



Consolidated Financial Results for the Fiscal Year Ended March 31, 2014

14-May-2014

Company Name :	NID Co., Ltd.	Listing :	JASDAQ
Security Code :	2349	URL :	http://www.nid.co.jp/
Representative :	President	Kiyoshi Suzuki	
Contact :	Finance Manager	Kazuo Shimoyama	Telephone : 81-8-3-6221-6811

(All figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year 2013 (From April 1, 2013 to March 31, 2014)

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	%
FY3/14	16,119	3.8	1,441	42.4	1,500	37.6	646	10.4
FY3/13	15,531	4.8	1,011	16.2	1,090	21.2	585	78.1

Note: Comprehensive income: FY3/14 609million yen (-27.1%) FY3/13 835million yen (157.4%)

	Net income per share	Diluted net income per share	ROE	ROA	Operating Income Margin
	Yen	Yen	%	%	%
FY3/14	170.86	—	9.0	12.5	8.9
FY3/13	154.77	—	8.9	9.5	6.5

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FY3/14	12,204	7,386	60.5	1,951.31
FY3/13	11,741	6,929	59.0	1,830.58

Note : Equity FY3/14 7,836million yen FY3/13 6,929million 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
FY3/14	1,154	-320	-176	6,029
FY3/13	740	-685	-176	5,371

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			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY3/13	—	—	—	45.00	45.00	170	29.1	2.6
FY3/14	—	—	—	45.00	45.00	170	26.3	2.4
FY3/15 (Forecasts)	—	—	—	45.00	45.00		18.9	

3. Consolidated Financial Forecasts for the Fiscal Year 2014(From April 1, 2014 to March 31, 2015)

(% 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 FY3/15	7,900	3.4	660	1.3	675	3.0	385	115.4	101.70
Full Year	16,500	2.4	1,520	3.3	1,550	3.3	900	39.1	237.75

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.

- ① Changes arising from revisions in accounting standards : Yes
- ② Changes arising from other reasons : None
- ③ Changes in estimation related to financial statements : None
- ④ Re-statement of revisions : None

(3) Shares issued (Common stock)

Shares issued as of term end (including treasury stock)	FY3/14	4,369,830	FY3/13	4,369,830
Treasury stock as of term end	FY3/14	584,279	FY3/13	584,237
Average shares issued during term	FY3/14	3,785,557	FY3/13	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. Business Results

(1) Performance Analysis

Business results of the current term

In the current consolidated fiscal year, the Japanese economy showed gradual signs of recovery with signs of an upturn in improved corporate performance due to the recovery in stock prices and the correction of the strong yen supported by the government economic policies. On the other hand, overseas economies showed signs of recovery particularly in developed countries. However, there still lie concerns over downturn in the overseas economies due to economic conditions in China and other emerging countries and the European debt crises, which is a risk to put downward pressure on the Japanese economy continuously.

In our information services industry, given the popularity and expansion of cloud computing, smartphones and tablets, we expect market growth in the associated areas. IT investments by corporations show gradual signs of recovery. However, market competition has intensified and the business environment thus continues to be challenging.

Under these circumstances, we focused on our three core businesses of the communications systems business, information systems business and network solutions business to respond flexibly to changes in the market and strived to provide services that maximize customer satisfaction, while endeavoring to coordinate between these business segments. Furthermore, we continue to engage ourselves in value-added business in addition to these core businesses and, in order to respond accurately to rapid changes in IT environment, try to create our own products and solutions such as high-valued services and how to take advantage of information technology.

As a result, we recorded strong sales in the information systems business. In addition, since we strived to enhance work efficiency by carrying out thorough project management and collaboration within groups, performance for the current consolidated fiscal year were as follows: Net sales posted 16,119 million yen (up 3.8% on same period of previous year); Operating income amounted to 1,441 million yen (up 42.4% on same); Ordinary income recorded 1,500 million yen (up 37.6% on same).

Furthermore, ordinary income increased regardless of an increase in an extraordinary loss incurred by the cancellation of a new development project. As a result, net income for the current fiscal year recorded 646 million yen (up 10.4% on same period of previous year). In addition, net sales, operating income and ordinary income marked record high.

