



Consolidated Financial Results for the Fiscal Year Ended March 31, 2011

13-May-2011

Company Name :	NID Co., Ltd.	Listing :	JASDAQ
Security Code :	2349	URL :	http://www.nid.co.jp/
Representative :	President	Kiyoshi Suzuki	
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(All figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year 2010 (From April 1, 2010 to March 31, 2011)

1) Consolidated Operating Results (% of change from previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/11	14,638	-0.6	935	3.1	994	7.8	447	-16.9
FY3/10	14,723	-5.5	907	-15.3	921	-15.0	538	-8.1

	Net income per share	Diluted net income per share	ROE	ROA	Operating Income Margin
	Yen	Yen	%	%	%
FY3/11	118.26	—	7.5	9.5	6.4
FY3/10	142.24	—	9.5	9.1	6.2

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FY3/11	10,660	6,110	57.3	1,614.05
FY3/10	10,272	5,818	56.6	1,537.10

Note : Equity FY3/11 6,110million yen FY3/10 5,818million yen

(3) Consolidated Cash Flows

	Cash Flows from operating activities	Cash Flows from investment activities	Cash Flows from financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
FY3/11	761	204	-175	4,859
FY3/10	683	-246	-174	4,070

2. Dividend Information

Registry Date	Dividends Per Share					Total amount of cash dividends for the year	Dividends payout ratio (Consolidated)	Net Assets to Dividend Ratio (Consolidated)
	First quarter	Second quarter	Third quarter	Year End	Full Year			
FY3/10	Yen —	Yen —	Yen —	Yen 45.00	Yen 45.00	Million yen 170	% 31.6	% 3.0
FY3/11	—	—	—	45.00	45.00	170	38.1	2.9
FY3/12 (Forecasts)	—	—	—	45.00	45.00		28.4	

3. Consolidated Financial Forecasts for the Fiscal Year 2011(From April 1, 2011 to March 31, 2012)

(% of change from the same term of the previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2Q FY3/11	7,000	-1.8	405	11.2	405	9.0	238	158.4	62.87
Full Year	14,750	0.8	1,010	8.0	1,020	2.6	600	34.7	158.50

4.Others

(1) Changes in the scope of our consolidation, including changes in our subsidiaries : None

Consolidated subsidiaries : 0 added, 0 removed

(2) Changes in accounting methodology, procedures, and the way our figures are displayed in the creation of our Quarter consolidated financial statements.

Changes arising from revisions in accounting standards : None

Changes arising from other reasons : None

(3) Shares issued (Common stock)

Shares issued as of term end (including treasury stock) FY3/11 4,369,830 FY3/10 4,369,830

Treasury stock as of term end FY3/11 584,237 FY3/10 584,237

Average shares issued during term FY3/11 3,785,593 FY3/10 3,785,593

*Regarding the appropriate use of our earnings projections and other notes.

All projections provided in this document are based on the most accurate information available at the time of this writing.

However our actual results may differ from our projections due to various unforeseen reasons.

1. Performance Overview

(1) Performance Analysis

(For the Year Ended March 31, 2011)

The Japanese economy during the consolidated fiscal year under review remained on the path to recovery mainly because of an upturn in the global economy and the benefits of economic stimulus measures of the Japanese Government. However, the economy continues to face challenges, such as prolonged deflation, persistent high unemployment and low personal income, as well as the rise in oil prices caused by the situation in the Middle East, and the extensive damage caused by the Great East Japan Earthquake.

The operating environment also remained challenging in the information services industry, the NID Group's principal area of operations, as corporate IT investment picked up, but only at a gradual pace.

In response to this challenging environment, the NID Group shifted the focus of its strategic sales activities from "activities to capture sales" to "activities to create sales." In addition, the Group undertook the value-added business initiative of using experience gained from collaborative businesses to concentrate on expanding sales of the Nstylist Service Platform (see note 1), which was developed independently by the Company for the popular Android operating system.

