Consolidated Financial Results for the Fiscal Year ended March 31, 2012
(April 1, 2011 through March 31, 2012)
(Prepared pursuant to Japanese GAAP)

All financial information has been prepared in accordance with accounting principles generally accepted in Japan. This is a partial English translation of the original Japanese-language document. All information pertains to consolidated results unless otherwise noted. Information on the basis of presentation of consolidated financial statements does not appear in this translation.

May 10, 2012

Company name:	IT Holdings Corporation
Stock exchange listings:	The First Section of the Tokyo Stock Exchange
Stock code:	3626
URL:	http://www.itholdings.co.jp/e/
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Scheduled dates

Annual general shareholders' meeting:	June 26, 2012
Filing of statutory financial report:	June 27, 2012
Commencement of dividend payments:	June 27, 2012

Supplementary materials to the full-year results:	Available
Full-year results presentation held:	Yes (targeted at institutional investors and analytsts)

Figures in millions of yen are rounded down to the nearest million

1. Consolidated Results for the Fiscal Year ended March 31, 2012 (FY2012) (April 1, 2011 – March 31, 2012)

(1) Consolidated Financial Results — Percentages indicate year-over-year changes

	Net sales		Operating income		Recurring profit		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY2012	327,417	1.3	15,621	21.9	15,393	21.9	2,135	(64.3)
FY2011	323,173	3.0	12,818	(19.9)	12,625	(19.7)	5,985	(21.9)

Note: Comprehensive income: FY2012: 1,860 million yen (–70.1%), FY2011 6,221 million yen (-41.6%)

	Net income per share – basic	Net income per share – diluted	Return on shareholders' equity	Ratio of recurring profit to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
FY2012	24.33	-	1.5	5.0	4.8
FY2011	68.19	-	4.2	4.1	4.0

For reference:
Equity in earnings (losses) of affiliated companies: FY2012: (202) million yen, FY2011 (46) million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
End-FY2012	310,003	150,965	46.3	1,636.72
End-FY2011	301,076	151,110	47.7	1,636.56

For reference:
Shareholders' equity: End-FY2012: 143,658 million yen, End-FY2011: 143,646 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equipments at the end of the period
	millions of yen	millions of yen	millions of yen	millions of yen
FY2012	23,658	(15,158)	(4,230)	41,119
FY2011	27,236	(18,957)	(18,755)	36,492

2. Cash Dividends for Shareholders of Common Stock

Record date or period	Cash dividends per share: End-Q1	End-Q2	End-Q3	Year-end	Total	Total dividends paid (full year)	Payout ratio (consolidated)	Dividends paid to net assets (consolidated)
	yen	yen	yen	yen	yen	millions of yen	%	%
FY2011	-	12.00	-	20.00	32.00	2,808	46.9	2.0
FY2012	-	00.00	-	18.00	18.00	1,579	74.0	1.1
FY2013 (forecast)	-	7.00	-	14.00	21.00		30.7	

3. Forecast of Consolidated Results for FY2013 (April 1, 2012 – March 31, 2013)

Percentages indicate year-over-year changes

	Net sales		Operating income		Recurring profit		Net income		Net income per share – basic
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
First half of FY2013 (six months ending Sep. 30, 2012)	162,000	4.7	5,000	6.8	5,000	6.8	2,000	-	22.79
Full FY2013 (year ending Mar. 31, 2013)	340,000	3.8	17,500	12.0	17,000	10.4	6,000	181.0	68.36

※ Notes

(1) Material reclassifications of subsidiaries during the period: Yes

Additions: None: Exclusions: Two companies: SORUN Corporation, UFIT Co., Ltd.

(2) Changes in accounting policy, changes in accounting estimates, and retrospective restatement

1) Changes in accordance with amendments to accounting standards, etc.: None

2) Changes other than noted in 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(3) Common stock issued

1) Issued shares as of period-end (including treasury stock):

End-FY2012 (March 31, 2012):	87,789,098 shares
End-FY2011 (March 31, 2011):	87,789,098 shares

2) Treasury stock as of period-end:

End-FY2012 (March 31, 2012):	16,882 shares
End-FY2011 (March 31, 2011):	15,385 shares

3) Average number of shares (during the fiscal year):

FY2012 (ended March 31, 2012):	87,773,108 shares
FY2011 (ended March 31, 2011):	87,772,532 shares

***Audit status**

These materials are not subject to the audit procedure requirements of the Financial Instruments and Exchange Act. An audit of the financial statements herein pursuant to the Financial Instruments and Exchange Act had not been completed by the date of this report's publication.

Caution on Forward-Looking Statements and Other Important Matters

This report contains forward-looking statements that reflect IT Holdings Corporation's plans and expectations.
These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause IT Holdings Corporation's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements.

