

# Summary of Consolidated Financial Results For the Fiscal Year Ended March 2011 [Japan GAAP]

April 21, 2011

Name of Company:	SPK CORPORATION
Stock Code:	7466
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
URL:	<a href="http://www.spk.co.jp/">http://www.spk.co.jp/</a>
Representative	
Title:	President
Name:	Tomikazu Todoroki
Contact Person	
Title:	Senior Managing Director and General Manager of Administration Division
Name:	Youichi Nakata
Phone:	+81-(0)6-6454-2571
Date of annual shareholders meeting	June 21, 2011
Date of commencement of dividend payment:	June 1, 2011
Date of filing of securities report:	June 21, 2011
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 2011 (April 1, 2010 – March 31, 2011)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2011	28,554	14.1	1,035	32.4	1,125	20.9	660	27.6
Fiscal year ended March 2010	25,024	(14.3)	781	(18.8)	931	(13.7)	517	(14.6)

Note: Comprehensive income

Fiscal year ended March 2011: 660 million yen (–%)

Fiscal year ended March 2010: – million yen (–%)

	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 2011	124.74	-	6.3	7.7	3.6
Fiscal year ended March 2010	97.79	-	5.2	6.7	3.1

Reference: Equity-method income

Fiscal year ended March 2011: – million yen

Fiscal year ended March 2010: – 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, 2011	15,045	10,604	70.5	2,002.36
As of March 31, 2010	14,266	10,208	71.6	1,927.58

Reference: Shareholders' equity

As of March 31, 2011: 10,604 million yen

As of March 31, 2010: 10,208 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 2011	209	257	(303)	2,997
Fiscal year ended March 2010	1,383	(418)	(261)	2,834

## 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 2010	-	24.00	-	25.00	49.00	259	50.1	2.6
Fiscal year ended March 2011	-	25.00	-	26.00	51.00	270	40.9	2.6
Fiscal year ending March 2012 (est.)	-	26.00	-	27.00	53.00		37.4	

## 3. Forecast for the fiscal year ending March 2012 (Consolidated, April 1, 2011 – March 31, 2012)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	14,000	1.7	500	5.1	520	1.1	310	3.7	58.53
Full year	31,500	10.3	1,200	15.9	1,250	11.0	750	13.5	141.61

## 4. Others

- (1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None
- (2) Revisions to accounting rules, procedures or presentation methods
  - (a) Changes due to revision of accounting standards: Yes
  - (b) Changes other than in (a): None
- (3) Number of shares outstanding (common stock)
  - (a) Shares outstanding (including treasury stock)
 

As of March 31, 2011: 5,296,900	As of March 31, 2010: 5,296,900
---------------------------------	---------------------------------
  - (b) Treasury stock
 

As of March 31, 2011: 746	As of March 31, 2010: 617
---------------------------	---------------------------
  - (C) Average number of shares
 

As of March 31, 2011: 5,296,183	As of March 31, 2010: 5,296,283
---------------------------------	---------------------------------

## Non-consolidated Financial Results (For reference)

### 1. Financial results for the fiscal year ended March 2011 (April 1, 2010 – March 31, 2011)

(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 2011	27,544	14.3	822	34.3	913	20.5
Fiscal year ended March 2010	24,098	(14.5)	612	(19.3)	757	(13.3)

	Net income		Net income per share	Net income per share fully diluted
	Million yen	%	Yen	Yen
Fiscal year ended March 2011	535	28.7	101.12	-
Fiscal year ended March 2010	416	(14.5)	78.55	-

(2) Financial position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2011	14,118	9,837	69.7	1,857.57
As of March 31, 2010	13,495	9,567	70.9	1,806.41

Reference: Shareholders' equity

As of March 31, 2011: 9,837 million yen  
As of March 31, 2010: 9,567 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 5 for information concerning for forecasts.

