

Summary of Consolidated Financial Results For the Fiscal Year Ended March 2016 [Japan GAAP]



April 25, 2016

| | |
|---|--|
| Name of Company: | SPK CORPORATION |
| Stock Code: | 7466 |
| Stock Exchange Listing: | Tokyo Stock Exchange, First Section |
| URL: | http://www.spk.co.jp/ |
| Representative | |
| Title: | President |
| Name: | Tomikazu Todoroki |
| Contact Person | |
| Title: | Senior Managing Director and General Manager of Administration Division |
| Name: | Shyuji Fujii |
| Phone: | +81-(0)6-6454-2002 |
| Date of annual shareholders meeting | June 21, 2016 |
| Date of commencement of dividend payment: | June 1, 2016 |
| Date of filing of securities report: | June 21, 2016 |
| Supplementary materials for financial report: | None |
| Information meeting for financial report: | Yes |

(Yen in millions, rounded down)

1. Financial results for the fiscal year ended March 2016 (April 1, 2015 – March 31, 2016)

(1) Result of operations (Consolidated) (Percentage figures represent year on year changes)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of parent | |
|------------------------------|-------------|-----|------------------|------|-----------------|------|---|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Fiscal year ended March 2016 | 39,273 | 2.5 | 1,676 | 5.3 | 1,701 | 2.0 | 1,121 | 8.0 |
| Fiscal year ended March 2015 | 38,334 | 9.0 | 1,592 | 13.0 | 1,668 | 12.5 | 1,038 | (19.9) |

Note: Comprehensive income

| | |
|-------------------------------|----------------------------|
| Fiscal year ended March 2016: | 1,020 million yen (- 6.6%) |
| Fiscal year ended March 2015: | 1,092 million yen (-18.2%) |

| | Net income per share | Net income per share fully diluted | Return on equity | Ratio of ordinary income to assets | Ratio of operating income to net sales |
|------------------------------|----------------------|------------------------------------|------------------|------------------------------------|--|
| | Yen | Yen | % | % | % |
| Fiscal year ended March 2016 | 221.73 | - | 8.3 | 8.4 | 4.3 |
| Fiscal year ended March 2015 | 201.38 | - | 8.0 | 8.6 | 4.2 |

Reference: Equity-method income

| | |
|-------------------------------|---------------|
| Fiscal year ended March 2016: | . million yen |
| Fiscal year ended March 2015: | . million yen |

(2) Financial position (Consolidated)

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of March 31, 2016 | 20,263 | 13,789 | 68.1 | 2,746.24 |
| As of March 31, 2015 | 20,035 | 13,303 | 66.4 | 2,597.68 |

Reference: Shareholders' equity

| | |
|------------------------|--------------------|
| As of March 31, 2016 : | 13,789 million yen |
| As of March 31, 2015 : | 13,303 million yen |

(3) Cash flow position (Consolidated)

| | Net cash provided by (used in) operating activities | Net cash provided by (used in) investing activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at end of period |
|------------------------------|---|---|---|--|
| | Million yen | Million yen | Million yen | Million yen |
| Fiscal year ended March 2016 | 1,119 | (414) | (318) | 4,189 |
| Fiscal year ended March 2015 | 665 | 151 | 152 | 3,808 |

2. Dividends

| | Annual dividend | | | | | Aggregate amount (annual) | Payout ratio (Consolidated) | Dividends/ net assets (Consolidated) |
|--------------------------------------|-----------------|-----------|-----------|-----------|-------|---------------------------|-----------------------------|--------------------------------------|
| | End of 1Q | End of 2Q | End of 3Q | End of FY | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| Fiscal year ended March 2015 | - | 29.00 | - | 30.00 | 59.00 | 303 | 29.3 | 2.3 |
| Fiscal year ended March 2016 | - | 30.00 | - | 31.00 | 61.00 | 306 | 27.5 | 2.3 |
| Fiscal year ending March 2017 (est.) | - | 31.00 | - | 32.00 | 63.00 | | 27.3 | |

3. Forecast for the fiscal year ending March 2017 (Consolidated, April 1, 2016 – March 31, 2017)

(Percentage figures represent year on year changes)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of parent | | Net income per share |
|------------|-------------|-----|------------------|-----|-----------------|-----|---|------|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| First half | 19,600 | 0.5 | 782 | 4.0 | 792 | 3.2 | 534 | 21.8 | 106.35 |
| Full year | 40,000 | 1.8 | 1,700 | 1.4 | 1,720 | 1.1 | 1,160 | 3.4 | 231.02 |