Furthermore, orders are increasing for the development of applications involving the iPhone/iPad and Android devices as companies develop more products for the iPhone and Android markets.

By taking these actions, the NID Group is expanding into new business domains by taking advantage of its many technologies.

To support sales, the NID Group took steps to boost orders, by bolstering its field sales force and utilizing synergies within the Group. Meanwhile, to safeguard profitability, it curbed the hiring of new graduates, managed overtime strictly, and eliminated unproductive positions. The Group did not suffer any employee casualties or damage to its offices and facilities that would significantly affect business in the recent earthquake, but it has been affected by the decrease in production activity at certain customers since the earthquake.

However, the Group posted extraordinary loss of 189 million yen on the valuation of investment securities, related to holdings of financial institutions and an investee company.

As a result, net sales in the consolidated fiscal year under review stood at 14,638 million yen (0.6% year-on-year decline), operating income at 935 million yen (3.1% year-on-year increase), ordinary income at 994 million yen (7.8% year-on-year increase), and net income at 447 million yen (16.9% year-on-year decline).

Note 1: The Nstylist Service Platform can be installed in Android OS terminals such as tablets and smartphones, allowing easy creation and provision of applications and services to meet corporate needs. Also the dedicated Nsylist server and terminals installing Nstylist are directly linked to deliver seamless information management and to comprehensively support maintenance and operation of the system infrastructure.

Starting in the current fiscal year, the NID Group has rearranged its two former business segments (the System Development Business and Information Processing Services Business) into the following six segments (three businesses of the Company and three subsidiaries and affiliates).

- (i) Communications Systems Business: Development of software and products relating to communications systems
- (ii) Information Systems Business: Development of software relating to business systems
- (iii) Network Solutions Business: Services and system operation management relating to networks
- (iv) NID-IS: The three businesses of the Company and the data entry business
- (v) NID-IE: The three businesses of the Company
- (vi) NID Tohoku: The communications systems business and the information systems business of the Company

Business segment information is as follows. Since segments have changed from this fiscal year, no year-on-year comparisons are included.

(i) Communications Systems Business

Although orders related to the auto industry increased, market conditions in this business were challenging as companies in other industries downsized development projects or performed work internally rather than outsourcing tasks. Despite this difficult environment, orders for applications involving Android have been increasing recently. As a result, net sales totaled 2,938 million yen, and operating income was 136 million yen.

(ii) Information Systems Business

The information systems business segment performed well, as it continued to receive orders for the development of systems for the life and non-life insurance industries, as well as mutual aid systems, and for projects in the distribution and manufacturing industries. As a result, net sales totaled 3,009 million yen, and operating income was 307 million yen.

(iii) Network Solutions Business

In the network solutions business, performance remained stable because of orders from major customer segments such as the transportation as well as the public sector.

As a result, net sales totaled 4,661 million yen, and operating income was 264 million yen.

(iv) NID-IS

Like the communications systems business, the NID-IS segment faced severe conditions, including a decline in development projects, the repercussions of increased self-manufacturing, and a fall in orders in the data entry business. As a result, net sales totaled 2,172 million yen, and operating income was 99 million yen.

(v) NID-IE

Circumstances confronting the NID-IE segment were challenging, as economic stagnation depressed demand for personnel dispatch operations. As a result, net sales totaled 815 million yen, and operating income was 47 million yen.

(vi) NID Tohoku

The NID Tohoku segment saw steady orders from major customers, but some projects turned out to be unprofitable and gave a negative impact on the segment performance. As a result, net sales totaled 1,042 million yen, and operating income was 74 million yen.

(Our Outlook for the Coming Fiscal Year)

The Japanese economy is beginning to recover in some sectors, but is expected to remain mired in recession for a while largely due to the effect of the Great East Japan Earthquake and continuing high unemployment, which will offset increased demand in some areas fuelled by the post-quake rebuild. In the information services industry, we expect the earthquake to have the effect of reducing corporate business activity and demand for IT services and making firms reluctant to invest in IT and this is likely to have a profound effect on our activities especially from the middle of the next fiscal year.

