



August 2, 2007

Financial and Operational Review for the First Quarter of the Fiscal Year Ending March 31,2008(Consolidated)

Okamura Corporation

Listing: Tokyo Stock Exchange, Osaka Securities Exchange

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

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1. Financial and Operational Review for the First Quarter (Apr.1,2007-Jun.30,2007) of FY March 2008 (Apr.1,2007-Mar.31,2008)

- (1) Progress in (consolidated) business results

Note : Amounts of less than one million yen have been rounded down.

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of FY March 2008	52,993	1.9	3,035	(17.3)	3,468	(12.9)	1,894	(19.6)
First quarter of FY March 2007	51,992	3.8	3,671	27.0	3,984	25.6	2,356	21.8
(Reference)FY March 2007	213,813	5.7	10,912	19.8	11,539	18.2	6,132	(26.2)

	Net income per share	Diluted net income per share
	yen	yen
First quarter of FY March 2008	17.00	—
First quarter of FY March 2007	21.04	—
(Reference)FY March 2007	54.75	—

- (2) Changes in (consolidated) financial position

	Total Assets	Net Assets	Equity Ratio	Net assets per Share
	Millions of yen	Millions of yen	%	yen
As of Jun.30,2007	182,538	84,328	44.2	731.36
As of Jun.30,2006	181,781	80,926	42.6	722.40
(Reference)As of March 31,2007	189,754	84,971	42.9	726.44

- (3) Cash flow (consolidated)

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at Term-End
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
First quarter of FY March 2008	7,351	(698)	(2,959)	20,392
First quarter of FY March 2007	6,272	(2,039)	152	26,419
(Reference)FY March 2007	4,389	(6,830)	(2,915)	16,697

2. Dividend

	Interim dividend per share (in yen)	Year-end dividend per share (in yen)	Full year dividend per share (in yen)
FY March 2007	6.00	9.00	15.00
FY March 2008 (forecast)	7.50	7.50	15.00

3. Forecast of consolidated performance for the fiscal year ending March 2008 (from April 1, 2007 to March 31, 2008)

(Reference) The performance forecast for the interim period and full fiscal year, the figures announced on May 10, 2007 as Midterm Management Plan, were used without changes.

	Net sales		Operating income		Ordinary income		Net income		Net assets per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half of FY March 2008	107,000	3.8	6,200	9.4	6,600	9.1	3,600	3.2	32.15
FY March 2008	223,000	4.3	13,000	19.1	13,600	17.9	7,400	20.7	66.08

4. Others

- (1) Changes in the scope of consolidation during the accounting period None
- (2) Adoption of the simplified method in the accounting methods used in the recent consolidated accounting period None
- (3) Changes in the accounting methods used in the recent consolidated accounting None

* The aforementioned forecasts are forward-looking statements based on all information available to the management at the time of this document's release. Any factors may cause actual results to differ substantially from the anticipated results.

[Qualitative information, Financial statements. Etc]

1 .Qualitative information concerning the progress in (consolidated) business performance

Despite concerns surrounding the sharp rise in crude oil prices and slowdown in the US economy, the domestic economy of the first quarter has moved on gradual recovery buoyed by robust results in the corporate sector bringing about an increase in private-sector capital investment and a positive upswing in personal consumption on the back of an improvement in domestic employment condition.

Under such circumstances, the Company promoted development of new products and proposal-based sales, made efforts to create and explore new markets, aiming toward future growth in each aspect of our business.

In the Office Furniture segment, the Company aggressively made proposals to improve office productivity for the sales by attracting orders for total solution to ensure capturing of the opportunities from the increase capital expenditure due to the improved corporate performances which is remaining strongly, and the demands for the new building construction as well as for redevelopment triggered relocation. While in the security sector, reorganization and expansion of financial institutions seeking active investment, the Company fortified sales structure of total proposal which resulted the increase in sales. High-end seating category, including *Contessa* and *Baron*, continued to report strong sales in overseas and the Company is seeking to expand the sales channels in markets throughout the world.