* Others

(1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None
Newly consolidated companies: - Exclude:-

(2) Changes in accounting principles and estimates, and retrospective restatement
(a) Changes due to revision of accounting standards: Yes
(b) Changes other than in (a): No
(c) Changes in accounting estimates: No
(d) Retrospective restatement: No

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock)

As of March 31, 2016: 5,226,900

As of March 31, 2015: 5,226,900

(b) Treasury stock

As of March 31, 2016: 205,789

As of March 31, 2015: 105,789

(c) Average number of shares

As of March 31, 2016: 5,059,573

As of March 31, 2015: 5,159,188

Non-consolidated Financial Results (For reference)

Financial results for the fiscal year ended March 2016 (April 1, 2015 – March 31, 2016)

(1) Result of operations (Non-consolidated)

(Percentage figures represent year on year changes)

| | Net sales | | Operating income | | Ordinary income | |
|------------------------------|-------------|-----|------------------|-----|-----------------|--------|
| | Million yen | % | Million yen | % | Million yen | % |
| Fiscal year ended March 2016 | 33,956 | 5.2 | 1,174 | 7.6 | 1,302 | (24.1) |
| Fiscal year ended March 2015 | 32,275 | 5.1 | 1,092 | 4.1 | 1,715 | 45.9 |

| | Net income | | Net income per share | Net income per share fully diluted |
|------------------------------|-------------|--------|----------------------|------------------------------------|
| | Million yen | % | Yen | Yen |
| Fiscal year ended March 2016 | 884 | (29.5) | 174.83 | - |
| Fiscal year ended March 2015 | 1,254 | 82.5 | 242.57 | - |

(2) Financial position (Non-consolidated)

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of March 31, 2016 | 17,539 | 12,011 | 68.5 | 2,392.29 |
| As of March 31, 2015 | 17,122 | 11,738 | 68.6 | 2,292.23 |

Reference: Shareholders' equity

As of March 31, 2016: 12,011 million yen

As of March 31, 2015: 11,738 million yen

*Status of implementation of auditing procedure

The auditing procedure for the consolidated financial statements that is prescribed by the Financial Instruments and Exchange Act had not been completed when this financial report was released.

*Cautionary statement regarding forecasts of operating results and special notes

Forward-looking statements in these materials are based on information available to management at the time, this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. Please refer to (1) Analysis of results of operations on page 2 for information concerning for forecasts.

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1. Results of Operations

(1) Analysis of results of operations

(i) Result of operations (Consolidated)

(Million yen)

| | Fiscal year ended March 31, 2016 | Fiscal year ended March 31, 2015 | Change (%) |
|------------------|-------------------------------------|-------------------------------------|---------------|
| Net sales | 39,273 | 38,334 | 102.5 |
| Operating income | 1,676 | 1,592 | 105.3 |
| Ordinary income | 1,701 | 1,668 | 102.0 |
| Net income | 1,121 | 1,038 | 108.0 |

(ii) Net sales (Consolidated)

(Million yen)

| | Fiscal year ended March 31, 2016 | Fiscal year ended March 31, 2015 | Change (%) |
|------------------------------|-------------------------------------|-------------------------------------|---------------|
| Domestic Sales Division | 21,194 | 20,271 | 104.6 |
| International Trade Division | 13,628 | 13,726 | 99.3 |
| Machinery Equipment Division | 4,450 | 4,335 | 102.6 |
| Total | 39,273 | 38,334 | 102.5 |

In the fiscal year that ended in March 2016, sentiment among companies and consumers alike weakened mainly because of the yen's strength and falling stock prices along with slumping commodity prices. The Japanese economy was generally sluggish during the year as companies reduced output to reduce inventories. Presently, the climate for corporate earnings and personal income is improving as financial markets become stable. As a result, the Japanese economy is expected to slowly regain its strength. However, there are worries about slowing economic growth in China and other regions of the world. The Japanese economy may also be influenced by the US presidential election, the consumption tax hike planned for April 2017 and the implementation of lower tax rates for certain product categories. In the automobile aftermarket as well, political and economic developments in Japan and other countries will still have to be watched closely.

The SPK Group's consolidated sales were 39,273 million yen, 2.5% higher than in the previous fiscal year. Ordinary income increased 2.0% to 1,701 million yen and profit attributable to owners of parent increased 8.0% to 1,121 million yen. Business segment performance was as follows.