## Index for Supplementary Information

1. Results of Operations .....	5
(1) Analysis of results of operations .....	5
(2) Financial condition .....	6
(3) Basic policy concerning the distribution of profits, and dividend distributions for the year under review and the subsequent year .....	6
(4) Business risk .....	7
2. The SPK Group .....	8
3. Management Principles .....	9
(1) Basic management principles .....	9
(2) Goals and performance indicators .....	9
(3) Medium- and long-term business strategy .....	9
(4) Issues requiring attention .....	9
4. Consolidated Financial Statements .....	10
(1) Consolidated Balance Sheets .....	10
(2) Consolidated statements of (comprehensive) income .....	12
Consolidated statements of income .....	12
Consolidated statements of comprehensive income .....	13
(3) Consolidated Statements of Changes in Net Assets .....	14
(4) Consolidated Statements of Cash Flows .....	16

## 1. Results of Operations

### (1) Analysis of results of operations

#### (i) Result of operations (Consolidated)

(Million yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2010	Change (%)
Net sales	28,554	25,024	114.1
Operating income	1,035	781	132.4
Ordinary income	1,125	931	120.9
Net income	660	517	127.6

#### (ii) Net sales (Consolidated)

(Million yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2010	Change (%)
Domestic Sales Division	17,058	15,944	107.0
International Trade Division	8,472	7,202	117.6
Machinery Equipment Division	3,023	1,877	161.0
Total	28,554	25,024	114.1

#### (Domestic Sales Division)

In the fiscal year that ended in March 2011, the Japanese economy recovered at a moderate pace due to economic stimulus measures of the Japanese government and economic expansion in China and other emerging countries in Asia. However, there are signs that economic growth has stopped because of the yen's increasing strength since the fall of 2010 and the end of benefits from eco-car subsidies and other government stimulus programs. As a result, the economic outlook in Japan has become uncertain. In the market for automotive replacement parts, the operating environment continues to be challenging for many reasons. Car owners are replacing parts less often, car dealers are seeking to keep service business in their hands, and there is intense competition with other automotive replacement parts companies. In response to these challenges, the SPK Group continued to focus on selling functional and replacement parts for cars as well as on developing and selling new products that are environmentally responsible. As a result, sales increased 7.0% to 17,058 million yen.

Competition in the replacement parts market is likely to remain heated in the coming fiscal year. Furthermore, there are concerns about delays in deliveries of some parts from manufacturers that were impacted by the Great East Japan Earthquake. We will continue to concentrate on the development of core products with high added value and environmentally responsible products.

#### (International Trade Division)

There was a slow recovery in orders, mainly in Asia and the Americas, even though the yen's strength created a difficult operating environment. As a result, sales increased 17.6% to 8,472 million yen. In the coming fiscal year, there are concerns about widening unrest in the Middle East and other problems involving delivery delays of parts manufactures damaged from the March 11 earthquake in Japan. But we are aiming for more growth, chiefly in Asian markets, as operations in this division benefit from the positive outlook for the U.S. economy, the expected weakening of the yen and other factors.

#### (Machinery Equipment Division)

Sales were higher because of the strong recovery at manufacturers of construction machinery and industrial vehicles, which are the primary customers in this division. Continuing growth in production at these customers raised our sales by 61.0% to 3,023 million yen.

In the coming fiscal year, due to the temporary suspension of some production by major customers because of earthquake damage, we expect a decline in sales until about the end of the first quarter. But we plan to improve performance in this division by aggressively targeting opportunities associated with new development projects.

## (2) Financial condition

In the year under review, cash and cash equivalents (hereafter referred to as "cash") increased 163 million yen from the initial amount (compared to a 704 million yen increase in the prior fiscal year) to 2,997 million yen at the end of the year (compared to 2,834 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 209 million yen (compared with 1,383 million yen in the previous fiscal year). Major uses of cash were a 413 million yen increase in notes and accounts receivable-trade and income taxes paid of 416 million yen. Income before income taxes and minority interests of 1,142 million yen was a major source of cash.

### *Cash flow from investing activities*

Cash flow provided by investing activities totaled 257 million yen (compared to 418 million yen used in the prior year). This mainly consisted of 2,318 million yen in payments into time deposits and 2,690 million yen in proceeds from withdrawal of time deposits.

### *Cash flow from financing activities*

Cash flow used in financing activities totaled 303 million yen (compared to 261 million yen used in the prior year). This mainly consisted of 264 million yen in cash dividends paid.

