SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the Fiscal Year Ended March 31, 2013

May 17, 2013

Company Name: Yamaichi Electronics Co., Ltd.

Code：6941 Tokyo Stock Exchange 1st section URL: http://www.yamaichi.co.jp
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Scheduled date of securities report submission: June 26, 2013
Scheduled date of dividend payment commencement: —
Supplementary materials for the quarterly financial statements: Yes
Presentation to explain for the quarterly financial statements: Yes

1. Consolidated Financial Highlights for the Fiscal Year Ended March 31, 2013

(1) Consolidated Operating Results (aggregated)

(Percentage figures represent changes from the same period of the previous year.)

	Net Sales		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2013	19,962	△13.8	△1,242	–	△810	–	△3,139	–
Year ended March 31, 2012	23,167	△15.7	△765	–	△786	–	△1,537	–

Notes: Comprehensive income : Year ended March 31, 2013 ¥ △2,754 million (–%) : Year ended March 31, 2012 ¥ △1,729million (–%)

	Net profit per share	Diluted net profit per share	Return on equity	Return on assets	Operating profit ratio
	Yen	Yen	%	%	%
Year ended March 31, 2013	△134.82	–	△23.1	△3.3	△6.2
Year ended March 31, 2012	△66.04	–	△9.7	△2.9	△3.3

Notes: Equity in profit of affiliates: Year ended March 31, 2013: Yen △31 million ; Year ended March 31, 2012: Yen △7 million

(2) Consolidated Financial Positions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2013	22,828	12,252	53.6	525.32
As of March 31, 2012	26,238	15,006	57.1	643.58

Notes: Shareholders' Equity as of March 31, 2013: ¥12,233 million ; as of March 31, 2012: ¥14,987 million.

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash used for investing activities	Net cash used for financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2013	429	△1,663	△445	3,805
Year ended March 31, 2012	708	△2,181	47	5,292

2. Dividends

	Dividends per share			Total dividends	Dividend payout	Dividend on equity
	Interim	Year-end	Total			
	Yen	Yen	Yen	Millions of Yen	%	%
Year ended March 31, 2012	0.00	0.00	0.00	—	—	—
Year ended March 31, 2013	0.00	0.00	0.00	—	—	—
Year ending March 31, 2014 (Forecast)	—	—	—		—	

3. Forecast of Consolidated Operating Results for the year ending March 31, 2014

(Percentage figures represent changes from the same period of previous year.)

	Net Sales		Operating profit		Ordinary profit		Net profit		Net profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year ending September 30, 2013	10,280	△2.1	60	—	△60	—	△90	—	△3.86
Year ended March 31, 2014	21,380	7.1	540	—	320	—	250	—	10.74

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4. Other

(1) Changes in significant subsidiaries during the period: No

(Changes in specified subsidiaries resulting in the change in consolidation scope)

(2) Changes in accounting policies, changes in accounting estimates and restatements

1) Changes in accounting policies due to revisions of accounting standards etc.: Yes

2) Changes in accounting policies other than 1): No

3) Changes in accounting estimates: Yes

4) Restatements: No

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding (including treasury stock) at term end:

March 31, 2013	23,289,775 shares
March 31, 2012	23,289,775 shares

2) Number of shares of treasury stock at term end:

March 31, 2013	2,790 shares
March 31, 2012	2,790 shares

3) Average number of outstanding shares (during the second quarter ended September 30):

March 31, 2013	23,286,985 shares
March 31, 2012	23,287,130 shares

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5. Results of Operations

(1) Analysis of Results of Operations

The birth of new Japanese government triggered some encouraging economic outlook prospects including signs of weaker yen and rise in stock prices for the business environment of the Company Group. However, the overall environment surrounding the Company Group remained severe due to prolonged concerns about the debt crisis in Europe, stagnation of economic growth among emerging nations that had once served as a leading force in the world economy, etc.

In the electronics industry to which our Company Group is related, even though smart phones and tablet terminals sustained high growth, overall growth remained low due to prolonged stagnation of semiconductor capital spending and poor sales in digital electric products such as laptops, flat-screen TVs and digital cameras.

Under such business environment, in order to focus corporate resources on core businesses and increase sustainable growth as well as earning power, the Company Group discontinued its PV Solution business. In addition, we have also adopted a resolution to transfer the EMS business of our consolidated subsidiary, Pricon Microelectronics Inc., and to dissolve and liquidate Matty Co., Ltd., another consolidated subsidiary conducting to sell the plants, domestic EMS business. Along with these efforts, the Company Group has worked on the adjustment of personnel and reduction of fixed costs to build an efficient, low-cost production and sales structure by moving its functions from receipt of order to shipment offshore. Framework of structural reforms was thus established, but as a result of unfinished structural reforms, drop in the core business field of digital electric products market and investment decline in the semiconductor market significantly affected the Company Group.