(Domestic Sales Division)

The Domestic Sales Division continued to focus on selling of functional and replacement parts for automobiles as well on developing and selling new products that are environmentally friendly. Sales also benefited from strong performances at Maruyasu Shokai Ltd and other consolidated subsidiaries. The result was a 4.6% increase in sales from one year earlier to 21,194 million yen.

Competition in the replacement parts market is expected to remain fierce in the fiscal year ending in March 2017. The SPK Group will continue to concentrate on the development of core products with considerable added value and of products that are environmentally responsible.

(International Trade Division)

Division continued to perform well despite ongoing instability in the Middle East. However, due to the negative effects of the yen's strength in the fiscal year's fourth quarter, sales decreased 0.7% to 13,628 million yen.

The main goals of this division are sales growth in North America, where the sales are currently small, and more progress with the globalization of operations outside Japan by working with overseas subsidiaries.

(Machinery Equipment Division)

Sales in this division were higher than one year earlier in the first half of the fiscal year. The main reasons were the solid start of operations at the US subsidiary, which was established in January 2015, and sales to new customers associated with this new subsidiary. In the third quarter, performance was affected by falling prices of crude oil and other natural resources and slowing economic growth in China. Manufacturers of construction machinery, a major source of sales for the SPK Group, and manufacturers of certain other products reduced their output of some models. But production volume subsequently recovered. As a result, sales increased 2.6% to 4,450 million yen.

To achieve more growth, the division will continue to add new products, form relationships with new customers and enlarge the product distribution network. These activities will be accompanied by collaboration with subsidiaries in the United States, Thailand, Europe, China and other countries.

(2) Financial condition

In the fiscal year under review, cash and cash equivalents (hereafter referred to as "cash") increased 380 million yen from the beginning of the year (compared to 976 million yen increase in the prior fiscal year) to 4,189 million yen at the end of the year (compared to 3,808 million yen at the end of the prior fiscal year). The factors affecting each type of cash flow are discussed below.

(Cash flow from operating activities)

Net cash provided by operating activities totaled 1,119 million yen (compared to 665 million yen in provided the prior fiscal year). Major uses of cash were 480 million yen decrease in notes and accounts payable-trade, and income taxes paid of 566 million yen. Major sources of cash were income before income taxes and minority interests of 1,672 million yen and a 382 million yen decrease in notes and accounts receivable-trade.

(Cash flow from investing activities)

Net cash used by investing activities totaled 414 million yen (compared to 151 million yen provided in the prior year). The main uses of cash was a payments of 432 million yen for purchase of property, plant and equipment.

(Cash flow from financing activities)

Cash flow used in financing activities totaled 318 million yen (compared to 152 million yen provided in the prior year). The main uses of cash were cash dividends paid of 304 million yen, payments of 270 million yen for the long-term borrowing, 232 million yen for the short-term loans payable and 229 million yen for the purchase of treasury stock. There were proceeds of 760 million yen from long-term loans.

The SPK group's cash flow indicators are presented below.

| | Fiscal year ended March 2015 | Fiscal year ended March 2016 |
|---|---------------------------------|---------------------------------|
| Shareholders'equity ratio (%) | 66.4 | 68.1 |
| Shareholders'equity ratio at market value (%) | 56.6 | 49.9 |
| Interest-bearing debt to cash flow ratio (%) | 151.1 | 123.7 |
| Interest coverage ratio (times) | 252.3 | 251.9 |

Notes:

Shareholders'equity ratio is shareholders'equity divided by total assets.

Shareholders'equity ratio at market value is market capitalization divided by total assets.

Interest-bearing debt to cash flow ratio is interest-bearing debt divided by operating cash flows.

Interest coverage ratio is operating cash flows divided by interest expenses.

1. All figures are calculated based on consolidated financial data.
2. Market capitalization uses the number of shares issued less treasury stock.
3. Cash flows are operating cash flows.
4. Interest-bearing debt is the sum of all liabilities on the balance sheet on which the Group is obligated to pay interest.

(3) Basic policy concerning the distribution of profits, and dividend distributions for the year under review and the subsequent year

(i) SPK's corporate objective is to "endure with prosperity." With reverence for a corporate history that marks its 99th anniversary this year, and appreciation for our many stakeholders in mind, we practice business principles needed to achieve this corporate objective, and carry out a dividend policy based on a medium to longer term perspective.