For details, refer to "(1) Analysis of Results of Operations" on page 2 in the Accompanying Materials.

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1. Results of Operations

(1) Analysis of Consolidated Operating Results

Results for fiscal 2012 (ended March 31, 2012)

In fiscal 2012, though there were signs of a gradual recovery from the impact of the Great East Japan Earthquake, the environment surrounding the Japanese economy continued to be volatile reflecting factors unfolding after the summer including the fiscal and financial crisis in Europe, the appreciation of the yen and the floods in Thailand.

In the IT services industry, to which the IT Holdings Group belongs, a full-fledged recovery has failed to materialize although some clients showed positive attitude towards IT investments. In recent years, the industry has been undergoing a significant change in its environment, namely cloud computing, which could be termed as a paradigm shift.

The IT Holdings Group's consolidated results for fiscal 2012 are stated below. The Group posted increases in both sales and profits as the efforts by operating companies bore fruit even amid the severe business environment.

Consolidated net sales increased 1.3% versus fiscal 2011 to ¥327,417 million, as strong growth in orders in industrial IT services offset declining sales in financial IT services that have been affected by continued curbs on IT-related investment.

Both operating income and recurring profit rose 21.9% year on year, with operating income increasing to ¥15,621 million and recurring profit expanding to ¥15,393 million, as the Group made thorough efforts to reduce costs while making up-front investment in next-generation data centers and as the structural reform implemented in the first half of the fiscal year started yielding results.

Net income declined 64.3% to ¥2,135 million, primarily due an extraordinary loss on one-time expenses related to structural reform of approximately ¥7,800 million and a reversal of deferred tax assets of approximately ¥1,100 million in response to corporate tax reforms. The structural reform-related expenses consist of approximately ¥3,000 million for the Group's office relocation and consolidation and approximately ¥4,400 million for the special job transfer support program being carried out at TIS, Inc., a subsidiary, following the structural reforms.

Results by segment are as follows

Beginning with the first quarter of fiscal 2012, the IT Holdings Group has reclassified its business into new segments based on the service type and by customer/market types, replacing the previous segmentation based on groupings of consolidated subsidiaries. Sales in each segment include inter-segment sales, and the previous year's figures have been reclassified into the new segments for comparison purposes.

1) IT Infrastructure Services

This business provides self-administered computer utility or system operation services through large IT facilities, including data centers. Consolidated sales amounted to around the same level as the previous year, increasing 0.4% from a year ago to ¥111,358 million. The next-generation data center business gradually took off in the past several years, compensating for sales declines in existing businesses.

Operating income declined 1.0% year on year to ¥8,049 million, as the Group strived to reduce costs while making up-front investment in the next-generation centers.

2) Financial IT Services

This business supports clients in their efforts to make greater use of IT in their operations and in the execution of their business activities with IT expertise and business know-how specific to the finance industry.

Consolidated sales in fiscal 2012 declined 3.5% from a year ago to ¥70,099 million, as the credit card industry, which accounts for a high portion of sales of the IT Holdings Group, continued to curb their IT-related investments while major life insurers and major banks completed a round of investment. Operating income increased 15.6% to ¥4,534 million, reflecting the thorough cost-cutting efforts.

3) Industrial IT Services

This business supports clients in their efforts to make greater use of IT in their operations and in the execution of their business activities with IT expertise and business know-how in areas other than finance, namely industrial and public sectors. Consolidated sales increased 5.8% year on year to ¥149,466 million, on the back of robust growth fueled by the gradual recovery in IT investments in the process manufacturing industry and the retail sector. Operating income rose by 63.6% to ¥2,658 million.

4) Other

This includes incidental business generated from the provision of information systems and other businesses. Consolidated sales in this segment declined 2.2% year on year to ¥16,234 million, while operating income increased 73.3% to ¥2,277 million.

The IT Holdings Group worked on the following management issues to establish solid business platform based on its management strategy for fiscal 2012 that stipulates “firm establishment of a new Group formation,” “strengthening of the Group management foundation and profit structure,” “top-line expansion and growth of the contract outsourcing business,” and “preparation for shift to services- and solutions-oriented business through new investments.”

1) Firm establishment of a new Group formation

On April 1, 2011, TIS, Inc. merged with SORUN Corporation and UFIT Co., Ltd. and INTEC Inc. merged with Nippon System Gijutsu Co., Ltd and INTEC Systems Institute, Inc., while IT Service Force Co., Ltd. and Web Office Co., Ltd. merged in a move to consolidated shared services companies within the Group.

In addition, TIS, Inc. transferred its onsite service business to TIS Solution Link Inc. (formerly known as CST Inc.) on October 1, 2011 and AJS Inc. merged with AJS Software Co., Ltd., its subsidiary.