Against this backdrop, the Group plans to focus on securing orders by strengthening its marketing system, while upgrading and expanding its core businesses. We will also actively invest in the future, such as concentration on value added business including product development, and the education of expert engineers. In addition we will set high goals for ourselves, such as the pursuit of higher quality and enhanced productivity, while taking a number of steps to strengthen our management foundation.

Based on these efforts, we expect the following consolidated financial results for the upcoming fiscal year: net sales of 14,750 million yen (0.8% year-on-year increase); operating income of 1,010 million yen (8.0% year-on-year increase); ordinary income of 1,020 million yen (2.6% year-on-year increase); and net income of 600 million yen (34.0% year-on-year increase).

(2) Financial Conditions Analysis

1) Assets, Liabilities, and Net Assets

At the end of the current consolidated fiscal year, our total assets rose by 388 million yen year on year, to 10,660 million yen. Main contributing factors to this increase included the increase in cash and deposits and the decrease in marketable securities. At the same time, our total liabilities climbed 96 million yen year on year, to 4,550 million yen, primarily because of increases in accounts payable and provision for retirement benefits. Net assets at the end of the consolidated fiscal year under review rose 291 million yen year on year, to 6,110 million yen, with the main contributing factor to this increase being the rise in retained earnings.

Consequently, our equity ratio increased 0.7%, from 56.6% at the end of the previous consolidated fiscal year to 57.3% at the end of the current consolidated fiscal year.

2) Cash flows

Cash and cash equivalents (hereafter referred to as "Cash") at the end of the consolidated fiscal year under review were 4,859 million yen, increased by 789 million yen from the previous consolidated fiscal period.

We provide an explanation of the main changes in our consolidated cash flows below:

(Cash Flow from Operating Activities)

Net cash provided by operating activities was 761 million yen (compared with net cash provided of 683 million yen in the same period of the previous fiscal year). This mainly reflected the fact that inflows such as income before income taxes and minority interests and an increase in depreciation and amortization exceeded outflows such as income taxes paid.

(Cash Flow from Investing Activities)

Net cash provided by investing activities was 204 million yen (compared with net cash used of 246 million yen in the same period of the previous fiscal year). This mainly owed to the redemption at maturity of securities held for investment purposes.

(Cash Flow from Financing Activities)

Net cash used in financing activities was 175 million yen (compared with net cash used of 174 million yen in the same period of the previous fiscal year). The result is primarily due to cash dividends paid.

Trends in indicators of cash flows for NID are as follows:

For the year ended March, 31	2008	2009	2010	2011
Equity ratio (%)	53.7	54.9	56.6	57.3
Equity ratio (market value basis) (%)	72.6	35.3	51.6	41.4
Cash flow/interest-bearing debt (years)	-	-	-	-
Interest coverage ratio (times)	702.4	410.4	361.8	444.2

Notes:

Equity ratio: Shareholders' equity/total assets

Equity ratio (market value basis): Market capitalization/total assets

Cash flow/interest bearing debt: Operating cash flow/interest-bearing debt

Interest coverage ratio: Operating cash flow/interest expenses

(Note 1) All numbers are calculated using consolidated financial data.

(Note 2) Market capitalization is calculated based on the number of stocks issued (excluding treasury stock).

(Note 3) Cash flow is based on the operating cash flow.

(Note 4) Interest-bearing debts include all the liabilities in the consolidated balance sheet on which interest is being paid.

(3) Basis for payment of dividends

We consider returning profit to shareholders to be one of our most important management objectives, and therefore our basic policy is to continue issuing stable dividends while reinforcing the foundation of our management, actively expanding business operations, increasing organizational and operational efficiency, and improving our financial stability. In issuing dividends, we take into consideration the financial performance in each period, future business expansions, dividend payout ratio, and other factors.