(ii) We see "continual dividend increases" as an important management objective. The year-end dividend for the year under review (fiscal year ended March 2016) will be increased by 1 yen to 31 yen. The dividends paid for the entire year will be increased by 2 yen to 61 yen. Our record of dividend increases is presented below.

| | | | | | | | | | | | | | | | | | | | |
|-------------------------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| Fiscal year ended March | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 |
| Dividend (yen) | 15 | 16 | 21 | 26 | 28 | 30 | 32 | 34 | 37 | 40 | 43 | 47 | 49 | 51 | 53 | 55 | 57 | 59 | 61 |

(iii) In the coming fiscal year (fiscal year ending March 2017), we intend to increase the interim and year-end dividends by 1 yen each, raising the dividends paid for the full fiscal year by 2 yen to 63 yen. This will be our 19th consecutive year of dividend increases. Our basic policy for the next fiscal year and afterward is to maintain a dividend payout ratio of not more than 50%.

(4) Business risk

Our business results, share price and financial condition are subject to risks such as those discussed below. Forward-looking matters contained in this discussion represent the judgment of the SPK group as of the end of the fiscal year under review.

1. Heavy reliance on business where continued trading is uncertain

Export risk

The SPK Group's export ratio (exports as a percentage of net sales) was 36.7% in the year ended March 2015 and 36.2% in the year ended March 2016. The primary sales targets are importers in developing countries in Asia, Latin America, and the Middle East, where many people own Japanese-made vehicles. On numerous occasions in the past, the market in these regions has deteriorated and the value of local currencies has declined due to political and economic turmoil, and this has affected the business results of SPK's International Trade Division. These events may have a significant effect on the performance of the SPK Group.

While the SPK Group believes that it is impossible to completely avoid the risk associated with this uncertain export climate, in principle our export transactions are denominated in yen, and where they are denominated in foreign currencies we enter into comprehensive currency forward contracts with the aim of mitigating this risk.

2. Other risks

Adverse impact from vehicle ownership trends

Because vehicle parts wear out with usage and the passage of time, the demand for the vehicle replacement parts that represent the SPK Group's core products is influenced by vehicle ownership trends.

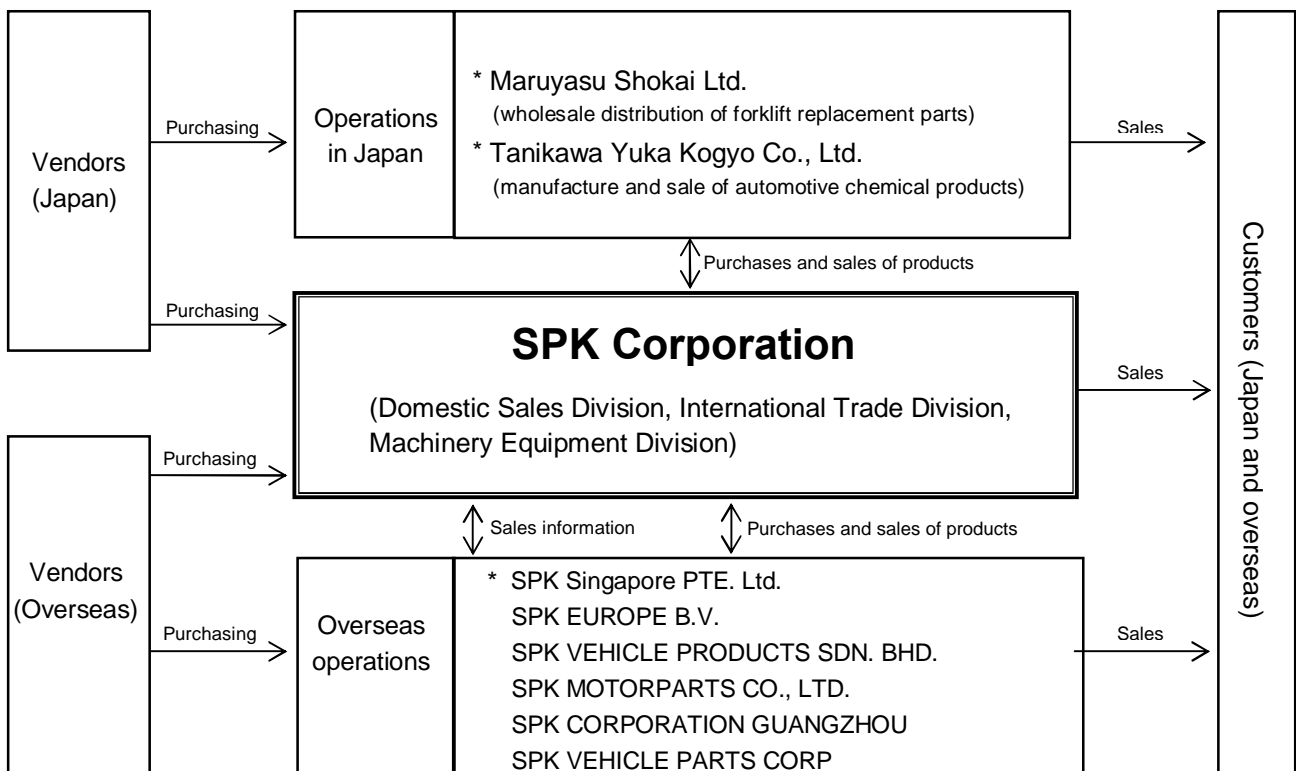
During the 10-year period beginning in 2005, the number of vehicles owned in Japan increased by about 2.39 million. If the number of vehicles owned in Japan starts to decrease or the growth rate in vehicles owned slows, demand for vehicle replacement parts would decline. This could have an adverse effect on the SPK Group's performance.

