results of the above efforts increased net sales and income year-over-year.

As a result, net sales in this segment amounted to ¥20,620 million (an increase of 4.9% year-over-year), and the segment income amounted to ¥1,060 million (an increase of 107.2% year-over-year).

Others (including Material Handling Systems)

In the Material Handling Systems segment (which focuses on outsourcing services for logistics management with the objective of reducing costs and other promising areas such as retailing and wholesaling as well as transport and warehousing), the Company strove to attract more orders for total solutions by making maximum use of its proposal-making abilities and its new products, which were distinguished by their competitive superiority, and undertook full-fledged action to promote sector-specific solutions in closer collaboration with other businesses. The results of the above efforts increased net sales and income year-over-year.

As a result, net sales in this segment amounted to ¥3,359 million (an increase of 51.3% year-over-year), and the segment income amounted to ¥57 million (versus a segment loss of ¥299 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 ¥47,979 million (an increase of 0.1% year-over-year), operating income of ¥1,470 million (a decrease of 29.8% year-over-year), ordinary income

of ¥1,863 million (a decrease of 25.1% year-over-year), and net income of ¥1,099 million (a decrease of 33.0% 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 ¥177,415 million, down ¥543 million compared with the end of the previous consolidated fiscal year. Current assets decreased by ¥1,181 million, mainly because of an increase in cash and deposits and decreases in notes and accounts receivable-trade as well as deferred tax assets, and noncurrent assets increased by ¥637 million, mainly because of increases in investment securities.

Liabilities amounted to ¥89,960 million, down ¥1,631 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 ¥87,455 million, up ¥1,088 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 49.2%, up 0.8 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 ¥3,712 million (an increase of ¥3,026 million in the same period of the previous fiscal year), reflecting inflows including income before income taxes and minority interests for the quarter of ¥1,881 million, depreciation and amortization of ¥1,027 million, and a decrease in notes and accounts receivable-trade of ¥7,560 million. Outflows included a decrease in provision for bonuses of ¥2,087 million, a decrease in notes and accounts payable-trade of ¥2,498 million, and income taxes paid of ¥2,691 million.

Investing activities resulted in a net cash outflow of ¥1,297 million (an outflow of ¥602 million in the same period of the previous fiscal year), reflecting outlays including disbursements of ¥692 million for the purchase of property, plant and equipment and of ¥259 million for the purchase of intangible assets.

Financing activities resulted in a net cash increase of ¥3,832 million (an increase of ¥2,941 million in the same period of the previous fiscal year), reflecting inflows including an increase in short-term loans payable of ¥4,552 million and outflows including dividend payments of ¥586 million.

Consequently, consolidated cash and cash equivalents at the end of the current fiscal year's first quarter increased by ¥6,343 million from the end of the previous fiscal year (an increase of ¥5,406 million in the same period of the previous fiscal year) to ¥32,162 million.

(3) Explanation of the performance forecast

The consolidated performance forecasts for the fiscal year ending March 2014 remain the same as those that were announced on May 10, 2013.

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

Nothing in particular.

3. Quarterly Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Previous fiscal year (As of March 31, 2013)	First quarter of the current fiscal year (As of June 30, 2013)
Assets		
Current assets		
Cash and deposits	27,260	33,759
Notes and accounts receivable-trade	51,384	43,823
Short-term investment securities	321	621
Merchandise and finished goods	8,208	8,664
Work in process	1,335	1,390
Raw materials and supplies	2,956	3,032
Other	3,482	2,473
Allowance for doubtful accounts	(20)	(17)
Total current assets	94,928	93,747
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	13,719	13,515
Land	22,748	22,748
Other, net	9,445	9,292
Total property, plant and equipment	45,913	45,556
Intangible assets		
Goodwill	1,641	1,531
Other	2,704	2,804
Total intangible assets	4,345	4,336
Investments and other assets		
Investment securities	23,455	24,061
Other	9,347	9,745
Allowance for doubtful accounts	(31)	(30)
Total investments and other assets	32,771	33,775
Total noncurrent assets	83,030	83,668
Total assets	177,959	177,415

(Millions of yen)

	Previous fiscal year (As of March 31, 2013)	First quarter of the current fiscal year (As of June 30, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	29,037	25,450
Electronically recorded obligations-operating	8,218	9,125
Short-term loans payable	6,160	10,718
Current portion of long-term loans payable	3,170	3,131
Current portion of bonds	5,000	–
Income taxes payable	2,831	46
Provision for bonuses	2,712	624
Other	3,960	4,914
Total current liabilities	61,091	54,013
Noncurrent liabilities		
Bonds payable	5,000	10,000
Long-term loans payable	7,601	7,575
Provision for retirement benefits	13,341	13,618
Other	4,558	4,753
Total noncurrent liabilities	30,501	35,947
Total liabilities	91,592	89,960
Net assets		
Shareholders' equity		
Capital stock	18,670	18,670
Capital surplus	16,759	16,759
Retained earnings	48,853	49,290
Treasury stock	(2,388)	(2,390)
Total shareholders' equity	81,895	82,330
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,501	4,961
Foreign currency translation adjustment	(223)	(8)
Total accumulated other comprehensive income	4,278	4,952
Minority interests	193	172
Total net assets	86,367	87,455
Total liabilities and net assets	177,959	177,415