Based on this policy, we are planning to ask the General Shareholders Meeting to approve a plan to issue at the end of the current term a dividend of 45 yen per share (as in the previous term). We plan to issue an annual dividend of 45 yen for the next year as well.

We plan to allocate the internal reserve for the enhancement of our management foundation and the active expansion of business in the future.

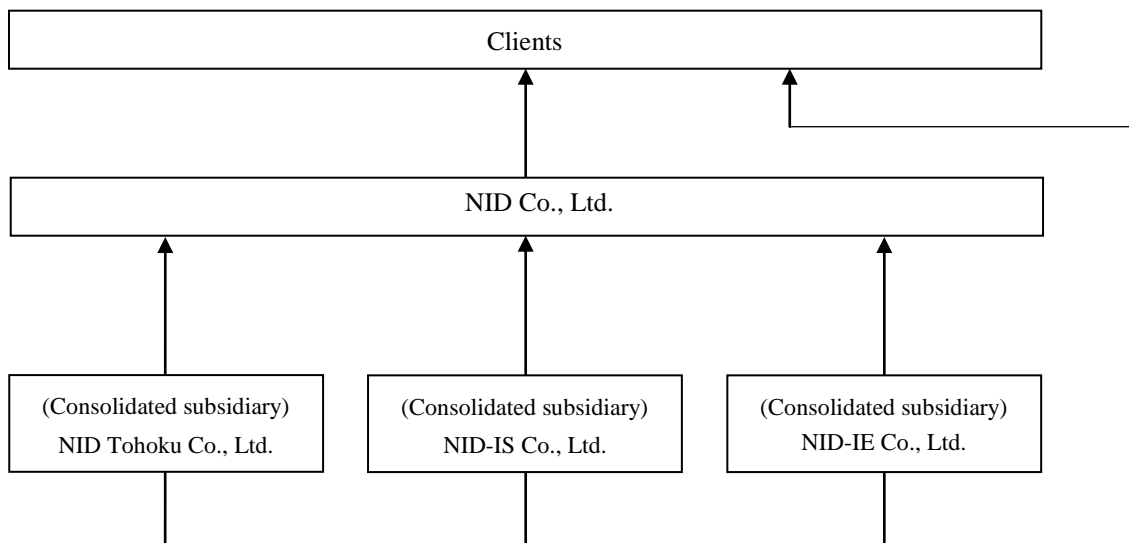
2. Corporate Structure

The NID Group (including the parent company and our consolidated subsidiaries) is comprised of the parent company, and our three consolidated subsidiaries, NID-IS Co., Ltd., NID-IE Co., Ltd., and NID Tohoku Co., Ltd. Our Group conducts primarily system development (development of software for communications systems and information systems), and information processing services (network solutions, data entry, and other services).

The details of our different businesses and business segments are provided below.

Business segments	Description of business	Principal companies
Communications Systems Business	<ul style="list-style-type: none"> •Software development for communication systems •Product development 	NID Co., Ltd.
Information Systems Business	<ul style="list-style-type: none"> •Software development for information systems 	NID Co., Ltd.
Network Solutions Business	<ul style="list-style-type: none"> •Operation and management of network services and systems 	NID Co., Ltd.
NID-IS	<ul style="list-style-type: none"> •Software development for communication systems •Product development •Software development for information systems •Operation and management of network services and systems •Data entry services 	NID-IS Co., Ltd.
NID-IE	<ul style="list-style-type: none"> •Software development for communication systems •Software development for information systems •Operation and management of network services and systems •Others 	NID-IE Co., Ltd.
NID Tohoku	<ul style="list-style-type: none"> •Software development for communication systems •Software development for information systems 	NID Tohoku Co., Ltd.

Our businesses structure is indicated below.



3. Management Policy

(1) Our Basic Management Policy

We have functioned as a completely independent and comprehensive information services company since our founding. Furthermore we have provided our customers with a wide range of services ranging from system development and creation to management services which are designed to help raise the efficiency and productivity of our customers' operations. We also uphold the corporate philosophy outlined below and seek to expand our business operations while having this philosophy reflected in all of our corporate activities.