2. The SPK Group

The SPK Group comprises the parent company and eight subsidiaries, which are primarily engaged in the business of selling automotive parts and industrial equipment and vehicle parts in Japan, and in the business of exporting and importing these parts.

- | | |
|----------------------------------|---|
| (1) Domestic Sales Division | This division sells parts and accessories made by Japanese autoparts and accessories makers and parts imported from Europe and the US to regional parts wholesalers and car shops throughout Japan through 16 offices located throughout Japan. Because of the nature of their business activities, consolidated subsidiary Maruyasu Shokai Ltd. and Tanikawa Yuka Kogyo Co., Ltd. are included in this division |
| (2) International Trade Division | This division mainly sells products produced by Japanese autoparts makers to more than 80 countries throughout the world through local importers. This division has five overseas companies as subsidiaries, through which it collects marketing information. Additionally, the volume of trilateral trade through these overseas companies is steadily increasing. |
| (3) Machinery Equipment Division | This division sells parts made by Japanese and foreign manufacturers to construction equipment, agricultural equipment, and forklift makers as attachments. The division established a subsidiary in the United States during the fiscal year that ended in March 2015. The purpose is to establish a stronger presence in this country as major manufacturers of industrial machinery move production activities to the United States. |

Our organizational chart is presented below.



* Consolidated subsidiary

3. Management Principles

(1) Basic management principles

- (i) Pursue corporate transformation and business innovation.
- (ii) Provide all employees with opportunities and a stage for growth.
- (iii) Aim for sustained and enhanced "lasting earning power."
- (iv) Seek to satisfy our business partners and contribute to society.
- (v) Focus on returning profits and disclosing information to our owners (our shareholders).

(2) Goals and performance indicators

- (i) "Lasting earning power" is a way of rewarding shareholders over the medium and longer term, and also makes it possible to continue contributing to society.
- (ii) We have established a goal of 4.5% for operating profit margin, we see as the most important management indicator.

(3) Medium- and long-term business strategy

- (i) As SPK's 100th anniversary (2017) approaches, we are embarking on the new challenges of "evolving into a new company with tradition" and "becoming a true medium-sized company."
- (ii) Based on our unshaken SPK business principles, officers and employees will share a sense of urgency as they confront difficulties with a sense of unity.
- (iii) In order to succeed in our core business, we are fully committed to fostering our human resources and delving into product development and marketing channels.

(4) Issues requiring attention

- (i) Establishing fundamental principles for corporate governance and creating management mechanisms that reflect the SPK way.
- (ii) We recognize that fostering human resources, especially the next generation of the management team, is indispensable for the lasting development of the company. By adhering to our educational principles and policies, we will encourage personal development.
- (iii) Risk diversification is an important issue with respect to achieving lasting earning power. We will seek to mitigate risk by diversifying our customer base and our product line.
- (iv) One-third of sales come from overseas markets. We have been affected by geopolitical risk, country risk, and foreign exchange fluctuations. We will seek to minimize risk by diversifying our customer base, shifting to yen-denominated transactions, and using forex contracts.