Furthermore, two system operation service providers TIS System Service Inc. and System Support Inc. merged on April 1, 2012.

2) Strengthening of the Group management foundation and profit structure

The IT Holding Group relocated and consolidated the business bases of nine companies in the Tokyo area including IT Holdings to Shinjuku-ku, Tokyo so as to enhance co-operation between the companies, strengthen group governance and reduce fixed costs.

Even as Group companies were implementing measures to establish a firm management structure, TIS, Inc. offered a special job transfer support program following company-wide structural reform aimed at the maximization of merger synergies and the early improvement of business performance, in a comprehensive overhaul of the personnel structure and work assignment.

The IT Holdings Group made concerted efforts to prevent and/or rein in large-scale unprofitable projects which significantly affected profits in the previous fiscal year.

3) Top-line expansion and growth of the contract outsourcing business

In the past several years, the IT Holdings Group has started operating next-generation data centers including GDC Gotenyama and INTEC Manyo Square. The Group believes that these data centers will not only add further values for customers’ business models but also contribute to society by acting as BCP* centers in the event of large-scale disasters.

Given the current situation where existing customers in the financial sector continue to curb IT-related investment, the Group pursued business expansion in the industrial sector, in which IT investment demand is expected. Orders grew strongly through steady implementation of measures to reinforce its sales capabilities, which resulted in acquisition of new customers and expansion of small- to medium-sized projects.

*BCP (Business Continuity Plan)

This is a business plan that enables a company to maintain its important operations uninterrupted in times of emergency such as a disaster or an accident.

4) Preparation for shift to services- and solutions-oriented business through new investments

In response to the industry-wide trend of shift to services- and solutions-oriented business, the IT Holdings Group has been driving forward development and expansion of diversified cloud service by leveraging technologies and expertise accumulated over its many years in business.

Major achievements in this effort include Call Crayon, a solution based on the Group's own PhoneCookie technology (patent pending) and aimed at enhancing contacts with customers by linking the Internet and telephone, expansion of cloud-compatible production control system AToMsQube in Japan and China, promotion of information distribution platform service Skyware, which is based on augmented reality technology, in the tourism industry and municipalities, and provision of mobile utilization platform service F3 Mobile Shield Center Service as an add-on of CRM system F3 (F cube) targeting local banks.

Forecast for fiscal 2013 (year ending March 31, 2013)

As for the environment surrounding the IT Holding Group, business sentiment is gradually improving, while there remain concerns including a global economic slowdown primarily in emerging countries.

Starting April 2012, the Group embarked on implementation of measures under the second medium-term management plan (from fiscal 2013 through fiscal 2015). The plan's basic concepts are "Top-Line Emphasis," "as One Company," and "Enterprising and Bold." The Group will strive as a whole in pursuing the following management strategy for fiscal 2013.

1) Top-Line Emphasis

Position fiscal 2013 as the year for achieving a full-scale V-shaped recovery and expand sales.

2) as One Company

Develop a sense of unity to achieve Group total optimum.

3) Enterprising and Bold

Carry out business transformation. Embrace shift to services- and solutions-oriented business.

The Company's consolidated earnings forecast for fiscal 2013 is as follows.

Net sales	¥340,000 million	(+3.8% year on year)
Operating income	¥17,500 million	(+12.0% year on year)
Recurring profit	¥17,000 million	(+10.4% year on year)
Net income	¥6,000 million	(+181.0% year on year)

The above performance forecast reflects IT Holdings' plans and expectations and they are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause the actual results and performance of IT Holdings to be materially different from the forecast.

(2) Analysis of Financial Condition

1) Assets, liabilities, and net assets

Consolidated assets totaled ¥310,003 million at the end of the fiscal year (March 31, 2012), of which, current assets accounted for ¥142,442 million and fixed assets accounted for ¥167,560 million, while liabilities totaled ¥159,038 million. Net assets were ¥150,965 million, of which minority interests accounted for ¥7,267 million.

2) Cash flow

Cash and cash equivalents ("cash") totaled ¥41,119 million as of March 31, 2012, up ¥4,626 million versus the end of the previous fiscal year (March 31, 2011).

Contributions to cash flow were as follows.

Cash flow from operating activities

Operating activities generated net cash of ¥23,658 million. This mainly reflects income before income taxes of ¥6,121 million, and the positive cash flow effect of ¥12,745 million in depreciation and a ¥2,710 million increase in notes and accounts payable. These were partly offset by a ¥5,235 million increase in notes and accounts receivable and ¥4,685 million in income tax payments.