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

	Fiscal year ended March 2010	Fiscal year ended March 2011
Shareholders' equity ratio (%)	71.6	70.5
Shareholders' equity ratio at market value (%)	49.1	43.0
Interest-bearing debt to cash flow ratio (%)	10.7	142.6
Interest coverage ratio (times)	1,614.88	67.49

#### 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 spans more than 90 years and appreciation for our many stakeholders in mind, we practice the business principles needed to achieve this corporate objective, and we carry out a dividend policy from 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 2011) will be increased by 1 yen to 26 yen. The dividends paid for the entire year will be increased by 2 yen to 51 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
Dividend (yen)	15	16	21	26	28	30	32	34	37	40	43	47	49	51

(iii) In the coming fiscal year (fiscal year ending March 2012), 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 53 yen. This will be our 14th consecutive year of dividend increases. Our basic policy for the coming 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. Effect of the Great East Japan Earthquake

The Great East Japan Earthquake damaged the building that houses SPK's sales office in Sendai, destroyed some products and caused other damage at SPK Group facilities. In addition, there was damage from this disaster at some of our customers. Furthermore, the SPK Group's sales may be impacted by this disaster because of damage at companies that supply the SPK Group with parts as well as at the subcontractors of these suppliers. We are currently assessing the magnitude of these damages and will make an announcement promptly if this assessment results in any information that should be disclosed.

##### 2. 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 28.8% in the year ended March 2010 and 29.6% in the year ended March 2011. 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. Furthermore, the SPK Group's business results have also been affected by the global economic downturn that occurred in the wake of the Lehman shock in 2008, and there are also fears that the economies of developing countries could run out of momentum.

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.

##### 3. 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.

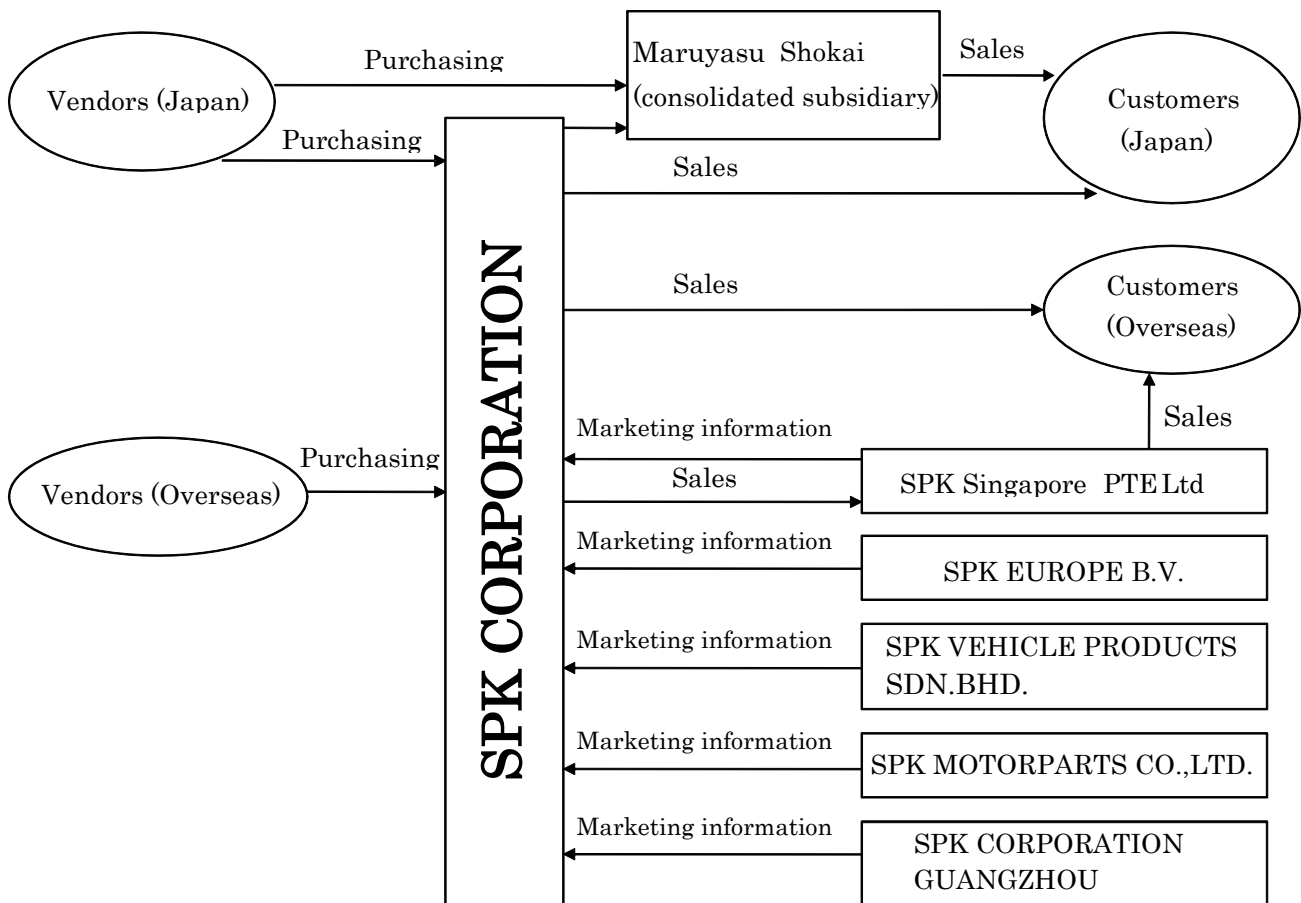
During the 10-year period beginning in 2000, the number of vehicles owned has increased by about 4 million (source: Ministry of Land, Infrastructure, Transport, and Tourism). Nevertheless, if vehicle ownership were to decline or if the growth rate for vehicle ownership were to slow for some reason, demand for vehicle replacement parts would decline, and this could have an adverse effect on the SPK Group's business results. In 2010, new vehicle sales in Japan increased 7.5% to 4,956,000, the first increase in six years. However, eco-car subsidies made a big contribution to these sales. Negative factors affecting vehicle ownership, such as declining ownership among young people, are increasing.