4. Basic Position for the Selection of Accounting Standards

The SPK Group will continue to use Japanese accounting standards. However, a study is under way concerning the establishment of a framework for using International Financial Reporting Standards (IFRS) in the future and the timing of the application of IFRS.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

| | As of March 31, 2015 | As of March 31, 2016 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 3,844,674 | 4,243,197 |
| Notes and accounts receivable-trade | 8,964,624 | 8,572,336 |
| Inventories | 3,738,327 | 3,713,919 |
| Deferred tax assets | 141,491 | 115,353 |
| Short-term loans receivable to subsidiaries and affiliates | 13,190 | 12,989 |
| Account receivable - other | 655,651 | 566,349 |
| Others | 267,460 | 274,546 |
| Allowance for doubtful accounts | (13,264) | (14,332) |
| Total current assets | 17,612,157 | 17,484,359 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 942,214 | 1,304,552 |
| Accumulated depreciation | (702,578) | (716,712) |
| Buildings and structures, net | 239,635 | 587,840 |
| Machinery, equipment and vehicles | 371,037 | 403,759 |
| Accumulated depreciation | (320,740) | (315,710) |
| Machinery, equipment and vehicles, net | 50,297 | 88,049 |
| Land | 1,269,023 | 1,269,023 |
| Lease assets | 48,176 | 92,785 |
| Accumulated depreciation | (44,063) | (46,806) |
| Lease assets, net | 4,113 | 45,978 |
| Others | 401,263 | 296,159 |
| Accumulated depreciation | (218,694) | (236,194) |
| Others, net | 182,568 | 59,965 |
| Total property, plant and equipment | 1,745,638 | 2,050,856 |
| Intangible assets | | |
| Software | 2,471 | 2,915 |
| Lease assets | 39,785 | 150,425 |
| Others | 10,665 | 61,751 |
| Total intangible assets | 52,923 | 215,091 |
| Investments and other assets | | |
| Investment securities | 326,839 | 194,312 |
| Deferred tax assets | 69,210 | 99,860 |
| Others | 280,964 | 239,986 |
| Allowance for doubtful accounts | (52,559) | (21,349) |
| Total investments and other assets | 624,454 | 512,810 |
| Total noncurrent assets | 2,423,017 | 2,778,759 |
| Total assets | 20,035,174 | 20,263,119 |

(Thousand yen)

| | As of March 31, 2015 | As of March 31, 2016 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 4,148,535 | 3,663,817 |
| Short-terms loans payable | 343,117 | 83,558 |
| Current portion of long-term borrowing | 258,912 | 415,516 |
| Income taxes payable | 333,883 | 296,451 |
| Provision for bonuses | 191,100 | 159,400 |
| Others | 650,249 | 582,262 |
| Total current liabilities | 5,925,797 | 5,201,004 |
| Noncurrent liabilities | | |
| Net defined benefit liability | 410,493 | 403,114 |
| Long-term borrowing | 283,678 | 616,642 |
| Long-term guarantee deposited | 72,708 | 72,362 |
| Long-term accounts payable-other | 11,052 | 21,983 |
| Others | 28,435 | 158,860 |
| Total noncurrent liabilities | 806,367 | 1,272,963 |
| Total liabilities | 6,732,165 | 6,473,967 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 898,591 | 898,591 |
| Capital surplus | 961,044 | 961,044 |
| Retained earnings | 11,443,577 | 12,261,170 |
| Treasury stock | (205,539) | (435,339) |
| Total shareholders' equity | 13,097,672 | 13,685,466 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 135,544 | 57,431 |
| Deferred gains or losses on hedges | (971) | (186) |
| Foreign currency translation adjustment | 70,762 | 46,440 |
| Total valuation and translation adjustments | 205,336 | 103,685 |
| Total net assets | 13,303,009 | 13,789,151 |
| Total liabilities and net assets | 20,035,174 | 20,263,119 |

(2) Consolidated Statements of (Comprehensive) Income
Consolidated statements of income

(Thousand yen)