Cash flow from investing activities

Investing activities used net cash of ¥15,158 million, as inflows from ¥2,314 million in proceeds from the sale and redemption of investment securities were offset by outflows of ¥9,519 million in payments for the acquisition of property and equipment and ¥4,927 million for the acquisition of intangible assets.

Cash flow from financing activities

Financing activities used net cash of ¥4,230 million. Cash inflows of ¥16,637 million in proceeds from long-term debt and a ¥4,403 million net increase in short-term borrowings were outweighed by outflows of ¥14,662 million for repayment of long-term debt and ¥7,500 million for redemption of corporate bonds.

For reference: Cash flow indicators

	Fiscal 2011	Fiscal 2012
Equity ratio (%)	47.7	46.3
Equity ratio based on market capitalization (%)	25.4	27.4
Ratio of interest-bearing debt to cash flow (years)	2.8	3.2
Interest-coverage ratio (times)	25.7	26.4

Equity ratio: Shareholders' equity / Total assets

Equity ratio at market value: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Cash flow

Interest-coverage ratio: Cash flow / Interest paid

Notes:

1. All indicators were calculated using consolidated financial statement data.
2. Market capitalization is based on the number of shares issued and outstanding (net of treasury stock).
3. Cash flow from operating activities is used as the cash flow variable.
4. "Interest-bearing debt" is all debt on the consolidated balance sheet on which interest in payable.

(3) Basic Policy on Profit Distribution and Dividends for Fiscal 2012 and Fiscal 2013

In fiscal 2012, the Group booked an extraordinary loss of approximately ¥7,800 million including ¥3,000 million spent in relocating and consolidating its offices so as to enhance cooperation between the companies, strengthen group governance and enable cost savings to create further group synergies, and a one-time expense of ¥4,400 million for implementing the special job transfer support program at TIS, Inc. following the company-wide structural reform at the consolidated subsidiary. In addition to this, taking into account the impact of the ¥1,100 million reversal of deferred tax assets in response to corporate tax reforms of December 2011 and the need to secure sufficient internal reserves to fund continued growth, the Company plans to pay an annual dividend of ¥18 per share.

For fiscal 2013, the Company plans to pay an annual dividend of ¥21 per share including an interim dividend of ¥7 per share.

(4) Business and Other Risks

Risks are inherent in each of the Company's business segments, including the emergence of unprofitable projects in the software development business and system failures in the outsourcing business. The Company takes various measures to ensure these risks do not materialize.

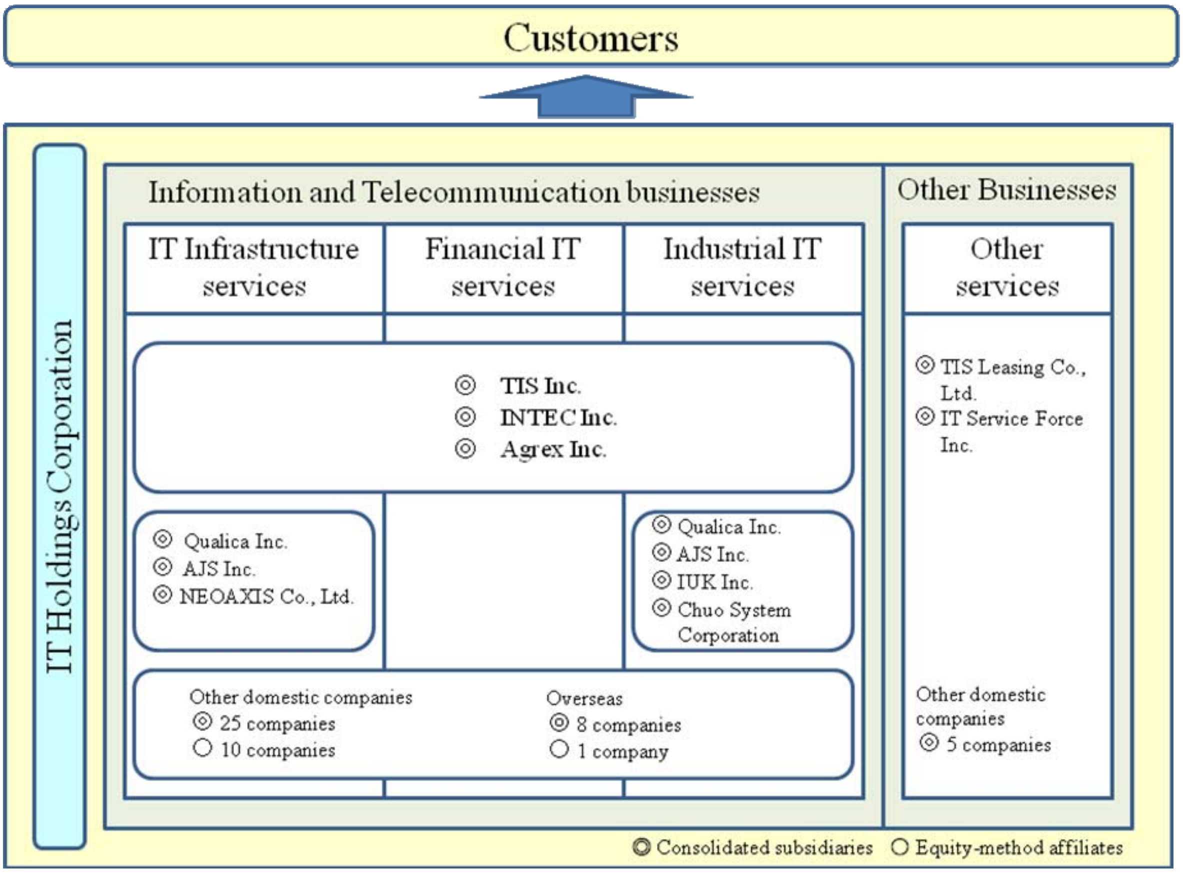
In the IT Infrastructure Service business, the Company operates data centers 24 hours a day, 365 days a year in Tokyo, Kanagawa Prefecture, Tochigi Prefecture, Toyama Prefecture, Aichi Prefecture, Osaka Prefecture, Tianjin, China, and other locations where its outsourcing and cloud services operations are carried out. The data centers have been built to be earthquake-proof or resistant, utilize privately operated power generators with uninterruptible power supplies, and have security equipment installed as part of the various measures taken to mitigate foreseeable risks.