## 2. The SPK Group

The SPK Group comprises the parent company and six subsidiaries, which are primarily engaged in the business of selling car 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 its business, consolidated subsidiary Maruyasu Shokai K.K. is 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 assembly.  |

Our organizational chart is presented below.





### **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. Since the global financial crisis caused by Lehman shock in 2008, 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. Consolidated Financial Statements

##### (1) Consolidated Balance Sheets

	(Thousand yen)	
	As of March 31, 2010	As of March 31, 2011
<b>Assets</b>		
Current assets		
Cash and deposits	3,703,613	3,585,076
Notes and accounts receivable-trade	6,045,880	6,420,485
Merchandise	2,281,775	2,457,391
Deferred tax assets	113,221	144,102
Short-term loans receivable to subsidiaries and affiliates	200,695	200,235
Others	559,916	715,204
Allowance for doubtful accounts	(49,671)	(19,620)
Total current assets	12,855,432	13,502,875
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	651,707	644,801
Accumulated depreciation	(558,202)	(551,927)
Buildings and structures, net	93,504	92,873
Machinery, equipment and vehicles	30,539	27,382
Accumulated depreciation	(24,746)	(23,206)
Machinery, equipment and vehicles, net	5,793	4,176
Land	619,325	619,325
Lease assets	57,434	54,603
Accumulated depreciation	(5,019)	(17,098)
Lease assets, net	52,415	37,504
Others	179,000	180,173
Accumulated depreciation	(153,818)	(152,716)
Others, net	25,182	27,457
Total property, plant and equipment	796,221	781,337
Intangible assets		
Software	22,474	14,526
Lease assets	35,461	190,542
Others	10,128	10,128
Total intangible assets	68,065	215,197
Investments and other assets		
Investment securities	293,393	288,081
Deferred tax assets	135,526	138,595
Others	118,319	122,697
Allowance for doubtful accounts	(16)	(3,355)
Total investments and other assets	547,223	546,018
Total noncurrent assets	1,411,510	1,542,553
<b>Total assets</b>	14,266,942	15,045,428

(Thousand yen)

