

# Summary of Consolidated Financial Results

## For the Fiscal Year Ended March 2013 [Japan GAAP]

April 22, 2013

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, 2013
Date of commencement of dividend payment:	June 3, 2013
Date of filing of securities report:	June 21, 2013
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 2013 (April 1, 2012 – March 31, 2013)

(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 2013	32,981	1.2	1,324	3.2	1,409	5.1	861	14.7
Fiscal year ended March 2012	32,605	14.2	1,283	24.0	1,340	19.1	751	13.7

Note: Comprehensive income

Fiscal year ended March 2013: 887 million yen (18.2%)

Fiscal year ended March 2012: 751 million yen (13.7%)

	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 2013	164.85	-	7.6	8.6	4.0
Fiscal year ended March 2012	142.45	-	6.9	8.6	3.9

Reference: Equity-method income

Fiscal year ended March 2013: – million yen

Fiscal year ended March 2012: – million yen

### (2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended March 2013	16,671	11,641	69.8	2,227.65
Fiscal year ended March 2012	15,990	11,036	69.0	2,111.80

Reference: Shareholders' equity

As of March 31, 2013 : 11,641 million yen

As of March 31, 2012 : 11,036 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 2013	1,040	(230)	(589)	2,751
Fiscal year ended March 2012	156	(409)	(239)	2,525

## 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 2012	-	26.00	-	27.00	53.00	278	37.2	2.6
Fiscal year ended March 2013	-	27.00	-	28.00	55.00	287	33.4	2.5
Fiscal year ending March 2014 (est.)	-	28.00	-	29.00	57.00		33.1	

## 3. Forecast for the fiscal year ending March 2014 (Consolidated, April 1, 2013 – March 31, 2014)

(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	16,700	2.1	630	3.3	670	3.3	415	3.4	79.41
Full year	34,000	3.1	1,400	5.7	1,450	2.9	900	4.5	172.21

### \* 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: Yes
  - (d) Retrospective restatement: No
- (3) Number of shares outstanding (common stock)
  - (a) Shares outstanding (including treasury stock)
 

As of March 31, 2013: 5,296,900	As of March 31, 2012: 5,296,900
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  - (b) Treasury stock
 

As of March 31, 2013: 70,789	As of March 31, 2012: 70,746
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  - (c) Average number of shares
 

As of March 31, 2013: 5,226,131	As of March 31, 2012: 5,274,616
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## Non-consolidated Financial Results (For reference)

### 1. Financial results for the fiscal year ended March 2013 (April 1, 2012 – March 31, 2013)

(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 2013	29,102	1.0	1,023	2.1	1,149	1.9
Fiscal year ended March 2012	28,804	4.6	1,002	21.8	1,128	23.6

	Net income		Net income per share	Net income per share fully diluted
	Million yen	%	Yen	Yen
Fiscal year ended March 2013	713	10.8	136.54	-
Fiscal year ended March 2012	644	20.3	122.15	-

(2) Financial position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2013	15,094	10,564	70.0	2,021.58
As of March 31, 2012	14,479	10,126	69.9	1,937.62

Reference: Shareholders' equity

As of March 31, 2013: 10,564 million yen

As of March 31, 2012: 10,126 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.

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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, 2013	Fiscal year ended March 31, 2012	Change (%)
Net sales	32,981	32,605	101.2
Operating income	1,324	1,283	103.2
Ordinary income	1,409	1,340	105.1
Net income	861	751	114.7

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

(Million yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2012	Change (%)
Domestic Sales Division	18,326	17,408	105.3
International Trade Division	11,277	11,643	96.9
Machinery Equipment Division	3,376	3,553	95.0
Total	32,981	32,605	101.2

#### (Domestic Sales Division)

Slowing economic growth overseas caused the Japanese economy to decline during the first three quarters of the fiscal year. But the downturn stopped in December and was followed by a return to economic expansion starting in January 2013.