Despite these measures, a prolonged power blackout, natural disaster of unforeseeable magnitude, international conflict, act of terrorism or major crime, or other such events that impede the smooth operation of the data centers may affect the Group's business results and financial condition.

All forward-looking statements in this document are based on information available to management as of the publication date, May 10, 2012.

2. Status of the Group

The group consists of IT Holdings Corporation (the parent company), 48 consolidated subsidiaries, and 11 affiliated companies accounted for under the equity method. The group's core activities are divided into the outsourcing and network segment, the software development segment, and the solution services segment, and the group also engages in businesses connected with these core activities. The group also provides other services, such as real estate rental and management services. As a pure holding company, IT Holdings handles business administration issues for the group and supports group companies in executing their respective business activities, which center on information and communication services.The Group's structure and business flow are shown below.–



3. Management Policy

(1) Basic Management Policy

IT Holdings has established, and discloses, the following management philosophy, which is the corporate cornerstone of the IT Holdings group.

Management Philosophy

The IT Holdings group seeks to be a corporate citizen, whose activities, namely, the provision of various services maximizing the power of information technology, match its status as a leading corporate group, and as a group, we will raise corporate value, supported in this effort by the high regard of all stakeholders, not only shareholders but also clients as well as employees and their families.

We will cultivate a vibrant corporate culture that encourages companies and individuals under the group umbrella to work together, embracing new challenges and striving to reach higher goals, and thereby ensure continued growth as a corporate entity.

We will always provide our clients with the very best products and services, through excellent quality and technology built on the composite strengths of the group.

We will uphold high corporate morals and fulfill our social obligations.

(2) Key Business Indicators

Amid dramatic business environment changes, such as the trend toward more complex and larger-scale systems, the rise of service-oriented approaches, ongoing globalization, and rapidly advancing technology innovation, the IT Holdings group, a leading IT services group, endeavors to play an integral role in creating a prosperous future for society.

(3) Medium- to Long-term Management Strategies

Management has defined the corporate image—the vision—that the group should strive to achieve.
Everyone under the group umbrella shares this vision. It guides each person in the execution of daily activities, which in turn, underpins attainment of the ideals to which the group aspires and further enhances corporate value.

Group Vision

1. Play an integral role in realizing the comfortable lifestyles of tomorrow through IT
As the leading IT services group, we will design the template and develop the businesses that support several facets of tomorrow's society—where IT is the driving force of brisk activity in all industries as well as the creation of pleasant living environments where people feel safe and secure.

2. Act with initiative and a sense of enterprising spirit
We will be a group with a corporate culture that makes work enjoyable for employees. This atmosphere will encourage people to quickly pinpoint currents of change rippling across various realms, including society and technology, and resourcefully tackle emerging issues from a fresh perspective.

3. Secure the highest level of technological expertise
We will be a group that is constantly evolving, with an emphasis on new-technology R&D, production techniques and quality control, to achieve the highest level of quality and sharpen cost competitiveness.

4. Contribute to societal and industry advances
As part of the IT services industry, we will be a group that plays a pioneering role in the overall development of our industry, and as a member of society, we will be a group that faithfully carries out our social responsibility and contributes to the communities in which we share a presence. This two-fold commitment will earn us a solid reputation from all directions.