Business segment results were as follows:

Communications systems business

communications systems business saw a decrease in confirmed orders relating to Embedded system including mobile equipment. As a result, sales and operating profit posted 3,625 million (down 2.5% on prior same period) and 193 million yen (up 3.2% on same) respectively.

Information systems business

Information systems business saw an increase in confirmed orders in areas including life and non-life insurance, mutual assistance insurance. As a result, sales and operating profit posted 4,007 million (up 17.7% on same) and 583 million yen (up 86.0% on same) respectively.

Network solutions business

Network solutions business saw stable growth in orders from our main clients in the transportation, life and non-life insurance. As a result, sales and operating profit posted 4,679 million (up 2.2% on same) and 329 million yen (up 7.6% on same) respectively.

NID-IS

NID-IS business saw a rise in systems development orders and BPO (Business Process Outsourcing) orders from electric power industry. As a result, sales and operating profit posted 2,650 million (up 3.9% on same) and 215 million yen (up 6.3% on same) respectively.

NID-IE

NID-IE business saw a down in orders from our main clients in the life and non-life insurance. As a result, sales and operation profit posted 673 million (down 9.2 on same) and 38 million yen (down 395% on same) respectively.

NID Tohoku

In NID Tohoku business, although orders from major customers in electric power industry decreased, sales and collaboration within groups were reinforced to acquire new customers in metropolitan and other areas. As a result, operating income posted 49 million yen (44 million of operating loss on same period of previous year), and net sales posted 481 million yen (down 9.9% on same).

Forecast on Next Period

We believe that the future of the Japanese economy will show recovery due to the economic policy in spite of influence of the consumption tax increase and risk of deceleration in the global economy.

The business environment for our Group can expect growth in markets associated with smart devices and cloud; however, the projection is that the growth of markets on a whole will be limited and we believe that we continually will need to tread carefully.

Under this environment, our Group will focus on growing the number of confirmed orders by reinforcements to our sales structure to move forward a growth and improvements in our core businesses. In addition, we will also focus on value-add businesses, develop new businesses through alliance with other companies, and aggressively make investments for our future.

Based on these efforts, we expect the following consolidated financial results for the upcoming fiscal year: sales of 16,500million yen (up 2.4% on same period of previous year), 1,520 million yen in operating profit (up 5.5% on same), 1,550million yen in ordinary profit (up 3.3% on same), and 900 million yen in net profit for the period (up 39.1% on same).

(2) Financial Conditions Analysis

1. Assets, Liabilities, Net assets

(Assets)

Current assets as at end of current consolidated fiscal year was 8,998 million yen, up 315 million yen on end of previous consolidated fiscal year. This was primarily due to reduction in work-in-process, increase in accounts receivable and notes receivable.

Non- current assets were 3,206 million yen, up 30 million yen on end of previous consolidated fiscal year. This was primarily due to decrease in software and tangible fixed assets by sales of the company dormitory. As a result, Total assets posted an increase of 463 million yen on prior consolidated fiscal year end and settled at 12,204 million yen.

(Liabilities)

Current liabilities as at end of current consolidated fiscal year was 2,136 million yen, down 23 million yen on end of previous consolidated fiscal year. This was primarily due to reduction in deposit received.

Non- current liabilities posted an increase of 30 million yen on prior consolidated fiscal year end and settled at 2,681 million yen, due to factors including an increase of provision for retirement benefits. As a result, Total liabilities posted an increase of 6 million yen on prior consolidated fiscal year end and settled at 4,818 million yen.

(Net assets)

Current total net assets as at end of current consolidated fiscal year was 7,386 million yen, up 456 million yen on end of previous consolidated fiscal year, due to factors including an increase of retained earnings. As a result, capital adequacy ratio increased by 0.5% from 59.0% at end of prior consolidated fiscal year end to 60.5%.

2. Cash flows

Cash and cash equivalents (hereafter referred to as “Cash”) at the end of the consolidated fiscal year under review were 6,029 million yen, increased by 658 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 1,154 million yen (compared with net cash provided of 740 million yen in the same period of the previous fiscal year).