- Vision: "We strive to be the 'ideal partner' by satisfying customers with the value of our highly specialized services."
- Corporate Value: "We coined the term "human-ware" (human oriented services) to describe our goal of efficient use of human resources."
"We maintain the goal of keeping the interests of our customers firmly in sight, and seeking to be a system provider that places the top priority on quality."

Our Group seeks to quickly respond to rapid changes in the economic environment and technological advances in the field of IT, using our high level of comprehensive skills to increase customer trust and improve the efficiency of our customer-related operations.

(2) Our Management Targets

We recognize that maintaining a higher return on equity (ROE), by achieving higher return on investment through the efficient use of shareholders' equity and producing a steady level of profits, is crucial to ensuring a stable earnings foundation capable of paying steady dividends. In keeping with this principle, we have established the following targets.

- ROE: Over 15%
- Ordinary income to net sales ratio: Over 10%

(3) Medium- and Long-term Management Strategy

We are a comprehensive information services provider that offers communication systems development, information systems development, network solutions, and data entry. In the future we will continue our efforts to find new areas of potential business growth, while aiming to strengthen and expand the revenue foundation based on management that achieves a balance between those four business areas and the four companies.

In addition, the Company plans to continue to promote cooperative businesses, which we have identified as our fifth business, as well as striving to promote product manufacturing and marketing activities.

Moreover with the arrival of the broadband and mobile communications era, we will promote a business expansion strategy that contributes to the realization of a ubiquitous information society and leverages our strengths as a specialist technology group, including our embedded and mobile technologies.

Our specific businesses are explained below.

(Communications Systems Business)

- We implement a business strategy designed to help realize a ubiquitous information society through the integration of information and communications technologies, including third-generation cellular phones, intelligent home appliances, digital broadcasting, digital copiers, ITS, and medical equipment using network technologies, and mobile communications terminals.
- We will fortify our core embedded technology to help expand this business in the future.
- We are also planning to strengthen our value-added business by developing our own products, while cooperating with other companies on developing new products in the fields of platforms (system environments in which software run) and user-interface products.

(Information Systems Business)

- We provide integrated business solutions, ranging from upstream processes to software maintenance processes in the distribution and manufacturing industries as well as the governmental sector, with a main focus on finance such as life and non-life insurance.

(Network Solutions Business)

- The outsourcing services we provide, which employ our network solutions, security, and system management technologies, contribute to network safety and the stable operations of our customers systems. In this manner we seek to take advantage of growth opportunities in the markets for our services.

(Data entry business)

- We will provide low cost, high quality services that meet customer needs, with sophisticated security and the latest entry systems, in a range of sectors such as non-life insurance, banking, education and government.

(4) Key Management Issues

In the information service industry in which we are involved, customers have become extremely cost-conscious in terms of investing in information technology. As a result, the market environment will continue to be a difficult one. With competition between rivals in the industry heating up, and computer manufacturers entering this business realm as new competitors, we recognize the importance of differentiating our services from those of our competitors.

At the same time, given the rapid expansion of IT, broadband, mobile technologies, and computer networking business sectors, there are strong opportunities for growth that are emerging. We recognize that companies with advanced network technologies have a strong potential to capitalize on this growth. Against this backdrop, NID intends to leverage its strong market reputation as a company with sophisticated mobile and embedded technologies. Furthermore we will fortify our business structure to be able to provide higher levels of quality and productivity, credibility, and security to our customers in system construction. At the same time, we will optimize our management by increasing our operating efficiency in order to raise our profitability and become a company that offers greater added value.

1) Quickly Responding to Market Demands by Fortifying Our Technological Capabilities

In order to be able to respond to the swift changes and diversifying needs within the IT industry, we need to aggressively cultivate highly skilled engineers who are able to handle new information technologies. Consequently, we are seeking to expand our business by increasing our added value and competitive edge. In addition, by advancing the visualization of our technical prowess, we have begun to construct and utilize an engineer database.