(4) Issues Requiring a Response

Since its inception in April 2008, the Group has been working to expand its business through measures such as making Sorun Corporation a consolidated subsidiary. At the end of the first medium-term management plan (fiscal 2010 to fiscal 2012), the Group, however, fell significantly short of the initial targets. Primary factors behind this outcome include the impact from the significant worsening of external environment (collapse of Lehman Brothers, the stronger yen, the earthquake disaster, etc.), IT investment curbs at major clients, overlapping of corporate functions within the Group, and the fact that the Group has not carried out total optimization of internal business investment. While net sales and operating income have started recovering from fiscal 2012, the Company has identified the issues mentioned earlier as those which it should address with the utmost priority in the 2nd medium-term management plan.

Given the external environment faced by the Company in addition to the above issues, it is essential that the Group carry out drastic reforms. In the 2nd medium-term management plan starting from April 2012 (fiscal 2013 to fiscal 2015), the Group aims to be an IT business that will implement these reforms as a single unit and has put forward the three basic concepts of "Top-Line Emphasis", "as One Company" and "Enterprising and Bold."

"Top-Line Emphasis" refers to the Company's intention of concentrating on sales-generating business expansion in particular, even when growth in overall IT market stagnates. Pursuit of profit alone could sometimes result in a downward spiral with measures limited to cost-cutting and therefore, the Company would like to place importance on growth motivation. The Group has a client base that is made up of a number of leading companies in various industries and shall expand its top-line by strengthening Group collaboration to further cultivate this client base.

The Group recognizes that it is important to establish a group formation that promotes a stronger sense of unity, and make it into a corporate group with unifying power where the group as a whole works as if it is a single company in order to realize total optimum as a group. This is the concept behind "as One Company." The Company plans to implement various measures to achieve that goal over the next three years starting from this fiscal year.

Moreover, it would be impossible to take on the challenges posed by the paradigm shift in IT business, such as the shift towards service-oriented businesses and globalization, without the courage to take risks. While anticipating and incorporating the needs of the market into a product based on the concept of "market-in" is a necessity, the Company believes that the spirit of "Enterprising and Bold" is indispensable to cement its standing in a new field.

The Group will establish its position as a leading company in the IT industry based on these three basic concepts.

(5) Other Important Management Matters

None

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	As of Mar. 31, 2011	As of Mar. 31, 2012
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	36,729	41,365
Notes and accounts receivable	59,040	64,591
Lease receivables and lease investment assets	8,710	8,942
Marketable securities	301	201
Merchandise and finished goods	2,295	2,633
Work in process	6,554	8,278
Raw materials and supplies	197	209
Deferred tax assets	7,741	8,027
Other current assets	7,085	8,305
Allowance for doubtful accounts	(199)	(112)
Total current assets	128,455	142,442
Fixed assets		
Property and equipment		
Buildings and structures, net	60,230	58,635
Machinery and equipment, net	5,009	4,360
Land	22,468	22,266
Leased assets, net	2,539	3,455
Other property and equipment, net	5,209	6,074
Total property and equipment	95,457	94,792
Intangible assets		
Goodwill	5,516	3,471
Other intangible assets	13,073	14,047
Total intangible assets	18,589	17,519
Investments and other assets		
Investment securities	31,794	28,693
Deferred tax assets	8,115	8,597
Other assets	20,995	19,986
Allowance for doubtful accounts	(2,331)	(2,028)
Total investments and other assets	58,573	55,248
Total fixed assets	172,620	167,560
Total assets	301,076	310,003

	As of Mar. 31, 2011	As of Mar. 31, 2012
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable	14,944	17,917
Short-term borrowings	14,800	23,126
Corporate bonds (redeemed within one year)	7,500	100
Income taxes payable	3,401	2,341
Accrued bonuses to directors and employees	11,041	11,115
Other allowances	464	322
Other current liabilities	20,938	28,141
Total current liabilities	73,090	83,065
Non-current liabilities		
Corporate bonds	100	-
Long-term debt	55,054	53,288
Lease obligations	3,981	4,723
Deferred tax liabilities	674	503
Deferred tax liabilities from revaluation of land	993	869
Accrued retirement benefits to employees	11,509	12,359
Accrued retirement benefits to directors	244	107
Other non-current liabilities	4,317	4,120
Total non-current liabilities	76,875	75,972
Total liabilities	149,965	159,038
Net assets		
Shareholders' equity		
Common stock	10,001	10,001
Additional paid-in capital	86,788	86,787
Retained earnings	47,298	47,673
Less treasury stock, at cost	(24)	(25)
Total shareholders' equity	144,062	144,436
Accumulated other comprehensive income		
Net unrealized gains on other securities	1,729	1,210
Revaluation of land	(1,841)	(1,718)
Foreign currency translation adjustments	(303)	(270)
Total accumulated other comprehensive income	(415)	(778)
Stock acquisition rights	29	38
Minority interests	7,434	7,267
Total net assets	151,110	150,965
Total liabilities and net assets	301,076	310,003