As a result, net sales in this segment increased to ¥32,734 million (Y-o-Y an increase of 6.5%).

In the Store Display segment, amid signs of reorganization within the retail sector, the Company tried broadening its customer base, primarily among growing retail categories as new target, sales by promoting total solution of stores showed sign of recovery in sales as partially.

As a result, net sales in this segment declined to ¥16,768 million (Y-o-Y an increase of 0.6%).

In the Material Handling System and Others segment, the Company has aggressively made effort to expand sales and secure proposal of solutions tailored to the specific needs of each markets specially against large-scale distribution center of target sectors. Though the orders of this business are based on property and those properties are on the stage of off-crop season, and also on the same period of fiscal year 2007 obtained orders from large scale properties which showed the decline in sales comparing last year.

As a result, net sales in this segment decreased to ¥3,490 million (Y-o-Y a decrease of 24.0%).

As the result of the consolidated performance of the period under review was as follows: net sales of ¥52,993 million (Y-o-Y an increase of 1.9%), though the increase of selling, general and administrative expenses affected to income. Operating income of ¥3,035 million (Y-o-Y a decrease of 17.3%), ordinary income of ¥3,468 million (Y-o-Y a decrease of 12.9%), and quarterly net income of ¥1,894 million (Y-o-Y a decrease of 19.6%).

2 .Qualitative information concerning the changes in (consolidated) financial position

The financial position of the current 3-months period is as follows:

Total assets amounted to ¥182,538 million, a decrease of ¥7,215 million from the end of the previous fiscal year. In the current assets, cash and time deposits have increased while notes and accounts receivable have decreased and as the result, a decrease of ¥7,488 million from the end of previous fiscal year. In the fixed assets, an increase of ¥272 million from the end of previous fiscal year due to the decrease of buildings and structure tangible fixed assets while investment securities have increased.

Liabilities amounted to ¥98,210 million, a decrease of ¥6,572 million from the end of the previous fiscal year, owing to the decrease of income taxes payable and allowance for bonus payable.

Net assets was ¥84,328 million, a decrease of ¥643 million from the end of the previous fiscal year due mainly to the decrease of treasury stock even though the increase of retained earnings and unrealized holding losses on securities. Consequently, the equity ratio was 44.2%.

With respect to cash flows, cash flows from operating activities increased by ¥7,351 million, totaling the increase due to the net income before income taxes for the quarter term totaling 3,476 million, depreciation and amortization of ¥1,271 million and decrease of ¥9,288 million in notes and accounts receivable, and the decrease due to decrease of ¥1,366 million in notes and accounts payable, allowance for bonus payable of ¥2,429 million and payment of corporation tax of ¥3,427 million.

Net cash used in investing activities was ¥698 million, which was mainly comprised of payment for purchase of property, plant and equipment as well as of intangible fixed assets totaling ¥831 million.

Net cash used in financial activities was ¥2,959 million, which was mainly comprised of purchase of treasury stock of ¥2,036 million and cash dividend paid by the Company of ¥1,009 million.

Consequently, consolidated cash and cash equivalents at the end of the current first quarter increased by ¥3,695 million from the end of the previous fiscal year to ¥20,392 million.

3. Qualitative information concerning the performance forecast

As the result of the consolidated performance of the period under review comparing with same period of year before, income has decreased despite the increase in net sales. The Company will stimulate further efforts by expand sales, advance productivity and cost reduction to achieve the goal of performance forecast which has already announced.

As regards the performance forecast for the interim period and full fiscal year, the figures announced on May 10, 2007 were used without changes for net sales, ordinary income and net income.

4. Others

(1) Changes in the scope of consolidation during the accounting period
Not applicable.

(2) Adoption of the simplified method in the accounting methods used in the recent consolidated accounting period
Not applicable.

(3) Changes in the accounting methods used in the recent consolidated accounting
Not applicable.