This was primarily due to the fact that expenditure factors such as payment of corporate tax exceeded the income factors such as decrease in trade receivables and income before income taxes and minority interests.

(Cash Flow from Investing Activities)

Net cash provided by investing activities was 320 million yen (compared with net cash used of 685million yen in the same period of the previous fiscal year).

This mostly concerns expenditures and such due to acquisition of investment securities and income of tangible fixed assets as a result of sale of the company dormitory.

(Cash Flow from Financing Activities)

Net cash used in financing activities was 176 million yen (compared with net cash used of 176 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	2011	2012	2013	2014
Equity ratio (%)	57.3	56.4	59.0	60.5
Equity ratio (market value basis) (%)	41.4	48.8	52.1	47.3

Cash flow/interest-bearing debt (years)	-	-	-	-
Interest coverage ratio (times)	444.2	550.9	470.8	789.7

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) Interest-bearing debts refer to all debts in Consolidated Balance Sheet on which we pay interest. "Interest payments" denotes interest payments as reflected in the consolidated cash flow statements.

(Note 4) The interest-bearing debt to cash flow ratio is not indicated as there is no interest-bearing debt.

(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.

(4) Business Risks

Below we note the important risk factors associated with our business that may be considerations when making an investment in Our Company. We also take aggressive steps to disclose information about our company which may not be considered as risk factors to our business but could influence any investment decision regarding our company by investors below. Moreover we make every effort to avoid these risks and to respond quickly to the occurrence of any of these risks. With regards to references about our outlook for the future made in this document, we have based this outlook on the best information available at the time of the release of this document (May 14, 2014).

1) Risk of Unprofitable Projects

Traditionally the NID Group forms project teams for each job ordered by our customers in our core business of system development. However, risks arising from underestimation of the difficulty of the project at the time of the formation of our project team, reductions in the value of the order, occurrence of unforeseen events or accidents during the course of the project, higher than expected costs, and other factors could force the profitability of projects below our targets. Furthermore we also run the risk of receiving complaints from our customers on projects which do not live up to their expectations. Therefore our Group has established a "project risk committee" and we conduct project audit activities as a monitoring system designed to help us avoid the occurrence of various risks. But despite our best efforts and in the event that unforeseen events were to happen, we cannot overlook the potential volatility in our Group earnings or our financial position.

2) Order Decline Resulting from External Factors

The bulk of our customers belong to the manufacturing, transportation, distribution, life and non-life insurance, and securities industries as well as the government and other public administrative offices. And because of the wide range of customers we serve, no single client accounts for more than 10% of our total orders. We therefore believe that risk of having an overly concentrated amount of orders in a few clients is very low. However weakening in order demand for system development arising from political and economic uncertainties, including fluctuations in the currency and natural disaster, could possibly negatively impact both Our Group's earnings and our financial position.

3) Pricing Competition and Reductions in Prices

Intense competition in the Japanese information services industry continues as corporations postpone and restrain their IT related investments. Furthermore we note that hardware vendors are beginning to shift their emphasis towards software services and this in turn is raising the competitive forces within our industry. We note that orders for system development are being shifted to companies operating in overseas markets such as China which offer cheaper pricing, and a subsequent decline in prices resulting from intensified pricing competition. The NID Group seeks to insulate itself from this pricing competition by concentrating its efforts upon providing high quality services. However our earnings and financial position could be negatively impacted should demands for price reduction by our clients intensify.

4) Hiring and Training Highly Qualified Staff

The future growth of our Group is highly dependent upon our ability to secure highly qualified engineers and other staff, and hiring and training staff is a key management issue. Therefore the future growth and earnings potential of Our Group could be negatively impacted in the event that we cannot hire or train an adequate number of staff. At the same time hiring of highly qualified engineers and other staff could lead to large increases in our hiring and personnel costs. Furthermore the training programs for our existing staff could also contribute to higher costs. These costs could also impact our earnings and our financial position.