In the market for automotive replacement parts, SPK's business domain, the operating environment in Japan remained difficult for a number of reasons. Automobile sales decreased following the end of the eco-car subsidy. The end of demand created by earthquake recovery activity also brought down automobile sales. Other negative factors are the tendency of car owners to replace parts less frequently and the desire of auto dealers to provide maintenance and repair services themselves. To overcome these difficulties, 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 friendly. As a result, sales in this division increased 5.3% from the previous fiscal year to 18,326 million yen.

Competition in the replacement parts market is expected to remain fierce in the fiscal year ending in March 2014. 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)

The business climate remained difficult as the European debt crisis deepened, economic growth in emerging countries became even weaker and the yen remained strong. Most significant was a downturn in sales in Central and South America, the primary market for this business. Performance at SPK Singapore Pte. Ltd. was weak, too. The result was a 3.1% decrease in sales to 11,277 million yen.

In the fiscal year ending in March 2014, there are concerns about relations between Japan and China and the persistently sluggish European economy. On the other hand, there are encouraging signs regarding the U.S. economic outlook and expectations for benefits from the weaker yen. The SPK Group is aiming for more growth, mainly in Central and South America, and further globalization of the operations of this division.

#### (Machinery Equipment Division)

There was a decrease in deliveries of parts starting in the second half of 2012 in association with a decline in exports of products to manufacturers of construction and industrial machinery in China and Europe. This caused sales to decrease 5.0% to 3,376 million yen.

In the fiscal year ending in March 2014, a recovery in production, mainly at manufacturers of construction and industrial machinery, is expected to start in the second quarter of the fiscal year. This upturn is expected to be supported by an economic recovery in China and the weaker yen. To increase sales and earnings, the SPK Group will aggressively target opportunities associated with new development projects.

## (2) Financial condition

In the fiscal year under review, cash and cash equivalents (hereafter referred to as "cash") increased 226 million yen from the beginning of the year (compared to a 472 million yen decrease in the prior fiscal year) to 2,751 million yen at the end of the year (compared to 2,525 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 1,040 million yen (compared to 156 million yen in the prior fiscal year). Major uses of cash were a 217 million yen increase in inventories and income taxes paid of 554 million yen. The major source of cash was income before income taxes and minority interests of 1,408 million yen and notes accounts payable-trade of 1,020 million yen.

### *Cash flow from investing activities*

Cash flow used in investing activities totaled 230 million yen (compared to 409 million yen used in the prior year). This mainly consisted of payments of 60 million yen for the acquisition of tangible noncurrent assets and of 2,846 million yen for time deposits; on the other hand, there were proceeds of 2,630 million yen from the withdrawal of time deposits.

### *Cash flow from financing activities*

Cash flow used in financing activities totaled 589 million yen (compared to 239 million yen used in the prior year). This mainly consisted of 282 million yen in cash dividends paid and of 251 million for repayments of short-term loans payable.

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

	Fiscal year ended March 2012	Fiscal year ended March 2013
Shareholders' equity ratio (%)	69.0	69.8
Shareholders' equity ratio at market value (%)	47.7	52.1
Interest-bearing debt to cash flow ratio (%)	332.0	30.8
Interest coverage ratio (times)	31.00	244.53

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 96th 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 2013) will be increased by 1 yen to 28 yen. The dividends paid for the entire year will be increased by 2 yen to 55 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
Dividend (yen)	15	16	21	26	28	30	32	34	37	40	43	47	49	51	53	55

(iii) In the coming fiscal year (fiscal year ending March 2014), 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 57 yen. This will be our 16th 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 35.5% in the year ended March 2012 and 33.9% in the year ended March 2013. 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. There are also risks associated with the effects of the global economic downturn that followed the autumn 2008 collapse of Lehman Brothers and with slowing economic growth in emerging countries. 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 2002, the number of vehicles owned has increased by about 3 million (source: Ministry of Land, Infrastructure, Transport, and Tourism). Nevertheless, the number of vehicle owned was peaked in 2007, if vehicle ownership continues to decline, demand for vehicle replacement parts would decline, and this could have an adverse effect on the SPK Group's business results.