2) Strengthening Our Marketing Function

Shifting to solution proposal-based marketing, we are proceeding to develop sales that integrate the sales and operational divisions and provide the company with accurate market needs based on information gathered in a timely manner, with the aim of achieving sales-driven orders.

3) Improving Our Software Development Process and Fortifying our Production Structure

We seek to raise the quality and productivity of our services through strict project management and the introduction of management and development tools. Specifically, we will establish a quality assurance system, improve and fortify our software development process in line with technological advances, and develop human resources in accordance with the ISO9001 guidelines for “quality management systems.” Also in the assessment to expand the scope of our ISO9001 certification conducted in December 2010, NID-IS Co., Ltd. and NID Tohoku Co., Ltd. were awarded ISO9001 certification in addition to our already certificated communications system division. We will continue in our efforts to increase our quality levels in the future. We will promote activities related to various global standards for quality management, including Software Process Improvement (SP), Capability Maturity Model (CMM), and the Guide to Project Management Body of Knowledge (PMBOK). At the same time, we will create new cooperative arrangements with companies outside of our Group to fortify our production capabilities.

4) Reform of Personnel and Compensation Systems and Our Human Resource Development Strategy

With our goal of becoming a Group employing a team of valuable individuals with high levels of technological expertise, we maintain a human resource strategy centered on a performance-based compensation system, as part of our effort to cultivate highly skilled engineers who can help us respond to the swift changes in information technologies.

5) Focusing on Information Security

All Group companies have gained ISO27001 certification, the standard for information security management, and privacy mark certification, the standard for the protection of personal information.

6) Focusing on Environmental Preservation

We introduced an environmental management system at our head office and obtained ISO14001 certification, which is an international environmental management standard. We will continue our efforts to devise ways of contributing to the environment in our software design and development operations, such as reducing our environmental impact through initiatives such as the promotion of energy saving and resource saving, the reduction of waste, and green procurement.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

	FY3/10	FY3/11
ASSETS		
Current assets		
Cash and deposits	4,132,788	4,934,693
Notes and accounts receivable–trade	2,437,193	2,419,087
Marketable securities	301,706	1,038
Work in process	111,232	213,083
Deferred tax assets	433,555	435,309
Others	188,729	213,186
Allowance for doubtful accounts	-3,379	-
Total current assets	7,601,826	8,216,398
Non-current assets		
Property, plant and equipment		
Buildings and structures	169,120	169,120
Accumulated depreciation	-113,669	-121,013
Buildings and structures – net	55,450	48,106
Vehicles	22,148	31,747
Accumulated depreciation	-15,776	-18,099
Vehicles – net	6,372	13,647
Tools, furniture and fixtures	139,417	140,615
Accumulated depreciation	-108,621	-117,064
Tools, furniture and fixtures – net	30,796	23,551
Land	136,767	136,767
Lease assets	19,369	24,675
Accumulated depreciation	-5,389	-9,205
Lease assets - net	13,980	15,470
Total property, plant and equipment	243,367	237,544
Intangible assets		
Software	203,939	188,639
Others	56,927	45,822
Total intangible assets	260,866	234,461
Investments and other assets		
Investment securities	598,468	420,360
Deferred tax assets	984,492	1,000,150
Guarantee deposits	509,348	477,874
Others	74,334	74,115
Total investments and other assets	2,166,643	1,972,501
Total non-current assets	2,670,877	2,444,507
Total assets	10,272,703	10,660,906

(Thousand yen)