5) Risk of Credibility Loss Arising from Leakage of a Secret

Because we handle highly sensitive information of our clients in Our Group's various services, we place an extremely high priority upon the maintaining the confidentiality of this information. We have acquired ISO27001, an international standard on quality management systems the "privacy mark" certification and we have created various manuals and training programs for our staff to reinforce the importance of confidentiality in maintaining our credibility with clients. But in the event that a leak of client information was to occur, we may suffer the loss of trust of our clients, and our earnings and financial standing could be impacted.

6) Risks of technical innovation

In the information service industry to which the NID Group belongs, the technological environment could undergo disruptive change. The NID Group studies a multiplicity of technological trends in state-of-the-art, basic, and other technologies and engages in research and development, but in the event that it delays addressing faster-than-expected progress in innovative technologies, this could impact our earnings and financial standing.

7) Risks of intellectual property rights

With regard to intellectual property rights and other rights essential to the conduct of business by the NID Group, it is possible that the Group will not be granted licenses or authorization of other kinds by the owners of such rights, and in consequence will become unable provide specific technologies, products, or services. It is also possible that claims for damages will be made on the ground that business activities undertaken by the NID Group have infringed the intellectual property rights of other parties. In any such event, the NID Group's business results and financial standing could be impacted.

8) Risks of major disasters

NID Group develops structures for ensuring business continuity in conformity with government guidelines and implements disaster-prevention training. Nevertheless, in the event of the occurrence of a major disaster or of a serious outbreak of a contagious disease or else, the NID Group's business results and financial standing could be impacted.

9) Retirement Benefits Obligation

Our group companies' employee retirement benefits package expenses and obligations are calculated based on pre-conditions, which are set by actuarial calculations of factors including discount rate. In the event the actual result differs from the pre-conditions, or in the event the pre-conditions are changed, because the effect of them will be cumulative, and recognized in the future as a rule, these will generally have an effect on the debts recorded and expenses recognized in the future. Therefore, if the discount rate will decline in the future, the business performance and financial state of our group companies may be impacted.

2. Corporate Structure

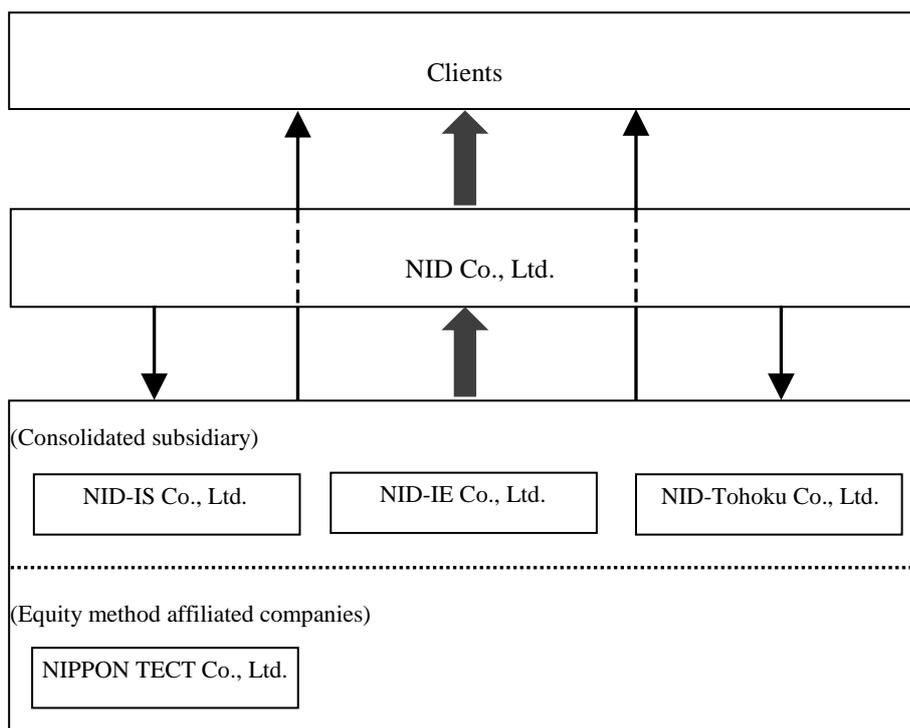
The NID Group (including the parent company and our consolidated subsidiaries) is comprised of the parent company, and our three consolidated subsidiaries, NID-IS Co., Ltd., NID-IE Co., Ltd., and NID Tohoku Co., Ltd., and our one affiliated company accounted for by the equity method, NIPPON TECT Co., 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.