5. Quarterly financial statements

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

Term Accounts	First quarter of FY March 2007 (As of Jun.30,2006)		First quarter of FY March 2008 (As of Jun.30,2007)		Increase /Decrease		FY March 2007 (As of March 31, 2007)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Assets)		(%)		(%)		(%)		(%)
I .Current assets:								
Cash and time deposits	28,376		20,919		(7,457)		17,513	
Trade notes and accounts receivable	48,880		52,898		4,017		62,186	
Marketable securities	674		926		252		807	
Inventories	14,574		15,149		575		15,326	
Deferred income taxes	571		544		(27)		1,936	
Others	2,102		1,714		(387)		1,928	
Allowance for doubtful debt	(130)		(90)		39		(148)	
Total current assets	95,050	52.3	92,062	50.4	(2,988)	(3.1)	99,551	52.5
II .Fixed assets:								
1.Tangible fixed assets:								
Buildings and structures	13,595		15,089		1,493		15,320	
Machinery, equipment and vehicles	9,204		9,204		(0)		9,473	
Land	21,471		21,744		272		21,744	
Construction in progress	982		250		(732)		123	
Others	2,916		2,976		59		3,113	
Total tangible fixed assets	48,170	26.5	49,264	27.0	1,094	2.3	49,775	26.2
2.Intangible fixed assets:	2,635	1.4	2,870	1.6	234	8.9	2,989	1.6
3.Investments and other assets:								
Investment securities	27,739		29,887		2,147		29,090	
Guarantee deposits	4,002		4,003		1		3,964	
Deferred income taxes	2,025		2,132		106		2,074	
Others	2,273		2,417		144		2,389	
Allowance for doubtful accounts	(116)		(101)		15		(81)	
Total investment and other assets	35,924	19.8	38,340	21.0	2,416	6.7	37,438	19.7
Total fixed assets	86,730	47.7	90,475	49.6	3,745	4.3	90,203	47.5
Total assets	181,781	100.0	182,538	100.0	757	0.4	189,754	100.0

(Note) Amounts of less than one million yen have been rounded down.

(Millions of yen)

Accounts	Term	First quarter of FY March 2007 (As of Jun.30,2006)		First quarter of FY March 2008 (As of Jun.30,2007)		Increase /Decrease		FY March 2007 (As of March 31, 2007)	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Liabilities)									
I .Current liabilities:									
Trade notes and accounts payable		48,452		46,415		(2,037)		47,856	
Short-term bank loans		11,050		9,900		(1,150)		9,600	
Long-term debts due within one year		1,670		3,386		1,716		3,446	
Bonds redeemed within one year		5,000		—		(5,000)		—	
Income taxes payable		858		231		(626)		3,767	
Consumption taxes payable		608		589		(19)		454	
Deferred tax liabilities		—		0		0		—	
Allowance for bonus payable		522		547		24		2,976	
Others		2,637		3,647		1,010		3,494	
Total current liabilities		70,799	39.0	64,717	35.5	(6,081)	(8.6)	71,595	37.7
II .Long-term liabilities:									
Debenture bonds		5,000		10,000		5,000		10,000	
Long-term loans payable		7,480		4,663		(2,816)		4,801	
Deffered tax liabilities		5,514		6,540		1,025		6,173	
Severance and employee retirement benefits		9,506		9,697		191		9,638	
Reserve for directors' retirement benefits		14		17		3		17	
Others		2,539		2,573		34		2,555	
Total long-term liabilities		30,055	16.5	33,492	18.3	3,437	11.4	33,186	17.5
Total liabilities		100,854	55.5	98,210	53.8	(2,644)	(2.6)	104,782	55.2
(Net assets)									
I .Owners' equity									
Capital stock		18,670	10.3	18,670	10.2	—	—	18,670	9.8
Capital surplus		16,759	9.2	16,759	9.2	—	—	16,759	8.8
Retained earnings		33,692	18.5	37,681	20.6	3,988	11.8	36,795	19.4
Treasury stock, at cost		(225)	(0.1)	(2,306)	(1.2)	(2,080)	—	(269)	(0.1)
Total owners' equity		68,897	37.9	70,804	38.8	1,907	2.8	71,956	37.9
II .Net unrealized gain and translation adjustments									
Unrealized holding gains (losses) on securities		8,649	4.8	9,839	5.4	1,189	13.8	9,467	5.0
Foreign currency translation adujstment		(118)	(0.1)	37	0.0	156	—	(69)	(0.0)
Total Net unrealized gain and translation adjustments		8,530	4.7	9,877	5.4	1,346	15.8	9,398	5.0
III .Minority interests		3,498	1.9	3,646	2.0	147	4.2	3,617	1.9
Total net assets		80,926	44.5	84,328	46.2	3,401	4.2	84,971	44.8
Total liabilities and net assets		181,781	100.0	182,538	100.0	757	0.4	189,754	100.0

