



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

February 3, 2015

Listing: Tokyo Stock Exchange

Okamura Corporation

Code Number: 7994

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Scheduled date for filing of quarterly report: February 13, 2015

Scheduled date for commencement of dividend payments: –

Preparation of supplementary materials to explain quarterly financial results: Not prepared.

Scheduling of meeting to explain quarterly financial results: Not scheduled.

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

1. Financial and Operational Review for Third Quarter (Apr. 1, 2014 to December 31, 2014) of FY Ending March 2015 (Apr. 1, 2014 to Mar. 31, 2015)

(1) Operating Results (cumulative)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Third quarter of FY ending March 2015	154,151	2.7	4,243	(15.5)	5,475	(3.3)	3,572	(2.8)
Third quarter of FY ended March 2014	150,134	7.9	5,020	58.6	5,660	45.0	3,673	37.3

Note: Comprehensive income
 ¥5,928 million (-12.2%) for the third quarter of FY ending March 2015
 ¥6,753 million (127.3%) for the third quarter of FY ended March 2014

	Net income per share	Diluted net income per share
	yen	yen
Third quarter of FY ending March 2015	32.42	–
Third quarter of FY ended March 2014	33.34	–

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Third quarter of FY ending March 2015	196,376	97,561	49.5
FY ended March 2014	190,913	93,229	48.6

Reference: Total equity
 ¥97,202 million for the third quarter of FY ending March 2015
 ¥92,853 million for FY ended March 2014

2. Dividend

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

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

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

(% Figures indicate year-over-year 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
Full year	220,000	4.1	11,000	16.4	11,500	14.2	7,300	19.4	66.26

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

* Notes

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

New — company(ies) (—)
 Excluded — company(ies) (—)

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

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

- ① Changes in accounting policy in accordance with revisions to accounting standards: Yes
- ② Changes other than those in ① above in accounting policy: None
- ③ Changes in accounting estimates: None
- ④ Restatement: None

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

- ① Number of shares issued (including treasury stock) at the end of the term
- ② Number of shares of treasury stock at the end of the term
- ③ Average number of shares during the term (cumulative quarters)

3Q of FY ending March 2015	112,391,530	FY ended March 2014	112,391,530
3Q of FY ending March 2015	2,226,057	FY ended March 2014	2,218,636
3Q of FY ending March 2015	110,168,630	3Q of FY ended March 2014	110,188,856

* 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, etc., please refer to (3) Explanation of the performance forecast in 1. Qualitative Information Concerning Quarterly Consolidated Financial Results 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 third quarter of the consolidated fiscal year under review, the Japanese economy remained uncertain due to the prolonged effects of the increase in Japanese consumption tax, along with deceleration of growth in the emerging economies and rising imported raw-material costs caused by a drop in the yen. This uncertainty persists despite the presence of positive economic indicators such as personal income and an employment situation that continued to improve on the back of strong growth in corporate performance as well as brisk capital investment.

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

Performance results by segment are discussed below.

Segment name	Net sales (Millions of yen)			Segment income (loss) (Millions of yen)		
	Third quarter of FY ended March 2014	Third quarter of FY ending March 2015	Increase/decrease	Third quarter of FY ended March 2014	Third quarter of FY ending March 2015	Increase/decrease
Office Furniture	76,032	79,175	3,142	1,861	2,478	617
Store Displays	63,667	65,244	1,577	2,616	1,920	(696)
Others	10,434	9,731	(702)	542	(155)	(698)
Total	150,134	154,151	4,017	5,020	4,243	(777)

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

Office Furniture

In the Office Furniture segment, demand for both office relocation and renewal began to recover, due to an increase in the supply of large-scale office buildings mainly in the center of Tokyo, despite the effect of a decrease in demand in reaction to the last-minute demand generated before the increase in Japanese consumption tax. Under these circumstances, the Company proactively made proposals on how to use office space in an optimal way in response to various office working styles. It also endeavored to engage in aggressive sales activities for educational, healthcare, cultural, and R&D facilities, as well as municipality offices, in the office-related furniture market. The results of the above efforts increase both net sales and income year-over-year.