The eco-car subsidy made a big contribution to the 27.5% recovery in Japan's 2012 new car sales to 5,369 thousand vehicles. In 2013, new car sales are expected to decrease in the wake of last year's growth.

Furthermore, there are an increasing number of reasons to expect a decline in car ownership in Japan, including the rising preference among young people to avoid owning a car.

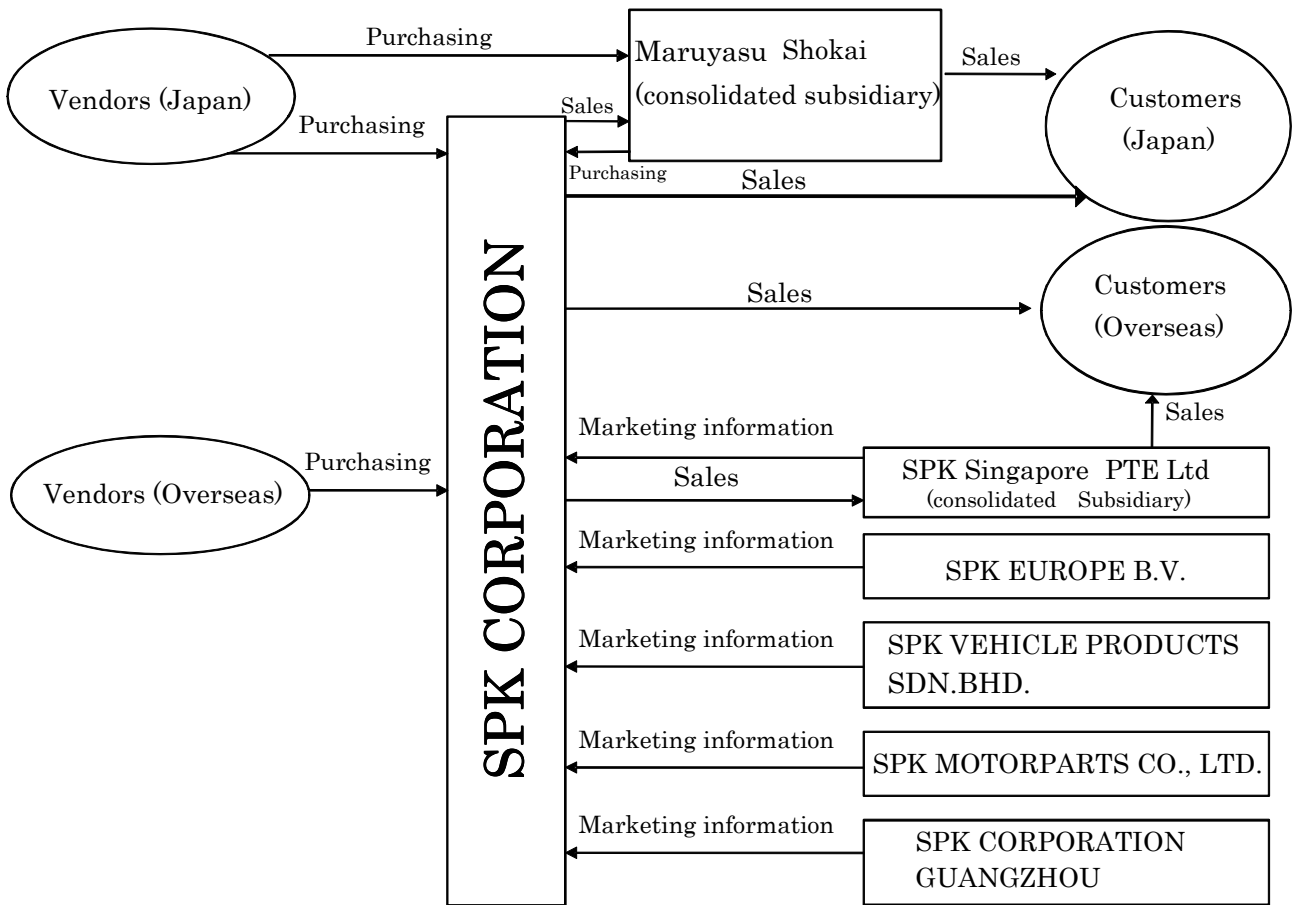
**2. The SPK Group**

The SPK Group comprises the parent company and six 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 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 attachments.

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, 2012	As of March 31, 2013
<b>Assets</b>		
Current assets		
Cash and deposits	3,329,419	3,772,057
Notes and accounts receivable-trade	7,282,951	7,299,617
Merchandise	2,693,659	2,938,274
Deferred tax assets	126,637	113,617
Short-term loans receivable to subsidiaries and affiliates	3,221	13,815
Account receivable - other	808,336	806,242
Others	119,508	175,520
Allowance for doubtful accounts	(28,156)	(31,410)
Total current assets	14,335,577	15,087,734
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	782,887	741,304
Accumulated depreciation	(565,227)	(521,200)
Buildings and structures, net	217,659	220,104
Machinery, equipment and vehicles	30,752	28,869
Accumulated depreciation	(25,317)	(19,660)
Machinery, equipment and vehicles, net	5,435	9,209
Land	667,967	614,467
Lease assets	44,269	44,269
Accumulated depreciation	(18,589)	(25,284)
Lease assets, net	25,680	18,985
Others	223,913	232,288
Accumulated depreciation	(177,788)	(191,831)
Others, net	46,125	40,457
Total property, plant and equipment	962,867	903,224
Intangible assets		
Software	7,343	3,302