	FY3/10	FY3/11
LIABILITIES		
Current liabilities		
Accounts payable – trade	319,321	358,761
Accounts payable – other	304,336	278,391
Income taxes payable	152,141	165,270
Accrued consumption taxes	92,734	87,837
Deposits received	52,305	55,526
Provision for bonuses	914,866	900,155
Others	125,521	155,386
Total current liabilities	1,961,225	2,001,329
Non-current liabilities		
Provision for retirement benefits	1,984,921	2,046,087
Provision for directors' retirement benefits	359,250	381,925
Others	148,459	121,415
Total non-current liabilities	2,492,630	2,549,427
Total liabilities	4,453,856	4,550,756
NET ASSETS		
Shareholders' equity		
Capital stock	653,352	653,352
Capital surplus	488,675	488,675
Retained earnings	5,967,232	6,244,548
Treasury stock	-1,226,363	-1,226,363
Total shareholders' equity	5,882,896	6,160,212
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-64,049	-50,062
Total valuation and translation adjustments	-64,049	-50,062
Total net assets	5,818,847	6,110,150
Total liabilities and net assets	10,272,703	10,660,906

(2) Consolidated Statements of Income

(Thousand yen)

	FY3/10	FY3/11
Net sales	14,723,405	14,638,195
Cost of sales	12,076,634	11,943,151
Gross profit	2,646,770	2,695,044
Selling, general and administrative expenses	1,739,314	1,759,884
Operating income (loss)	907,456	935,159
Non-operating income		
Interest income	2,827	1,298
Dividends income	4,728	5,308
Commission for insurance office work	5,002	5,276
Insurance income	5,379	835
Subsidy income	14,417	58,689
Others	1,517	2,211
Total non-operating income	33,872	73,618
Non-operating expenses		
Interest expenses	1,888	1,713
Loss on investment in partnership	12,704	7,579
Investment partnership management fee	4,605	4,398
Others	157	961
Total non-operating expenses	19,356	14,652
Ordinary income (loss)	921,972	994,124
Extraordinary income		
Gain on sales of noncurrent assets	2,302	-
Gain on sales of investment securities	-	915
Reversal of allowance for doubtful accounts	42	3,379
Gain on abolishment of retirement benefit plan	71,859	-
Others	-	90
Total extraordinary income	74,205	4,384
Extraordinary loss		
Loss on sales of non-current assets	-	322
Loss on retirement of non-current assets	42,194	1,909
Loss on valuation of investment securities	17,999	189,660
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	6,130
Loss on disaster	-	10,003
Directors' retirement benefits	10,000	-
Others	52	3,583
Total extraordinary loss	70,246	211,610
Income before income taxes and minority interests	925,930	786,898
Income taxes – current	425,325	366,239
Income taxes – deferred	-37,869	-27,008
Total income taxes	387,455	339,231

(Thousand yen)

	FY3/10	FY3/11
Income before minority interests	-	447,667
Net income (loss)	538,475	447,667
Income before minority interests	-	447,667
Other comprehensive income		
Valuation difference on available-for-sale securities	-	13,987
Total other comprehensive income	-	13,987
Comprehensive income	-	461,654
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	-	461,654

(3) Consolidated Statements of Changes in Shareholders' Equity

(Thousand yen)

	FY3/10	FY3/11
Shareholders' equity		
Capital stock		
Balance at the end of previous term	653,352	653,352
Changes during the term		
Total changes during the term	-	-
Balance at the end of term	653,352	653,352
Capital surplus		
Balance at the end of previous term	488,675	488,675
Changes during the term		
Total changes during the period	-	-
Balance at the end of term	488,675	488,675
Retained earnings		
Balance at the end of previous term	5,599,109	5,967,232
Changes during the term		
Cash dividends	-170,351	-170,351
Net income	538,475	447,667
Total changes during the term	368,123	277,315
Balance at the end of term	5,967,232	6,244,548
Treasury stock		
Balance at the end of previous term	-1,226,363	-1,226,363
Changes during the term		
Total changes during the term	-	-
Balance at the end of term	-1,226,363	-1,226,363
Total shareholders' equity		
Balance at the end of previous term	5,514,773	5,882,896
Changes during the term		
Cash dividends	-170,351	-170,351
Net income	538,475	447,667
Total changes during the term	368,123	277,315
Balance at the end of term	5,882,896	6,160,212