As a result, net sales in this segment amounted to ¥79,175 million (an increase of 4.1% year-over-year), and the segment income amounted to ¥2,478 million (an increase of 33.2% year-over-year).

Store Displays

In the Store Displays segment, the Company concentrated its efforts on convenience stores and drug stores that are aggressive in opening new stores and store renovations, and endeavored to acquire more orders for store renovations and for our refrigerated showcases. In August 2014, we launched the operation of the new Gotemba Plant building, increasing production capacity for our refrigerated showcases. We also strengthened our product range and expanded our sales force by taking over Nissin Kogyo Co., Ltd.'s store cart business in September, as part of our efforts to respond to future demand. The results of the above efforts increased net sales year-over-year.

As a result, net sales in this segment amounted to ¥65,244 million (an increase of 2.5% year-over-year), and the segment income amounted to ¥1,920 million (a decrease of 26.6% year-over-year).

Others (including Material Handling Systems business)

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

As a result, net sales in this segment amounted to ¥9,731 million (a decrease of 6.7% year-over-year), and the segment loss amounted to ¥155 million (versus a segment income of ¥542 million in the same period of the previous fiscal year).

As a result of the above, during the third quarter of the current fiscal year, the Company posted net sales of ¥154,151 million (an increase of 2.7% year-over-year), operating income of ¥4,243 million (a decrease of 15.5% year-over-year), ordinary income of ¥5,475 million (a decrease of 3.3% year-over-year), and net income of ¥3,572 million (a decrease of 2.8% year-over-year).

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

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

Total assets amounted to ¥196,376 million, up ¥5,462 million compared with the end of the previous consolidated fiscal year. Current assets decreased by ¥1,361 million, mainly because of an increase in cash and deposits and a decrease in notes and accounts receivable-trade, and noncurrent assets increased by ¥6,823 million, mainly because of increases in buildings and structures due to the construction of the new Gotemba Plant building, and investment securities.

Liabilities amounted to ¥98,814 million, up ¥1,129 million over the end of the previous fiscal year, mainly because of an increase 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 ¥97,561 million, up ¥4,332 million over the end of the previous fiscal year, mainly because of increases in retained earnings and valuation difference on available-for-sale securities. The equity ratio amounted to 49.5%, up 0.9 percentage points.

A review of cash flows for the third quarter of the current fiscal year is as follows:

Operating activities generated a net cash increase of ¥6,366 million (an increase of ¥9,327 million in the same period of the previous fiscal year), reflecting inflows including income before income taxes and minority interests for the quarter of ¥5,529 million, depreciation and amortization of ¥3,541 million, and a decrease in notes and accounts receivable-trade of ¥7,519 million. Outflows included a decrease in provision for bonuses of ¥1,445 million, an increase in inventories of ¥2,949 million, and decreases in notes and accounts payable-trade of ¥2,222 million and income taxes paid of ¥4,823 million.

Investment activities resulted in a net cash outflow of ¥5,164 million (versus a net cash outflow of ¥5,904 million in the same period of the previous fiscal year), reflecting inflows including income from sales and redemption of investment securities of ¥304 million, and outflows including disbursements of ¥3,454 million for the purchase of property, plant and equipment, ¥862 million for the purchase of intangible assets, and ¥547 million for the purchase of investment securities.

Financing activities resulted in a net cash increase of ¥2,193 million (an increase of ¥2,820 million in the same period of the previous fiscal year), reflecting increases in short-term loans payable of ¥4,766 million and decreases in dividend payments of ¥1,896 million.

Consequently, consolidated cash and cash equivalents at the end of the current fiscal year's third quarter increased by ¥3,462 million from the end of the previous fiscal year (an increase of ¥6,401 million in the same period of the previous fiscal year) to ¥28,372 million.

(3) Explanation of the performance forecast

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

2. Summary Information (Notes)

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

Nothing in particular.

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

Nothing in particular.