Lease assets	145,040	127,010
Others	10,128	10,128
Total intangible assets	162,512	140,440
Investments and other assets		
Investment securities	282,992	291,013
Deferred tax assets	114,804	113,819
Others	166,395	172,125
Allowance for doubtful accounts	(34,860)	(37,186)
Total investments and other assets	529,332	539,771
Total noncurrent assets	1,654,712	1,583,436
Total assets	15,990,289	16,671,171

(Thousand yen)

	As of March 31, 2012	As of March 31, 2013
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	2,964,991	3,180,152
Short-term loans payable	277,914	89,374
Income taxes payable	327,096	315,362
Provision for bonuses	-	155,300
Others	713,256	659,662
<b>Total current liabilities</b>	<b>4,283,259</b>	<b>4,399,852</b>
<b>Noncurrent liabilities</b>		
Provision for retirement benefits	463,834	442,043
Long-term guarantee deposited	64,520	79,981
Long-term accounts payable-other	16,364	14,655
Others	125,739	92,680
<b>Total noncurrent liabilities</b>	<b>670,458</b>	<b>629,361</b>
<b>Total liabilities</b>	<b>4,953,717</b>	<b>5,029,213</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	898,591	898,591
Capital surplus	961,044	961,044
Retained earnings	9,180,546	9,759,888
Treasury stock	(90,949)	(91,006)
<b>Total shareholders' equity</b>	<b>10,949,232</b>	<b>11,528,517</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	95,720	101,120
Deferred gains or losses on hedges	1,269	3,215
Foreign currency translation adjustment	(9,650)	9,104
<b>Total valuation and translation adjustments</b>	<b>87,339</b>	<b>113,440</b>
<b>Total net assets</b>	<b>11,036,572</b>	<b>11,641,958</b>
<b>Total liabilities and net assets</b>	<b>15,990,289</b>	<b>16,671,171</b>

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

(Thousand yen)