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

	FY2011	FY2012
	millions of yen	millions of yen
Net sales	323,173	327,417
Cost of sales	261,145	266,159
Gross profit	62,027	61,258
Selling, general and administrative expenses	49,209	45,636
Operating income	12,818	15,621
Non-operating income		
Dividend income	554	619
Rental income from real estate	273	266
Reversal of allowance for doubtful accounts	-	270
Subsidy income	192	150
Other	520	339
Total non-operating income	1,541	1,646
Non-operating expense		
Interest expenses	1,023	898
Equity in losses of non-consolidated subsidiaries and affiliates	46	202
Other	663	773
Total non-operating expenses	1,733	1,874
Recurring profit	12,625	15,393
Extraordinary profit		
Gain on sale of investment securities	1,782	1,142
Reversal of allowance for doubtful accounts	119	-
Negative goodwill gains	3,004	5
Other	153	160
Total extraordinary income	5,060	1,307
Extraordinary loss		
Impairment loss	1,074	766
Merger-related expenses	2,324	381
Structural reform-related expenses	-	7,852
Effect of adoption of new accounting standards for asset retirement obligations	2,199	-
Other	1,943	1,578
Total extraordinary loss	7,541	10,579
Income before income taxes and minority interests	10,145	6,121
Income taxes: current	4,382	4,068
Income taxes: deferred	(308)	(170)
Total income taxes	4,073	3,897
Income before minority interests	6,071	2,224
Minority interests in earnings (losses) of consolidated subsidiaries	86	89
Net income	5,985	2,135

Consolidated Statements of Comprehensive Income

	FY2011	FY2012
	millions of yen	millions of yen
Income before minority interests	6,071	2,224
Other comprehensive income		
Net unrealized gains on other securities	328	(514)
Revaluation reserve for land	-	123
Foreign currency translation adjustments	(170)	33
Share of other comprehensive income of associates accounted for using the equity method	(8)	(5)
Total other comprehensive income	149	(363)
Comprehensive income	6,221	1,860
Components:		
Comprehensive income attributable to owners of the parent	6,407	1,772
Comprehensive income attributable to minority interests	(185)	87

(3) Consolidated Statements of Changes in Net Assets

	FY2011	FY2012
	millions of yen	millions of yen
Shareholders' equity		
Common stock		
Balance at end of previous fiscal year	10,001	10,001
Balance at end of fiscal year	10,001	10,001
Additional paid-in capital		
Balance at end of previous fiscal year	85,207	86,788
Changes during the fiscal year		
Disposal of treasury stock	(30)	(0)
Increase from share exchange	1,610	-
Total changes during the fiscal year	1,580	(0)
Balance at end of fiscal year	86,788	86,787
Retained earnings		
Balance at end of previous fiscal year	44,088	47,298
Changes during the fiscal year		
Dividends from surplus	(2,780)	(1,755)
Net income	5,985	2,135
Change in scope of equity method	-	(0)
Increase from merger of consolidated and non-consolidated subsidiaries	4	-
Decrease from merger of consolidated and non-consolidated subsidiaries	-	(3)
Net changes during the fiscal year	3,209	375
Balance at end of fiscal year	47,298	47,673
Treasury stock		
Balance at end of previous fiscal year	(57)	(24)
Changes during the fiscal year		
Acquisition of treasury stock	(4)	(1)
Disposal of treasury stock	37	0
Net changes during the fiscal year	33	(1)
Balance at end of fiscal year	(24)	(25)
Total shareholders' equity		
Balance at end of previous fiscal year	139,239	144,062
Changes during the fiscal year		
Dividends from surplus	(2,780)	(1,755)
Net income	5,985	2,135
Acquisition of treasury stock	(4)	(1)
Disposal of treasury stock	7	0
Change in scope of equity method	-	(0)
Increase from share exchange	1,610	-
Increase from merger of consolidated and non-consolidated subsidiaries	4	-
Decrease from merger of consolidated and non-consolidated subsidiaries	-	(3)
Net changes during the fiscal year	4,823	374
Balance at end of fiscal year	144,062	144,436