(Note) Amounts of less than one million yen have been rounded down.

(2)Quarterly Consolidated Income Statement

(Millions of yen)

Accounts	Term	First quarter of FY March 2007 (From Apr.1,2006 to Jun.30,2006)		First quarter of FY March 2008 (From Apr.1,2007 to Jun.30,2007)		Increase /Decrease		FY March 2007 (From Apr.1,2006 to Mar.31,2007)	
		Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
I .Net sales		51,992	100.0	52,993	100.0	1,000	1.9	213,813	100.0
II .Cost of sales		35,422	68.1	36,121	68.2	699	2.0	147,526	69.0
Gross profit		16,570	31.9	16,871	31.8	301	1.8	66,287	31.0
III.Selling, general and administrative expenses		12,898	24.8	13,836	26.1	938	7.3	55,374	25.9
Operating income		3,671	7.1	3,035	5.7	(636)	(17.3)	10,912	5.1
IV.Other income:		464	0.9	564	1.1	99	21.4	1,268	0.6
Interest and dividends income		213		232		19		373	
Equity in earnings of affiliated companies		78		62		(15)		219	
Others		173		269		96		675	
V.Other expenses:		151	0.3	130	0.3	(21)	(14.3)	642	0.3
Interest expenses		97		108		10		390	
Others		54		22		(32)		251	
Ordinary income		3,984	7.7	3,468	6.5	(515)	(12.9)	11,539	5.4
VI.Extraordinary income:		69	0.1	38	0.1	(30)	(44.5)	55	0.0
Reversal of allowance for doubtful accounts		69		38		(30)		50	
Others		—		0		0		5	
VII.Extraordinary losses:		64	0.1	30	0.0	(33)	(52.2)	431	0.2
Loss on disposal of property, plant and equipment		59		30		(29)		299	
Impairment loss		5		—		(5)		47	
Other losses		—		0		0		84	
Income before income taxes for the quarter term(fiscal year)		3,989	7.7	3,476	6.6	(512)	(12.9)	11,163	5.2
Income taxes		641	1.2	91	0.2	(550)	(85.8)	5,236	2.4
Adjustments on income taxes		968	1.9	1,445	2.7	476	49.2	(347)	(0.2)
Minority interests in earnings		22	0.1	45	0.1	23	103.7	141	0.1
Net income for the quarter term (fiscal year)		2,356	4.5	1,894	3.6	(462)	(19.6)	6,132	2.9

(3) Quarterly Consolidated Statement of Change in Net Assets

First quarter of FY March 2007 (From Apr.1,2006 to Jun.30,2006)

(Millions of yen)