NID-IE Co., Ltd.



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.

With the arrival of an era in which smart devices, cloud and other services became more prevalent and anyone can access the network that provide various services, 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 technologies of communication systems development, information systems development and network solutions development.

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 smartphones and tablets, intelligent home appliances, digital broadcasting, digital copiers, ITS, and medical equipment using network technologies, and mobile communications terminals.
- With the technologies that we learned and developed through the commissioning of projects to our outsourcing businesses as our foundation and backbone, we will develop products for systems and smartphone applications. In addition, through our proactive engagement in alliances with other companies on open innovation (discovery of revolutionary services and products by the convergence of our technologies and ideas with those of other companies), we will continue to build new businesses, including products and services with higher value-add's and more novelty.
- 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

The business environment for our Group will still remain severe situation, IT investments by corporations show gradual signs of recovery, but the growth rate remain low. 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.

Advancements in IT come rapidly. The mobile devices market for smartphones and tablets are growing, the move to the revolutionizing cloud services is accelerating, and the move to a ubiquitous network is gaining more momentum. Therefore, we expect growth in these new markets, and for vendor companies that have advanced networking (telecommunication) technologies, we believe that we can potentially fill a range of demands in the market.

Against this backdrop, 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) Projects on quality improvement

All of our Group companies obtained ISO9001, which is an international standard on quality management systems, as part of our project on quality improvement and reinforced project management, and we are performing training for our staffs and improving and reinforcing the software development processes to be in line with progress in technology and established quality assurance systems. Specifically, we devised NID Quality Management System (NQS), and our goal from the management standpoint is to improve customer satisfaction through our providing them with value-add's, realize higher quality, and engage in the management of projects companywide.

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) Projects on information security

All Group companies have gained ISO27001, the standard for information security management, and Privacy mark, the standard for the protection of personal information. We will improve and maintain projects on information security as we recognize that this is a critical issue of management in order to perform our corporate social responsibility and improve customer services.

6) Focusing on Environmental Preservation

We introduced an environmental management system at our head office and obtained ISO14001, 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.

7) Creation of new services in response to evolutions in IT

Smartphones, tablets, and cloud services are fast becoming commonplace, and the world of IT is changing rapidly. Topics for our Group going forward will be creation of unique solutions and products, such as services with high value-add and new methods of utilizing the more evolved IT's.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

	FY3/13	FY3/14
ASSETS		
Current assets		
Cash and deposits	5,433,380	6,090,723
Notes and accounts receivable - trade	2,437,497	2,161,064
Securities	1,040	1,040
Work in process	233,669	177,820
Deferred tax assets	423,920	382,838
Other	152,895	184,829
Total current assets	8,682,404	8,998,317
Non-current assets		
Property, plant and equipment		
Buildings and structures	247,193	201,728
Accumulated depreciation	-95,068	-58,868
Buildings and structures, net	152,124	142,860
Vehicles	43,306	43,149
Accumulated depreciation	-25,545	-30,640
Vehicles, net	17,761	12,509
Tools, furniture and fixtures	196,848	198,846
Accumulated depreciation	-95,425	-123,152
Tools, furniture and fixtures, net	101,423	75,694
Land	136,767	—
Leased assets	26,659	35,056
Accumulated depreciation	-19,062	-23,931
Leased assets, net	7,597	11,125
Total property, plant and equipment	415,674	242,189
Intangible assets		
Software	168,967	126,564
Other	44,086	25,962
Total intangible assets	213,054	152,526
Investments and other assets		
Investment securities	1,301,520	1,660,171
Deferred tax assets	765,910	803,623
Guarantee deposits	257,783	257,822
Other	105,625	90,307
Allowance for doubtful accounts	-275	—
Total investments and other assets	2,430,565	2,811,924
Total non-current assets	3,059,294	3,206,640
Total assets	11,741,699	12,204,957