| | Fiscal year ended March 31, 2015 (Apr. 1, 2014 . Mar. 31, 2015) | Fiscal year ended March 31, 2016 (Apr. 1, 2015 . Mar. 31, 2016) |
|---|--|--|
| Net sales | 38,334,252 | 39,273,545 |
| Cost of sales | 32,607,441 | 33,281,205 |
| Gross profit | 5,726,811 | 5,992,340 |
| Selling, general and administrative expenses | 4,134,378 | 4,315,778 |
| Operating income | 1,592,433 | 1,676,562 |
| Non-operating income | | |
| Interest income | 966 | 465 |
| Dividends income | 4,787 | 17,895 |
| Purchase discounts | 107,733 | 111,609 |
| Foreign exchange gains | 12,676 | - |
| Others | 41,954 | 32,088 |
| Total non-operating income | 168,118 | 162,058 |
| Non-operating expenses | | |
| Interest expenses | 2,638 | 4,444 |
| Sales discounts | 85,699 | 115,672 |
| Foreign exchange losses | - | 14,872 |
| Others | 4,212 | 2,109 |
| Total non-operating expenses | 92,550 | 137,099 |
| Ordinary income | 1,668,001 | 1,701,522 |
| Extraordinary income | | |
| Gain on sales of investment securities | 1,241 | 72,551 |
| Gain on sales of noncurrent assets | - | 719 |
| Total extraordinary income | 1,241 | 73,270 |
| Extraordinary loss | | |
| Office transfer expenses | 4,657 | 3,666 |
| Loss on sales and retirement of noncurrent assets | 10,962 | 98,610 |
| Total extraordinary loss | 15,619 | 102,277 |
| Income before income taxes and minority interests | 1,653,622 | 1,672,515 |
| Income taxes-current | 565,560 | 516,389 |
| Income taxes-deferred | 49,107 | 34,265 |
| Total income taxes | 614,667 | 550,655 |
| Net income | 1,038,955 | 1,121,860 |
| Net income (loss) attributable to non-controlling shareholder | - | - |
| Net income attributable to owners of parent | 1,038,955 | 1,121,860 |

Consolidated Statements of Comprehensive Income

(Thousand yen)

| | Fiscal year ended March 31, 2015 (Apr. 1, 2014 . Mar. 31, 2015) | Fiscal year ended March 31, 2016 (Apr. 1, 2015 . Mar. 31, 2016) |
|---|--|--|
| Income before minority interests | 1,038,955 | 1,121,860 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 25,680 | (78,113) |
| Deferred gains or losses on hedges | (3,398) | 784 |
| Foreign currency translation adjustment | 31,329 | (24,322) |
| Total other comprehensive income | 53,611 | (101,651) |
| Comprehensive income | 1,092,567 | 1,020,209 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 1,092,567 | 1,020,209 |
| Comprehensive income attributable to minority interests | - | - |

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2015 (Apr. 1, 2014 . Mar. 31, 2015)

(Thousand yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period | 898,591 | 961,044 | 10,674,920 | (94,714) | 12,439,841 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | (300,214) | | (300,214) |
| Net income attributable to owners of parent | | | 1,038,955 | | 1,038,955 |
| Other | | | 29,916 | | 29,916 |
| Retirement of treasury stock | | | | | - |
| Purchase of treasury stock | | | | (110,825) | (110,825) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | - | - | 768,656 | (110,825) | 657,831 |
| Balance at the end of current period | 898,591 | 961,044 | 11,443,577 | (205,539) | 13,097,672 |

| | Valuation and translation adjustments | | | | Total net assets |
|--|---|------------------------------------|---|---|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Total valuation and translation adjustments | |
| Balance at the beginning of current period | 109,863 | 2,426 | 39,433 | 151,724 | 12,591,565 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | | | (300,214) |
| Net income attributable to owners of parent | | | | | 1,038,955 |
| Other | | | | | 29,916 |
| Disposal of treasury stock | | | | | - |
| Purchase of treasury stock | | | | | (110,825) |
| Net changes of items other than shareholders' equity | 25,680 | (3,398) | 31,329 | 53,611 | 53,611 |
| Total changes of items during the period | 25,680 | (3,398) | 31,329 | 53,611 | 711,443 |
| Balance at the end of current period | 135,544 | (971) | 70,762 | 205,336 | 13,303,009 |

Note: The 29,916 thousand yen for %Other+ is a transfer of deferred tax liabilities to retained earnings in association with the valuation at market of SPK stock that was purchased from consolidated subsidiaries.