	Owners' equity					Net unrealized gain and translation adjustments			Minority Interests	Net assets (Total)
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gains on for-sale securities	Foreign currency translation adjustments	Total		
Balance at the end of prior period (March 31,2006)	18,670	16,759	32,135	(218)	67,346	9,953	(152)	9,801	3,492	80,641
Changes of items during the period										
Dividends			(785)		(785)					(785)
Directors' bonus			(14)		(14)					(14)
Net income			2,356		2,356					2,356
Acquisition of treasury stock				(7)	(7)					(7)
Changes of items other items during the period(Net)					—	(1,303)	33	(1,270)	5	(1,264)
Changes of items during the period (Total)	—	—	1,557	(7)	1,550	(1,303)	33	(1,270)	5	285
Balance at the end of current period (June 30, 2006)	18,670	16,759	33,692	(225)	68,897	8,649	(118)	8,530	3,498	80,926

First quarter of FY March 2008 (From Apr.1,2007 to Jun.30,2007)

(Millions of yen)

	Owners' equity					Net unrealized gain and translation adjustments			Minority Interests	Net assets (Total)
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gains on for-sale securities	Foreign currency translation adjustments	Total		
Balance at the end of prior period (March 31,2007)	18,670	16,759	36,795	(269)	71,956	9,467	(69)	9,398	3,617	84,971
Changes of items during the period										
Dividends			(1,009)		(1,009)					(1,009)
Net income			1,894		1,894					1,894
Acquisition of treasury stock				(2,036)	(2,036)					(2,036)
Changes of items other items during the period(Net)					—	372	106	479	29	508
Changes of items during the period (Total)	—	—	885	(2,036)	(1,151)	372	106	479	29	(643)
Balance at the end of current period (June 30, 2007)	18,670	16,759	37,681	(2,306)	70,804	9,839	37	9,877	3,646	84,328

(Reference) FY March 2007 (From Apr.1,2006 to Mar.31,2007)

(Millions of yen)

	Owners' equity					Net unrealized gain and translation adjustments			Minority Interests	Net assets (Total)
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gains on for-sale securities	Foreign currency translation adjustments	Total		
Balance at the end of prior period (March 31,2006)	18,670	16,759	32,135	(218)	67,346	9,953	(152)	9,801	3,492	80,641
Changes of items during the period										
Dividends			(1,457)		(1,457)					(1,457)
Directors' bonus			(14)		(14)					(14)
Net income			6,132		6,132					6,132
Acquisition of treasury stock				(51)	(51)					(51)
Changes of items other items during the period(Net)					—	(486)	83	(403)	124	(278)
Changes of items during the year (Total)	—	—	4,660	(51)	4,609	(486)	83	(403)	124	4,330
Balance at the end of the year (Mar 31, 2007)	18,670	16,759	36,795	(269)	71,956	9,467	(69)	9,398	3,617	84,971

(4)Quarterly Consolidated Cash Flow Statement

(Millions of yen)