(Thousand yen)

	FY3/13	FY3/14
Liabilities		
Current liabilities		
Accounts payable - trade	368,986	346,744
Accounts payable - other	378,499	366,397
Income taxes payable	183,833	253,701
Accrued consumption taxes	89,015	123,483
Deposits received	126,555	58,054
Provision for bonuses	867,411	864,191
Other	145,641	123,642
Total current liabilities	2,159,944	2,136,215
Non-current liabilities		
Provision for retirement benefits	2,146,391	—
Net defined benefit liability	—	2,161,036
Provision for directors' retirement benefits	409,050	439,300
Asset retirement obligations	36,213	36,969
Other	60,285	44,654
Total non-current liabilities	2,651,939	2,681,960
Total liabilities	4,811,884	4,818,176
Net assets		
Shareholders' equity		
Capital stock	653,352	653,352
Capital surplus	488,675	488,675
Retained earnings	6,818,669	7,295,103
Treasury shares	-1,226,363	-1,226,430
Total shareholders' equity	6,734,333	7,210,700
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	195,481	157,703
Remeasurements of defined benefit plans	—	18,377
Total accumulated other comprehensive income	195,481	176,081
Total net assets	6,929,814	7,386,781
Total liabilities and net assets	11,741,699	12,204,957

(2) Consolidated Statements of Income

(Thousand yen)

	FY3/13	FY3/14
Net sales	15,531,922	16,119,498
Cost of sales	12,696,796	12,898,825
Gross profit	2,835,125	3,220,673
Selling, general and administrative expenses	1,823,296	1,779,404
Operating income	1,011,829	1,441,268
Non-operating income		
Interest income	108	76
Dividend income	19,425	36,251
Gain on investments in partnership	—	28,938
Commission for insurance office work	5,011	4,813
Share of profit of entities accounted for using equity method	—	1,629
Insurance income	32,530	4,469
Subsidy income	26,553	7,081
Other	4,101	1,678
Total non-operating income	87,731	84,938
Non-operating expenses		
Interest expenses	1,572	1,462
investment partnership management fee	3,769	2,980
Loss on investments in capital	3,416	18,385
Taxes and dues	—	2,984
Other	402	106
Total non-operating expenses	9,160	25,919
Ordinary income	1,090,400	1,500,287
Extraordinary income		
Gain on sales of investment securities	—	26,517
Gain on refund of guarantee deposits	—	38,679
Total extraordinary income	—	65,196
Extraordinary losses		
Loss on sales of non-current assets	229	16,828
Loss on retirement of non-current assets	36,663	5,537
Head office transfer cost	75,183	—
Special retirement expenses	12,170	29,001
Loss on cancellation of contract	—	436,492
Other	6,079	911
Total extraordinary losses	130,326	488,771
Income before income taxes and minority interests	960,073	1,076,712
Income taxes - current	369,014	415,165
Income taxes - deferred	5,169	14,761
Total income taxes	374,184	429,926
Income before minority interests	585,889	646,785
Net income	585,889	646,785
Income before minority interests	585,889	646,785
Other comprehensive income		
Valuation difference on available-for-sale securities	249,846	-37,778
Total other comprehensive income	249,846	-37,778
Comprehensive income	835,735	609,007
Comprehensive income attributable to		

Comprehensive income attributable to owners of parent	835,735	609,007
Comprehensive income attributable to minority interests	—	—

(3) Consolidated Statements of Changes in Shareholders' Equity

Consolidated Financial Results for the Fiscal Year 2012 (From April 1, 2012 to March 31, 2013)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	653,352	488,675	6,403,131	-1,226,363	6,318,795
Changes of items during period					
Dividends of surplus			-170,351		-170,351
Net income			585,889		585,889
Purchase of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	415,537	—	415,537
Balance at end of current period	653,352	488,675	6,818,669	-1,226,363	6,734,333

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	-54,364	—	-54,364	6,264,430
Changes of items during period				
Dividends of surplus				-170,351
Net income				585,889
Purchase of treasury shares				
Net changes of items other than shareholders' equity	249,846	—	249,846	249,846
Total changes of items during period	249,846	—	249,846	665,384
Balance at end of current period	195,481	—	195,481	6,929,814