	Fiscal year ended March 31, 2012 (Apr. 1, 2011 Mar. 31, 2012)	Fiscal year ended March 31, 2013 (Apr. 1, 2012– Mar. 31, 2013)
Net sales	32,605,786	32,981,746
Cost of sales	27,931,167	28,138,015
Gross profit	4,674,619	4,843,730
Selling, general and administrative expenses	3,391,125	3,519,025
Operating income	1,283,493	1,324,705
Non-operating income		
Interest income	3,518	3,370
Dividends income	3,912	3,855
Purchase discounts	104,927	103,265
Foreign exchange gains	869	32,908
Others	22,112	20,541
Total non-operating income	135,339	163,941
Non-operating expenses		
Interest expenses	5,051	4,256
Sales discounts	70,464	73,017
Others	2,745	2,352
Total non-operating expenses	78,261	79,626
Ordinary income	1,340,571	1,409,020
Extraordinary income		
Gain on sales of investment securities	10,205	2,972
Gain on sales of noncurrent assets	150	739
Total extraordinary income	10,356	3,711
Extraordinary loss		
Office transfer expenses	1,113	-
Loss on sales and retirement of noncurrent assets	212	4,119
Loss on disaster	982	-
Others	425	-
Total extraordinary loss	2,733	4,119
Income before income taxes and minority interests	1,348,194	1,408,613
Income taxes-current	546,249	541,521
Income taxes-deferred	50,589	5,539
Total income taxes	596,838	547,060
Income before minority interests	751,355	861,552
Net income	751,355	861,552

## Consolidated Statements of Comprehensive Income

(Thousand yen)

	Fiscal year ended March 31, 2012 (Apr. 1, 2011– Mar. 31, 2012)	Fiscal year ended March 31, 2013 (Apr. 1, 2012– Mar. 31, 2013)
Income before minority interests	751,355	861,552
Other comprehensive income		
Valuation difference on available-for-sale securities	10,157	5,399
Deferred gains or losses on hedges	(746)	1,945
Foreign currency translation adjustment	(9,650)	18,755
Total other comprehensive income	(239)	26,101
Comprehensive income	751,115	887,654
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	751,115	887,654
Comprehensive income attributable to minority interests	-	-

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

(Thousand yen)

	Fiscal year ended March 31, 2012 (Apr. 1, 2011– Mar. 31, 2012)	Fiscal year ended March 31, 2013 (Apr. 1, 2012– Mar. 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of current 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
Capital surplus		
Balance at the beginning of current 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
Retained earnings		
Balance at the beginning of current period	8,658,583	9,180,546
Changes of items during the period		
Dividends from surplus	(275,400)	(282,211)
Net income	751,355	861,552
Change of scope of consolidation	46,008	-
Total changes of items during the period	521,963	579,341
Balance at the end of current period	9,180,546	9,759,888
Treasury stock		
Balance at the beginning of current period	(999)	(90,949)
Changes of items during the period		
Purchase of treasury stock	(89,950)	(57)
Total changes of items during the period	(89,950)	(57)
Balance at the end of current period	(90,949)	(91,006)
Total shareholders' equity		
Balance at the beginning of current period	10,517,219	10,949,232
Changes of items during the period		
Dividends from surplus	(275,400)	(282,211)
Net income	751,355	861,552
Change of scope of consolidation	46,008	-
Purchase of treasury stock	(89,950)	(57)
Total changes of items during the period	432,013	579,284
Balance at the end of current period	10,949,232	11,528,517

(Thousand yen)