	FY2011	FY2012
	millions of yen	millions of yen
Accumulated other comprehensive income		
Net unrealized gains on other securities		
Balance at end of previous fiscal year	1,182	1,729
Changes during the fiscal year		
Items other than changes in shareholders' equity, net	547	(519)
Net changes during the fiscal year	547	(519)
Balance at end of fiscal year	1,729	1,210
Revaluation reserve for land		
Balance at end of previous fiscal year	(1,841)	(1,841)
Items other than changes in shareholders' equity, net	-	123
Total change during the fiscal year	-	123
Balance at end of the fiscal year	(1,841)	(1,718)
Foreign currency translation adjustments		
Balance at end of previous fiscal year	(178)	(303)
Changes during the fiscal year		
Items other than changes in shareholders' equity, net	(125)	33
Net changes during the fiscal year	(125)	33
Balance at end of fiscal year	(303)	(270)
Accumulated other comprehensive income		
Balance at end of previous fiscal year	(837)	(415)
Changes during the fiscal year		
Items other than changes in shareholders' equity, net	422	(362)
Net changes during the fiscal year	422	(362)
Balance at end of fiscal year	(415)	(778)
Stock acquisition rights		
Balance at end of previous fiscal year	18	29
Changes during the fiscal year		
Items other than changes in shareholders' equity, net	10	9
Net changes during the fiscal year	10	9
Balance at end of fiscal year	29	38
Minority interests		
Balance at end of previous fiscal year	16,654	7,434
Changes during the fiscal year		
Items other than changes in shareholders' equity, net	(9,220)	(166)
Net changes during the fiscal year	(9,220)	(166)
Balance at end of fiscal year	7,434	7,267
Total net assets		
Balance at end of previous fiscal year	155,075	151,110
Changes during the fiscal year		
Dividends from surplus	(2,780)	(1,755)
Net income	5,985	2,135
Acquisition of treasury stock	(4)	(1)
Disposal of treasury stock	7	0
Change in scope of equity method	-	(0)
Increase from share exchange	1,610	-
Increase from merger of consolidated and non-consolidated subsidiaries	4	-
Decrease from merger of consolidated and non-consolidated subsidiaries	-	(3)
Items other than changes in shareholders' equity, net	(8,788)	(519)
Net changes during the fiscal year	(3,964)	(145)
Balance at end of fiscal year	151,110	150,965

(4) Consolidated Statement of Cash Flows

Items	FY2011	FY2012
	millions of yen	millions of yen
Cash flows from operating activities		
Income before income taxes and minority interests	10,145	6,121
Depreciation	12,308	12,745
Impairment loss	1,074	766
Loss on disposal of fixed assets	558	249
Valuation (gain) loss on investment securities	681	318
Amortization of goodwill	1,901	1,882
Increase (decrease) in accrued bonuses to directors and employees	210	(8)
Increase(decrease) in allowance for doubtful accounts	(446)	(391)
Increase (decrease) in accrued retirement benefits to employees	836	547
Interest and dividend income	(615)	(642)
Interest expenses	1,023	898
(Increase) decrease in notes and accounts receivable	3,173	(5,235)
(Increase) decrease in inventories	225	(2,214)
Increase (decrease) in notes and accounts payable	1,046	2,710
Negative goodwill gains	(3,004)	(5)
Structural reform-related expenses	-	2,388
Effect of adoption of new accounting standards for asset retirement obligations	2,199	-
Other, net	(651)	8,453
Subtotal	30,665	28,585
Interest and dividend income received	627	656
Interest expenses paid	(1,058)	(897)
Income taxes paid	(2,998)	(4,685)
Net cash provided by (used in) operating activities	27,236	23,658
Cash flows from investing activities		
Acquisitions of property and equipment	(10,509)	(9,519)
Acquisitions of intangible assets	(6,311)	(4,927)
Proceeds from sale and redemption of investment securities	4,197	2,314
Payment of lease and guarantee deposits	(2,068)	(2,009)
Acquisition of subsidiaries' shares	(4,313)	(147)
Other, net	49	(868)
Net cash provided by (used in) investing activities	(18,957)	(15,158)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings, net	(21,266)	4,403
Proceeds from long-term debt	25,495	16,637
Repayments of long-term debt	(14,680)	(14,662)
Redemption of bonds	(4,000)	(7,500)
Dividends paid	(2,780)	(1,755)
Dividends paid to minority shareholders	(459)	(155)
Other, net	(1,059)	(1,197)
Net cash provided by (used in) financing activities	(18,755)	(4,230)
Effect of exchange rate changes on cash and cash equivalents	(45)	31
Net increase (decrease) in cash and cash equivalents	(10,520)	4,301
Cash and cash equivalents at beginning of year	46,987	36,492
Increase in cash and cash equivalents resulting from merger	25	325
Cash and cash equivalents at end of year	36,492	41,119

(5) Note on the Going-concern Assumption

Not applicable