Consolidated Financial Results for the Fiscal Year 2013 (From April 1, 2013 to March 31, 2014)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	653,352	488,675	6,818,669	-1,226,363	6,734,333
Changes of items during period					
Dividends of surplus			-170,351		-170,351
Net income			646,785		646,785
Purchase of treasury shares				-67	-67
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	476,434	-67	476,367
Balance at end of current period	653,352	488,675	7,295,103	-1,226,430	7,210,700

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	195,481	—	195,481	6,929,814
Changes of items during period				
Dividends of surplus				-170,351
Net income				646,785
Purchase of treasury shares				-67
Net changes of items other than shareholders' equity	-37,778	18,377	-19,400	-19,400
Total changes of items during period	-37,778	18,377	-19,400	456,966
Balance at end of current period	157,703	18,377	176,081	7,386,781

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	FY3/13	FY3/14
Cash flows from operating activities		
Income before income taxes and minority interests	960,073	1,076,712
Depreciation	176,483	160,107
Increase (decrease) in provision for retirement benefits	41,995	—
Increase (decrease) in retirement benefits liabilities	—	43,198
Increase (decrease) in provision for directors' retirement benefits	6,750	30,250
Increase (decrease) in allowance for doubtful accounts	—	-275
Increase (decrease) in provision for bonuses	-26,620	-3,220
Interest and dividend income	-19,533	-36,327
Interest expenses	1,572	1,462
Share of (profit) loss of entities accounted for using equity method	—	-1,629
Loss (gain) on operation of investments in capital	3,416	18,385
Loss (gain) on sales of investment securities	—	-26,517
Loss (gain) on sales of property, plant and equipment	229	16,828
Loss on retirement of property, plant and equipment	23,854	276
Loss on retirement of intangible assets	12,808	5,261
Loss (gain) on investments in partnership	2,796	-22,430
Decrease (increase) in notes and accounts receivable - trade	-151,404	279,849
Decrease (increase) in inventories	39,550	56,219
Decrease (increase) in other current assets	30,627	-39,575
Decrease (increase) in other non-current assets	661	30
Increase (decrease) in notes and accounts payable - trade	46,719	-22,242
Increase (decrease) in accounts payable - other	7,738	-24,263
Increase (decrease) in accrued consumption taxes	739	34,468
Increase (decrease) in other current liabilities	18,597	-90,198
Other, net	-2,862	520
Subtotal	1,174,193	1,456,891
Interest and dividend income received	19,533	36,327
Interest expenses paid	-1,572	-1,462
Income taxes paid	-452,106	-336,759
Net cash provided by (used in) operating activities	740,049	1,154,998
Cash flows from investing activities		
Payments into time deposits	-5	-4
Purchase of investment securities	-504,223	-483,937
Proceeds from sales and redemption of investment securities	—	74,796
Payments for investments in capital	-30,000	—
Purchase of property, plant and equipment	-237,742	-34,910
Proceeds from sales of property, plant and equipment	563	134,553
Payments for asset retirement obligations	-53,325	—
Purchase of intangible assets	-88,677	-45,991
Proceeds from distribution of investment in partnerships	13,900	41,721
Payments for guarantee deposits	-120,277	-86
Proceeds from collection of guarantee deposits	339,241	48
Purchase of insurance funds	-6,101	-5,787
Other, net	1,613	-640

Net cash provided by (used in) investing activities

-685,035

-320,237

(Thousand yen)

	FY3/13	FY3/14
Cash flows from financing activities		
Increase in short-term loans payable	820,000	820,000
Decrease in short-term loans payable	-820,000	-820,000
Cash dividends paid	-169,284	-171,151
Purchase of treasury shares	—	-67
Other, net	-6,882	-5,522
Net cash provided by (used in) financing activities	-176,167	-176,740
Net increase (decrease) in cash and cash equivalents	-121,153	658,019
Cash and cash equivalents at beginning of period	5,492,618	5,371,465
Cash and cash equivalents at end of period	5,371,465	6,029,485