	As of March 31, 2010	As of March 31, 2011
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	2,722,694	2,804,323
Income taxes payable	240,429	341,789
Others	486,309	561,035
<b>Total current liabilities</b>	<b>3,449,434</b>	<b>3,707,148</b>
<b>Noncurrent liabilities</b>		
Provision for retirement benefits	462,964	466,470
Long-term guarantee deposited	57,897	64,676
Long-term accounts payable-other	19,830	24,941
Others	67,818	177,393
<b>Total noncurrent liabilities</b>	<b>608,511</b>	<b>733,482</b>
<b>Total liabilities</b>	<b>4,057,945</b>	<b>4,440,630</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	898,591	898,591
Capital surplus	961,044	961,044
Retained earnings	8,262,726	8,658,583
Treasury stock	(837)	(999)
<b>Total shareholders' equity</b>	<b>10,121,523</b>	<b>10,517,219</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	87,619	85,562
Deferred gains or losses on hedges	(145)	2,016
<b>Total valuation and translation adjustments</b>	<b>87,473</b>	<b>87,579</b>
<b>Total net assets</b>	<b>10,208,997</b>	<b>10,604,798</b>
<b>Total liabilities and net assets</b>	<b>14,266,942</b>	<b>15,045,428</b>

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

(Thousand yen)

	Fiscal year ended March 31, 2010 (Apr. 1, 2009 – Mar. 31, 2010)	Fiscal year ended March 31, 2011 (Apr. 1, 2010 – Mar. 31, 2011)
Net sales	25,024,825	28,554,794
Cost of sales	21,391,114	24,371,410
Gross profit	3,633,711	4,183,384
Selling, general and administrative expenses	2,851,840	3,148,156
Operating income	781,870	1,035,227
Non-operating income		
Interest income	7,840	5,760
Dividends income	2,529	3,215
Purchase discounts	123,613	125,484
Insurance income	38,331	-
Others	41,523	30,814
Total non-operating income	213,839	165,274
Non-operating expenses		
Interest expenses	856	3,104
Sales discounts	61,691	68,903
Others	1,748	2,687
Total non-operating expenses	64,297	74,694
Ordinary income	931,412	1,125,806
Extraordinary income		
Reversal of allowance for doubtful accounts	-	26,710
Gain on sales of investment securities	-	645
Gain on sales of noncurrent assets	-	329
Total extraordinary income	-	27,686
Extraordinary loss		
Office transfer expenses	-	7,357
Loss on sales and retirement of noncurrent assets	-	3,162
Others	-	544
Total extraordinary loss	-	11,064
Income before income taxes and minority interests	931,412	1,142,428
Income taxes-current	349,610	515,784
Income taxes-deferred	63,869	(34,023)
Total income taxes	413,479	481,760
Income before minority interests	-	660,668
Net income	517,933	660,668

## Consolidated Statements of Comprehensive Income

(Thousand yen)

	Fiscal year ended March 31, 2010 (Apr. 1, 2009 – Mar. 31, 2010)	Fiscal year ended March 31, 2011 (Apr. 1, 2010 – Mar. 31, 2011)
Income before minority interests	-	660,668
Other comprehensive income		
Valuation difference on available-for-sale securities	-	(2,056)
Deferred gains or losses on hedges	-	2,162
Total other comprehensive income	-	105
Comprehensive income	-	660,773
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	-	660,773
Comprehensive income attributable to minority interests	-	-

## (3) Consolidated Statements of Changes in Net Assets

(Thousand yen)

	Fiscal year ended March 31, 2010 (Apr. 1, 2009 – Mar. 31, 2010)	Fiscal year ended March 31, 2011 (Apr. 1, 2010 – Mar. 31, 2011)
<b>Shareholders' equity</b>		
<b>Capital stock</b>		
Balance at the end of previous period	898,591	898,591
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	898,591	898,591
<b>Capital surplus</b>		
Balance at the end of previous period	961,044	961,044
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	961,044	961,044
<b>Retained earnings</b>		
Balance at the end of previous period	7,999,014	8,262,726
Changes of items during the period		
Dividends from surplus	(254,221)	(264,810)
Net income	517,933	660,668
Retirement of treasury stock	-	-
Total changes of items during the period	263,711	395,857
Balance at the end of current period	8,262,726	8,658,583
<b>Treasury stock</b>		
Balance at the end of previous period	(837)	(837)
Changes of items during the period		
Purchase of treasury stock	-	(161)
Retirement of treasury stock	-	-
Total changes of items during the period	-	(161)
Balance at the end of current period	(837)	(999)
<b>Total shareholders' equity</b>		
Balance at the end of previous period	9,857,811	10,121,523
Changes of items during the period		
Dividends from surplus	(254,221)	(264,810)
Net income	517,933	660,668
Purchase of treasury stock	-	(161)
Total changes of items during the period	263,711	395,695
Balance at the end of current period	10,121,523	10,517,219