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

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

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

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

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

3. Quarterly Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Previous fiscal year (As of March 31, 2014)	Third quarter of the current fiscal year (As of December 31, 2014)
Assets		
Current assets		
Cash and deposits	26,545	29,887
Notes and accounts receivable-trade	55,281	47,762
Short-term investment securities	331	31
Merchandise and finished goods	8,851	11,076
Work in process	1,491	2,160
Raw materials and supplies	3,708	4,131
Other	3,827	3,625
Allowance for doubtful accounts	(28)	(26)
Total current assets	100,008	98,647
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	13,221	15,573
Land	23,522	23,522
Other, net	11,728	11,394
Total property, plant and equipment	48,471	50,490
Intangible assets		
Goodwill	1,292	988
Other	3,595	3,898
Total intangible assets	4,887	4,887
Investments and other assets		
Investment securities	26,154	30,529
Other	11,416	11,845
Allowance for doubtful accounts	(26)	(24)
Total investments and other assets	37,545	42,350
Total noncurrent assets	90,905	97,728
Total assets	190,913	196,376

(Millions of yen)

	Previous fiscal year (As of March 31, 2014)	Third quarter of the current fiscal year (As of December 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	31,361	28,688
Electronically recorded obligations-operating	11,051	12,137
Short-term loans payable	6,289	11,075
Current portion of long-term loans payable	1,085	1,827
Current portion of bonds	5,000	5,000
Income taxes payable	3,134	89
Provision for bonuses	3,244	1,798
Other	4,475	5,655
Total current liabilities	65,641	66,271
Noncurrent liabilities		
Bonds payable	5,000	5,000
Long-term loans payable	7,988	6,690
Net defined benefit liability	13,427	13,165
Other	5,627	7,686
Total noncurrent liabilities	32,043	32,542
Total liabilities	97,684	98,814
Net assets		
Shareholders' equity		
Capital stock	18,670	18,670
Capital surplus	16,759	16,759
Retained earnings	53,532	55,515
Treasury stock	(2,405)	(2,412)
Total shareholders' equity	86,557	88,533
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,957	8,295
Foreign currency translation adjustment	186	300
Remeasurement of defined benefit plans	152	73
Total accumulated other comprehensive income	6,295	8,669
Minority interests	375	359
Total net assets	93,229	97,561
Total liabilities and net assets	190,913	196,376

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

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

(Millions of yen)

	Third quarter of FY ended March 2014 (From April 1, 2013 to December 31, 2013)	Third quarter of FY ending March 2015 (From April 1, 2014 to December 31, 2014)
Net sales	150,134	154,151
Cost of sales	105,594	108,703
Gross profit	44,539	45,448
Selling, general and administrative expenses		
Packing and transportation expenses	6,239	6,314
Salaries and allowances	13,420	14,141
Provision for bonuses	1,141	1,229
Rent expenses	4,628	4,958
Other	14,088	14,560
Total selling, general and administrative expenses	39,518	41,205
Operating income	5,020	4,243
Non-operating income		
Interest income	32	16
Dividends income	436	507
Equity in earnings of affiliates	156	198
Foreign exchange gains	186	328
Other	461	590
Total non-operating income	1,273	1,642
Non-operating expenses		
Interest expenses	260	236
Other	373	173
Total non-operating expenses	633	409
Ordinary income	5,660	5,475
Extraordinary income		
Gain on sales of investment securities	24	–
Gain on sales of golf club memberships	–	54
Gain on bargain purchase	279	–
Total extraordinary income	304	54
Extraordinary loss		
Loss on valuation of golf club memberships	1	0
Total extraordinary loss	1	0
Income before income taxes and minority interests	5,963	5,529
Income taxes-current	1,888	1,464
Income taxes-deferred	428	513
Total income taxes	2,316	1,977
Income before minority interests	3,646	3,551
Minority interests in income	(26)	(20)
Net income	3,673	3,572

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

(Millions of yen)