Fiscal year ended March 31, 2016 (Apr. 1, 2015 . Mar. 31, 2016)

(Thousand yen)

| | Shareholders' equity | | | | Total shareholders' equity |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | |
| Balance at the beginning of current period | 898,591 | 961,044 | 11,443,577 | (205,539) | 13,097,672 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | (304,266) | | (304,266) |
| Net income attributable to owners of parent | | | 1,121,860 | | 1,121,860 |
| Other | | | | | - |
| Retirement of treasury stock | | | | | - |
| Purchase of treasury stock | | | | (229,800) | (229,800) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | - | - | 817,593 | (229,800) | 587,793 |
| Balance at the end of current period | 898,591 | 961,044 | 12,261,170 | (435,339) | 13,685,466 |

| | Valuation and translation adjustments | | | | Total net assets |
|--|---|------------------------------------|---|---|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Total valuation and translation adjustments | |
| Balance at the beginning of current period | 135,544 | (971) | 70,762 | 205,336 | 13,303,009 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | | | (304,266) |
| Net income attributable to owners of parent | | | | | 1,121,860 |
| Other | | | | | - |
| Disposal of treasury stock | | | | | - |
| Purchase of treasury stock | | | | | (229,800) |
| Net changes of items other than shareholders' equity | (78,113) | 784 | (24,322) | (101,651) | (101,651) |
| Total changes of items during the period | (78,113) | 784 | (24,322) | (101,651) | 486,142 |
| Balance at the end of current period | 57,431 | (186) | 46,440 | 103,685 | 13,789,151 |

(4) Consolidated Statements of Cash Flows

(Thousand yen)

| | Fiscal year ended March 31, 2015 (Apr. 1, 2014 . Mar. 31, 2015) | Fiscal year ended March 31, 2016 (Apr. 1, 2015 . Mar. 31, 2016) |
|--|--|--|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes and minority interests | 1,653,622 | 1,672,515 |
| Depreciation and amortization | 105,571 | 109,424 |
| Amortization of long-term prepaid expenses | 1,432 | 2,044 |
| Increase (decrease) in allowance for doubtful accounts | 5,543 | (30,141) |
| Increase (decrease) in provision for bonuses | 20,580 | (31,700) |
| Increase (decrease) in net defined benefit liability | (77,899) | (7,379) |
| Interest and dividends income | (5,754) | (18,360) |
| Interest expenses | 2,638 | 4,444 |
| Foreign exchange losses (gains) | (194) | 50 |
| Loss (gain) on sales of investment securities | (1,241) | (72,551) |
| Loss (gain) on sales and retirement of property, plant and equipment | 10,962 | 97,891 |
| Decrease (increase) in notes and accounts receivable-trade | (338,135) | 382,389 |
| Decrease (increase) in inventories | (338,140) | 3,289 |
| Increase (decrease) in notes and accounts payable-trade | 219,193 | (480,756) |
| Decrease (increase) in accrued consumption taxes | (61,440) | 2,770 |
| Increase (decrease) in consumption taxes refund receivable | 19,157 | (1,331) |
| Other, net | (3,558) | 31,392 |
| Sub-total | 1,212,339 | 1,663,993 |
| Interest and dividends income received | 5,589 | 18,133 |
| Interest expenses paid | (2,638) | (4,444) |
| Income taxes paid | (549,518) | (557,999) |
| Net cash provided by (used in) operating activities | 665,771 | 1,119,682 |
| Net cash provided by (used in) investment activities | | |
| Payments into time deposits | (568,000) | (18,000) |
| Proceeds from withdrawal of time deposits | 971,994 | - |
| Proceeds from sales of investment securities | 23,690 | 88,599 |
| Purchase of investments in subsidiaries | (58,785) | - |
| Purchase of property, plant and equipment | (203,022) | (432,781) |
| Proceeds from sales of property, plant and equipment | 37 | 825 |
| Purchase of intangible assets | (535) | (56,767) |
| Payments of loans receivable | (8,500) | (2,500) |
| Collection of loans receivable | 7,230 | 2,080 |
| Other, net | (12,168) | 3,579 |
| Net cash provided by (used in) investment activities | 151,942 | (414,962) |
| Net cash provided by (used in) financing activities | | |
| Increase (decrease) in short-term loans payable | 80,328 | (232,849) |
| Proceeds from long-term borrowing | 590,000 | 760,000 |
| Repayments of long-term borrowing | (47,410) | (270,432) |
| Repayments of lease obligations | (59,629) | (40,895) |
| Purchase of treasury stock | (110,825) | (229,800) |
| Cash dividends paid | (300,214) | (304,266) |
| Net cash provided by (used in) financing activities | 152,249 | (318,243) |
| Effect of exchange rate change on cash and cash equivalents | 6,304 | (5,960) |
| Net increase (decrease) in cash and cash equivalents | 976,267 | 380,516 |
| Cash and cash equivalents, beginning of period | 2,832,308 | 3,808,575 |
| Cash and cash equivalents, end of period | 3,808,575 | 4,189,092 |