(Thousand yen)

	FY3/10	FY3/11
Accumulated other comprehensive income		
Valuation adjustment, other marketable securities		
Balance at the end of previous term	-41,670	-64,049
Changes during the term		
Net changes in items excluding shareholders' equity during the term	-22,378	13,987
Total changes during the term	-22,378	13,987
Balance at the end of term	-64,049	-50,062
Total valuation and translation adjustments		
Balance at the end of previous term	-41,670	-64,049
Changes during the term		
Net changes in items excluding shareholders' equity during the term	-22,378	13,987
Total changes during the term	-22,378	13,987
Balance at the end of term	-64,049	-50,062
Total net assets		
Balance at the end of previous term	5,473,102	5,818,847
Changes during the term		
Dividends from surplus	-170,351	-170,351
Net income	538,475	447,667
Net changes in items excluding shareholders' equity during the term	-22,378	13,987
Total changes during the term	345,744	291,303
Balance at the end of term	5,818,847	6,110,150

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	FY3/10	FY3/11
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	925,930	786,898
Depreciation and amortization	117,315	136,320
Increase (decrease) in provision for retirement benefits	-90,926	61,165
Increase (decrease) in provision for directors' retirement benefits	363	22,675
Increase (decrease) in allowance for doubtful accounts	-42	-3,379
Increase (decrease) in provision for bonuses	32,498	-14,711
Interest and dividends income	-7,556	-6,606
Interest expenses	1,888	1,713
Loss (gain) on sales of investment securities	-	-915
Loss (gain) on valuation of investment securities	17,999	189,660
Loss (gain) on sales of property, plant and equipment	-	322
Loss on retirement of property, plant and equipment	386	519
Loss on retirement of intangible assets	41,808	1,110
Loss (gain) on sales of investments, in real estate	-2,302	-
Loss (gain) on investment in partnership	16,439	11,716
Decrease (increase) in notes and accounts receivable -trade	35,913	18,106
Decrease (increase) in inventories	47,286	-99,187
Decrease (increase) in other current assets	-73,364	-27,339
Decrease (increase) in other non-current assets	239	292
Increase (decrease) in notes and accounts payable - Trade	-29,523	39,440
Increase (decrease) in accounts payable-other	186,842	-42,314
Increase (decrease) in accrued consumption taxes	4,399	-4,950
Increase (decrease) in other current liabilities	16,555	22,804
Others - net	895	6,756
Subtotal	1,243,046	1,100,099
Interest and dividend income received	7,596	6,706
Interest expenses paid	-1,888	-1,713
Income taxes paid	-565,353	-343,991
Net cash provided by (used in) operating activities	683,401	761,100

(Thousand yen)

	FY3/10	FY3/11
Net cash provided by (used in) investment activities		
Payments into time deposits	-2,057	-12,036
Purchase of investment securities	-100,616	-601
Proceeds from sales and redemption of investment securities	-	300,000
Purchase of property, plant and equipment	-10,725	-26,725
Proceeds from sales of property, plant and equipment	-	57
Purchase of intangible assets	-142,402	-80,530
Proceeds from sales of investments in real estate	13,060	-
Proceeds from distribution of investment partnership	1,500	2,500
Payments for guarantee deposits	-1,317	-899
Proceeds from collection of guarantee deposits	1,586	32,373
Purchase of insurance funds	-13,517	-4,214
Proceeds from cancellation of insurance funds	9,456	-
Others - net	-1,680	-5,669
Net cash provided by (used in) investment activities	-246,714	204,253
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	920,000	870,000
Decrease in short-term loans payable	-920,000	-870,000
Cash dividends paid	-170,158	-170,339
Others - net	-4,286	-5,316
Net cash provided by (used in) financing activities	-174,444	-175,656
Net increase (decrease) in cash and cash equivalents	262,242	789,697
Cash and cash equivalents at beginning of term	3,807,866	4,070,109
Cash and cash equivalents at end of term	4,070,109	4,859,806