	Fiscal year ended March 31, 2012 (Apr. 1, 2011 – Mar. 31, 2012)	Fiscal year ended March 31, 2013 (Apr. 1, 2012 – Mar. 31, 2013)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	85,562	95,720
Changes of items during the period		
Net changes of items other than shareholders' equity	10,157	5,399
Total changes of items during the period	10,157	5,399
Balance at the end of current period	95,720	101,120
Deferred gains or losses on hedges		
Balance at the beginning of current period	2,016	1,269
Changes of items during the period		
Net changes of items other than shareholders' equity	(746)	1,945
Total changes of items during the period	(746)	1,945
Balance at the end of current period	1,269	3,215
Foreign currency translation adjustment		
Balance at the beginning of current period	-	(9,650)
Changes of items during the period		
Net changes of items other than shareholders' equity	(9,650)	18,755
Total changes of items during the period	(9,650)	18,755
Balance at the end of current period	(9,650)	9,104
Total valuation and translation adjustments		
Balance at the beginning of current period	87,579	87,339
Changes of items during the period		
Net changes of items other than shareholders' equity	(239)	26,101
Total changes of items during the period	(239)	26,101
Balance at the end of current period	87,339	113,440
Total net assets		
Balance at the end of previous period	10,604,798	11,036,572
Changes of items during the period		
Dividends from surplus	(275,400)	(282,211)
Net income	751,355	861,552
Change of scope of consolidation	46,008	-
Purchase of treasury stock	(89,950)	(57)
Net changes of items other than shareholders' equity	(239)	26,101
Total changes of items during the period	431,773	605,386
Balance at the end of current period	11,036,572	11,641,958

## (4) Consolidated Statements of Cash Flows

(Thousand yen)

	Fiscal year ended March 31, 2012 (Apr. 1, 2011 – Mar. 31, 2012)	Fiscal year ended March 31, 2013 (Apr. 1, 2012 – Mar. 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,348,194	1,408,613
Depreciation and amortization	100,990	100,174
Amortization of long-term prepaid expenses	1,556	2,174
Increase (decrease) in allowance for doubtful accounts	8,426	241
Increase (decrease) in provision for bonuses	-	155,300
Increase (decrease) in provision for retirement benefits	(2,636)	(21,791)
Interest and dividends income	(7,430)	(7,226)
Interest expenses	5,051	4,256
Foreign exchange losses (gains)	435	(136)
Loss (gain) on sales of investment securities	(10,205)	(2,972)
Loss (gain) on sales and retirement of property, plant and equipment	61	3,380
Decrease (increase) in notes and accounts receivable-trade	(437,539)	66,107
Decrease (increase) in inventories	(130,712)	(217,674)
Increase (decrease) in notes and accounts payable-trade	(55,819)	120,739
Decrease (increase) in accrued consumption taxes	(1,398)	4,133
Increase (decrease) in consumption taxes refund receivable	(2,315)	(1,319)
Other, net	(99,708)	(21,405)
Sub-total	716,949	1,592,597
Interest and dividends income received	7,233	7,044
Interest expenses paid	(5,051)	(4,256)
Income taxes paid	(562,543)	(554,491)
Net cash provided by (used in) operating activities	156,587	1,040,894
Net cash provided by (used in) investment activities		
Payments into time deposits	(2,366,500)	(2,846,500)
Proceeds from withdrawal of time deposits	2,150,000	2,630,000
Proceeds from sales of investment securities	16,742	7,625
Purchase of property, plant and equipment	(208,710)	(60,012)
Proceeds from sales of property, plant and equipment	273	55,634
Purchase of intangible assets	-	(2,000)
Payments of loans receivable	(600)	(10,700)
Collection of loans receivable	1,367	1,146
Other, net	(1,732)	(5,934)
Net cash provided by (used in) investment activities	(409,159)	(230,741)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	181,936	(251,294)
Repayments of lease obligations	(56,577)	(55,914)
Purchase of treasury stock	(89,950)	(57)
Cash dividends paid	(275,400)	(282,211)
Net cash provided by (used in) financing activities	(239,991)	(589,477)
Effect of exchange rate change on cash and cash equivalents	8,828	5,419
Net increase (decrease) in cash and cash equivalents	(483,735)	226,094
Cash and cash equivalents, beginning of period	2,997,652	2,525,415
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	11,498	-
Cash and cash equivalents, end of period	2,525,415	2,751,510