(Thousand yen)

	Fiscal year ended March 31, 2010 (Apr. 1, 2009 – Mar. 31, 2010)	Fiscal year ended March 31, 2011 (Apr. 1, 2010 – Mar. 31, 2011)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	44,410	87,619
Changes of items during the period		
Net changes of items other than shareholders' equity	43,209	(2,056)
Total changes of items during the period	43,209	(2,056)
Balance at the end of current period	87,619	85,562
Deferred gains or losses on hedges		
Balance at the end of previous period	409	(145)
Changes of items during the period		
Net changes of items other than shareholders' equity	(555)	2,162
Total changes of items during the period	(555)	2,162
Balance at the end of current period	(145)	2,016
Total valuation and translation adjustments		
Balance at the end of previous period	44,820	87,473
Changes of items during the period		
Net changes of items other than shareholders' equity	42,653	105
Total changes of items during the period	42,653	105
Balance at the end of current period	87,473	87,579
Total net assets		
Balance at the end of previous period	9,902,632	10,208,997
Changes of items during the period		
Dividends from surplus	(254,221)	(264,810)
Net income	517,933	660,668
Purchase of treasury stock	-	(161)
Net changes of items other than shareholders' equity	42,653	105
Total changes of items during the period	306,364	395,801
Balance at the end of current period	10,208,997	10,604,798

## (4) Consolidated Statements of Cash Flows

(Thousand yen)

	Fiscal year ended March 31, 2010 (Apr. 1, 2009 – Mar. 31, 2010)	Fiscal year ended March 31, 2011 (Apr. 1, 2010 – Mar. 31, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	931,412	1,142,428
Depreciation and amortization	57,822	76,723
Amortization of long-term prepaid expenses	2,059	1,299
Increase (decrease) in allowance for doubtful accounts	32,904	(26,710)
Increase (decrease) in provision for retirement benefits	(82,520)	3,506
Interest and dividends income	(10,370)	(8,975)
Interest expenses	856	3,104
Foreign exchange losses (gains)	(170)	293
Loss (gain) on sales of investment securities	–	(645)
Loss (gain) on sales and retirement of property, plant and equipment	–	2,832
Decrease (increase) in notes and accounts receivable-trade	519,750	(413,182)
Decrease (increase) in inventories	40,169	(175,615)
Increase (decrease) in notes and accounts payable-trade	351,371	77,027
Decrease (increase) in accrued consumption taxes	21,045	(10,415)
Increase (decrease) in consumption taxes refund receivable	3,589	8,824
Other, net	(216,835)	(60,465)
Sub-total	1,651,084	620,030
Interest and dividends income received	10,224	8,811
Interest expenses paid	(856)	(3,104)
Income taxes paid	(276,919)	(416,240)
Net cash provided by (used in) operating activities	1,383,532	209,497
Net cash provided by (used in) investment activities		
Payments into time deposits	(2,115,000)	(2,318,000)
Proceeds from withdrawal of time deposits	1,920,666	2,600,000
Proceeds from sales of investment securities	–	2,472
Purchase of property, plant and equipment	(18,359)	(26,431)
Proceeds from sales of property, plant and equipment	–	1,473
Purchase of intangible assets	(2,943)	–
Payments of loans receivable	(200,000)	(800)
Collection of loans receivable	2,882	2,605
Other, net	(5,510)	(3,986)
Net cash provided by (used in) investment activities	(418,264)	257,333
Net cash provided by (used in) financing activities		
Repayments of lease obligations	(7,112)	(38,266)
Purchase of treasury stock	–	(161)
Cash dividends paid	(254,221)	(264,810)
Net cash provided by (used in) financing activities	(261,333)	(303,238)
Effect of exchange rate change on cash and cash equivalents	170	(293)
Net increase (decrease) in cash and cash equivalents	704,104	163,298
Cash and cash equivalents, beginning of period	2,130,249	2,834,354
Cash and cash equivalents, end of period	2,834,354	2,997,652