Term	First quarter of FY March 2007 (From Apr.1,2006 to Jun.30,2006)	First quarter of FY March 2008 (From Apr.1,2007 to Jun.30,2007)	FY March 2007 (From Apr.1,2006 to Mar.31,2007)
Accounts			
I. Cash flows from operating activities			
Income before income taxes for the quarter term (fiscal year)	3,989	3,476	11,163
Depreciation expense	1,141	1,271	5,061
Loss on disposal of property, plant and equipment	59	30	293
Equity in earnings of affiliated companies	(78)	(62)	(219)
Increase/decrease in allowance for doubtful accounts	(69)	(38)	(85)
Allowance for bonuses payable	(2,186)	(2,429)	266
Increase/decrease in allowance for employee retirement benefits	185	59	317
Increase/decrease in allowance for directors' retirement benefits	0	0	7
Interest and dividends income	(213)	(232)	(373)
Interest expense	97	108	390
Loss on devaluation of investment securities	5	—	47
Increase/decrease in notes and accounts receivable	6,085	9,288	(7,221)
Increase/decrease in inventories	360	177	(393)
Increase/decrease in notes and accounts payable	(2,007)	(1,366)	(2,823)
Others	(57)	356	1,018
Sub-total	7,312	10,639	7,450
Interest and dividends received	210	231	393
Interest expenses paid	(74)	(91)	(394)
Income taxes paid	(1,177)	(3,427)	(3,060)
Net Cash provided by operating activities	6,272	7,351	4,389
II. Cash flows from investing activities			
Term deposits paid	(1,761)	(200)	(6,385)
Term deposits withdrawn	2,361	369	7,245
Payment for purchase of property, plant and equipment	(1,675)	(766)	(6,776)
Proceeds from sale of property, plant and equipment	4	13	11
Payment for purchase of intangible fixed assets	(71)	(65)	(893)
Payment for purchase of investment securities	(5)	(22)	(40)
Proceeds from sale of investment securities	—	19	13
Others	(891)	(46)	(4)
Net Cash used in investing activities	(2,039)	(698)	(6,830)
III. Cash flows from financing activities			
Increase/decrease in short-term bank loans	1,150	300	(300)
Proceeds from long-term debt	—	—	600
Repayments of long-term debt	(190)	(198)	(1,692)
Issuance of debenture bonds	—	—	5,000
Redemption of debenture bonds	—	—	(5,000)
Purchase of treasury stock	(6)	(2,036)	(48)
Cash dividends paid by the Company	(785)	(1,009)	(1,457)
Cash dividends paid to minority shareholders	(16)	(16)	(16)
Net Cash used in financing activities	152	(2,959)	(2,915)
IV. Effect on exchange rate changes on cash and cash equivalents	6	2	23
V. Increase/decrease in cash and cash equivalents	4,390	3,695	(5,331)
VI. Cash and cash equivalents at beginning of year	22,028	16,697	22,028
VII. Cash and cash equivalents at term end	26,419	20,392	16,697

(Note) Amounts of less than one million yen have been rounded down.

(5)Segment information

Segment information by business type

First quarter (from April 1,2006 to June 30,2006) of FY March 2007 (from Apr. 1,2006-Mar. 31,2007)

(Millions of yen)

Segment Accounts	Office Furniture	Store Displays	Material Handling Systems and Others	Total	Unallocated and Eliminations	Consoli- dated
I .Net sales and operating income (loss)						
Net sales						
1)Net sales to external customers	30,731	16,666	4,594	51,992	—	51,992
2)Internal sales or transfers between segments	—	—	—	—	(—)	—
Total	30,731	16,666	4,594	51,992	(—)	51,992
Operating expenses	28,148	16,143	4,028	48,320	(—)	48,320
Operating income	2,583	522	565	3,671	(—)	3,671

First quarter (from April 1,2007 to June 30,2007) of FY March 2008 (from Apr. 1,2007-Mar. 31,2008)

(Millions of yen)

Segment Accounts	Office Furniture	Store Displays	Material Handling Systems and Others	Total	Unallocated and Eliminations	Consoli- dated
I .Net sales and operating income (loss)						
Net sales						
1)Net sales to external customers	32,734	16,768	3,490	52,993	—	52,993
2)Internal sales or transfers between segments	—	—	—	—	(—)	—
Total	32,734	16,768	3,490	52,993	(—)	52,993
Operating expenses	30,107	16,371	3,479	49,958	(—)	49,958
Operating income	2,626	397	11	3,035	(—)	3,035

Previous Consolidated Fiscal Year (from April 1,2006 to March 31,2007)

(Millions of yen)

Segment Accounts	Office Furniture	Store Displays	Material Handling Systems and Others	Total	Unallocated and Eliminations	Consoli- dated
I .Net sales and operating income (loss)						
Net sales						
1)Net sales to external customers	131,245	66,325	166,242	213,813	—	213,813
2)Internal sales or transfers between segments	—	—	—	—	(—)	—
Total	131,245	66,325	166,242	213,813	(—)	213,813
Operating expenses	122,182	65,477	15,241	202,900	(—)	202,900
Operating income	9,063	848	1,000	10,912	(—)	10,912

(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.