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
 Quarterly Consolidated Income Statement
 [First Quarter of Current Fiscal Year]

(Millions of yen)

	First quarter of FY ended March 2013 (From April 1, 2012 to June 30, 2012)	First quarter of FY ending March 2014 (From April 1, 2013 to June 30, 2013)
Net sales	47,935	47,979
Cost of sales	33,463	33,761
Gross profit	14,471	14,218
Selling, general and administrative expenses		
Packing and transportation expenses	2,076	2,021
Salaries and allowances	4,236	4,353
Provision for bonuses	343	365
Rent expenses	1,492	1,520
Other	4,228	4,486
Total selling, general and administrative expenses	12,377	12,748
Operating income	2,094	1,470
Non-operating income		
Interest income	11	10
Dividends income	205	214
Equity in earnings of affiliates	182	136
Other	160	212
Total non-operating income	560	573
Non-operating expenses		
Interest expenses	115	93
Bond issue costs	1	42
Other	49	44
Total non-operating expenses	166	180
Ordinary income	2,487	1,863
Extraordinary income		
Gain on sales of investment securities	13	18
Total extraordinary income	13	18
Extraordinary loss		
Loss on valuation of investment securities	62	-
Loss on valuation of golf club memberships	0	1
Total extraordinary loss	62	1
Income before income taxes and minority interests	2,438	1,881
Income taxes-current	147	56
Income taxes-deferred	738	746
Total income taxes	885	802
Income before minority interests	1,553	1,078
Minority interests in income	(87)	(20)
Net income	1,640	1,099

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

(Millions of yen)

	First quarter of FY ended March 2013 (From April 1, 2012 to June 30, 2012)	First quarter of FY ending March 2014 (From April 1, 2013 to June 30, 2013)
Income before minority interests	1,553	1,078
Other comprehensive income		
Valuation difference on available-for-sale securities	(839)	461
Foreign currency translation adjustment	49	112
Share of other comprehensive income of associates accounted for using equity method	56	100
Total other comprehensive income	(733)	674
Comprehensive income	819	1,752
(Details)		
Comprehensive income attributable to owners of the parent	907	1,773
Comprehensive income attributable to minority interests	(87)	(20)

(3) Quarterly Consolidated Cash Flow Statement

(Millions of yen)

	First quarter of FY ended March 2013 (From April 1, 2012 to June 30, 2012)	First quarter of FY ending March 2014 (From April 1, 2013 to June 30, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,438	1,881
Depreciation and amortization	959	1,027
Loss (gain) on sales and retirement of noncurrent assets	8	16
Equity in (earnings) losses of affiliates	(182)	(136)
Increase (decrease) in allowance for doubtful accounts	(25)	(3)
Increase (decrease) in provision for bonuses	(2,064)	(2,087)
Increase (decrease) in provision for retirement benefits	211	175
Interest and dividends income	(217)	(224)
Interest expenses	115	93
Loss (gain) on sale of investment securities	(13)	(18)
Loss (gain) on valuation of investment securities	62	-
Decrease (increase) in notes and accounts receivable-trade	7,387	7,560
Decrease (increase) in inventories	39	(585)
Increase (decrease) in notes and accounts payable-trade	(2,915)	(2,498)
Other, net	913	1,110
Subtotal	6,717	6,309
Interest and dividends income received	211	217
Interest expenses paid	(126)	(123)
Income taxes paid	(3,775)	(2,691)
Net cash provided by (used in) operating activities	3,026	3,712
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(903)	(692)
Purchase of intangible assets	(238)	(259)
Purchase of investment securities	(33)	(1)
Proceeds from sales and redemption of investment securities	317	65
Other, net	254	(409)
Net cash provided by (used in) investing activities	(602)	(1,297)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	3,436	4,552
Proceeds from long-term loans payable	100	100
Repayment of long-term loans payable	(76)	(165)
Proceeds from issuance of bonds	-	5,000
Redemption of bonds	-	(5,000)
Purchase of treasury stock	(0)	(1)
Cash dividends paid	(491)	(586)
Other, net	(27)	(66)
Net cash provided by (used in) financing activities	2,941	3,832
Effect of exchange rate change on cash and cash equivalents	40	96
Net increase (decrease) in cash and cash equivalents	5,406	6,343
Cash and cash equivalents at the beginning of the fiscal year	26,179	25,818
Cash and cash equivalents at the end of the quarter term	31,585	32,162

(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 cases where there are significant fluctuations in the amount of shareholders' equity

There is no information that needs to be disclosed herein.

Segment information

First quarter of FY ended March 2013 (from April 1, 2012 to June 30, 2012)

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 Income Statement (Note 2)
	Office Furniture	Store Displays	Total				
Net sales							
Net sales to external customers	26,048	19,666	45,715	2,220	47,935	–	47,935
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	26,048	19,666	45,715	2,220	47,935	–	47,935
Segment income (loss)	1,881	512	2,393	(299)	2,094	–	2,094

(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.

First quarter of FY ending 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 Income Statement (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.

Material subsequent events

There is no information that needs to be disclosed herein.