	Third quarter of FY ended March 2014 (From April 1, 2013 to December 31, 2013)	Third quarter of FY ending March 2015 (From April 1, 2014 to December 31, 2014)
Income before minority interests	3,646	3,551
Other comprehensive income		
Valuation difference on available-for-sale securities	2,840	2,333
Foreign currency translation adjustment	175	66
Remeasurement of defined benefit plans, net of tax	–	(78)
Share of other comprehensive income of associates accounted for using equity method	90	55
Total other comprehensive income	3,106	2,377
Comprehensive income	6,753	5,928
(Details)		
Comprehensive income attributable to owners of the parent	6,779	5,945
Comprehensive income attributable to minority interests	(26)	(16)

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Third quarter of FY ended March 2014 (From April 1, 2013 to December 31, 2013)	Third quarter of FY ending March 2015 (From April 1, 2014 to December 31, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	5,963	5,529
Depreciation and amortization	3,305	3,541
Gain on bargain purchase	(279)	–
Equity in (earnings) losses of affiliates	(156)	(198)
Increase (decrease) in provision for bonuses	(1,079)	(1,445)
Increase (decrease) in provision for retirement benefits	487	–
Increase (decrease) in net defined benefit liability	–	456
Interest and dividends income	(469)	(523)
Interest expenses	260	236
Loss (gain) on sale of investment securities	(24)	–
Decrease (increase) in notes and accounts receivable-trade	8,040	7,519
Decrease (increase) in inventories	(3,087)	(2,949)
Increase (decrease) in notes and accounts payable-trade	131	(2,222)
Other, net	301	904
Subtotal	13,392	10,846
Interest and dividends income received	491	556
Interest expenses paid	(290)	(212)
Income taxes paid	(4,266)	(4,823)
Net cash provided by (used in) operating activities	9,327	6,366
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,394)	(1,854)
Proceeds from withdrawal of time deposits	1,705	1,979
Purchase of property, plant and equipment	(3,253)	(3,454)
Purchase of intangible assets	(1,126)	(862)
Purchase of investment securities	(884)	(547)
Proceeds from sales and redemption of investment securities	92	304
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(554)	–
Other, net	(488)	(728)
Net cash provided by (used in) investing activities	(5,904)	(5,164)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	4,999	4,766
Proceeds from long-term loans payable	1,407	–
Repayment of long-term loans payable	(2,318)	(560)
Proceeds from issuance of bonds	5,000	–
Redemption of bonds	(5,000)	–
Purchase of treasury stock	(8)	(3)
Cash dividends paid	(1,349)	(1,896)
Other, net	91	(113)
Net cash provided by (used in) financing activities	2,820	2,193
Effect of exchange rate change on cash and cash equivalents	158	67
Net increase (decrease) in cash and cash equivalents	6,401	3,462
Cash and cash equivalents at the beginning of the fiscal year	25,818	24,909
Cash and cash equivalents at the end of the quarter term	32,220	28,372

(4) Note regarding consolidated quarterly financial statements

Note regarding the assumption of going concern

There is no information that needs to be disclosed herein.

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

There is no information that needs to be disclosed herein.

Segment information

Third quarter of FY ended March 2014 (from April 1, 2013 to December 31, 2013)

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

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustment	Amount recorded on Quarterly Consolidated Statements of Income (Note 2)
	Office Furniture	Store Displays	Total				
Net sales							
Net sales to external customers	76,032	63,667	139,699	10,434	150,134	–	150,134
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	76,032	63,667	139,699	10,434	150,134	–	150,134
Segment income	1,861	2,616	4,477	542	5,020	–	5,020

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 Quarterly Consolidated Statements of Income.

Third quarter of FY ending March 2015 (from April 1, 2014 to December 31, 2014)

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

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustment	Amount recorded on Quarterly Consolidated Statements of Income (Note 2)
	Office Furniture	Store Displays	Total				
Net sales							
Net sales to external customers	79,175	65,244	144,420	9,731	154,151	–	154,151
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	79,175	65,244	144,420	9,731	154,151	–	154,151
Segment income (loss)	2,478	1,920	4,398	(155)	4,243	–	4,243

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 Quarterly Consolidated Statements of Income.

Material subsequent events

There is no information that needs to be disclosed herein.