Consequently, the current consolidated accounting year business results were sales of 19,962 million yen (down 13.8 % from the same period previous year), substantially decreased from the previous year, and operating loss amounted to 1,242 million yen (vs. operating loss of 765 million yen in the same period the previous year). Because of exchange profit of 489 million yen generated by drop in the yen, ordinary loss amounted to 810 million yen (vs. ordinary loss of 786 million yen in the same period the previous year). However, current net loss amounted to 3,139 million yen (vs. current net loss of 1,537 million yen in the same period the previous year). This was because extraordinary loss consisting of 802 million yen of special retirement benefits and 1,359 million yen of fixed assets impairment loss that were posted as a result of efforts made by structural reforms such as withdrawal of PV solution business, dissolution of Matty Co., Ltd., etc.

Business results by segment are as follows:
[Test solution business]
IC socket products for semiconductor testing in this segment faced a long-term stagnation of semiconductor capital spending both domestically and internationally, and therefore burn-in socket and test socket products resulted in low sales.
Consequently, sales amounted to 7,244 million yen (down 14.0% from the same period the previous year), and operating profit amounted to 240 million yen (down 73.6% from the same period the previous year).

[Connector solution business]
Connector products of this segment showed slow sales due to decrease of domestic sales for digital products such as digital cameras, printers and flat-screen TVs and sales for industrial equipments in Europe. Also, shipment of mass produced optical module cable products for communications infrastructure was relinquished due to such problems as the poor quality of key device, etc.
Consequently, sales amounted to 9,413 million yen (down 10.8% from the same period the previous year), and operating loss amounted to 776 million yen (vs. operating profit of 30 million yen in the same period the previous year).

[PV solution business]
PV solution business was discontinued in the end of September 2012 due to enormous decrease in market price and growing concern over debt collecting risk, and orders for junction box products were all suspended. Producing connector products in this segment has now been transferred to connector solution business, and sales of these products continue as water/dust/high voltage proof products for solar power generation, new energy resources, and industrial equipments.
Consequently, sales amounted to 913 million yen (down 45.5% from the same period the previous year),

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and operating loss amounted to 353 million yen (vs. operating loss of 1,175 million yen in the same period the previous year).

[Optics-related business]
Filter products of this segment faced slow sales in video equipments including digital cameras, digital video cameras, etc.
Consequently, sales amounted to 1,202 million yen (down 19.2% from the same period the previous year), and operating profit amounted to 29 million yen (down 49.8% from the same period the previous year).

[EMS business]
Sales of EMS business amounted to 1,187 million yen (up 16.1% from the same period the previous year), and operating loss amounted to 75 million yen (vs. operating loss of 265 million yen in the same period the previous year).
After reviewing the improvement of competitiveness and future profitability, the Company Group has decided to withdraw from EMS business. Matty Co., Ltd. will hence stop its business operations as of June 10, 2013 and complete liquidation within the fiscal year of 2013. Likewise, EMS business of Pricon Microelectronics Inc. is scheduled to be sold in the end of June 2013.

As for prospects for the next period, the Company Group will endeavor to achieve a surplus within the fiscal year of 2013 with the completion of structural reforms and strengthening of continuing operations (test solution business, connector solution business and optics-related business). At the same time, we will also reorient the business strategies for sustainable growth and aim to implement them.

Full-year consolidated business results are expected to be sales of 21,380 million yen (up 7.1% from the same period the previous year), operating profit of 540 million yen (vs. operating loss of 1,242 million yen in the same period the previous year), ordinary profit of 320 million yen (vs. ordinary loss of 810 million yen in the same period the previous year), and current net profit of 250 million yen (vs. current net loss of 3,139 million yen in the same period the previous year).

(2) Analysis of Financial Condition

① State of assets, liabilities and net assets
Assets at the end of the current consolidated accounting year amounted to 22,828 million yen (down 3,410 million yen from the end of the same period the previous year).

Current assets decreased 2,436 million yen due to decrease in cash and deposits caused by decline in sales, payment of special retirement benefits and repayment of loans, etc.

Tangible fixed assets decreased 984 million yen due to the posted impairment loss on plant facilities, etc., in some business areas including connector solution business.

Liabilities amounted to 10,575 million yen (down 655 million yen from the end of the same period the previous year).

Current liabilities decreased 902 million yen mainly because of drop in bills payable and accounts payable caused by decrease in purchases due to drop in sales, and repayment of both short-terms loans as well as long- term loans whose due date fall within a year.

Fixed liabilities increased 247 million yen due to increase in long-term lease debts caused by corporate bonds issuing as well as sales-and-lease-back transactions of facilities.

Net assets amounted to 12,252 million yen (down 2,754 million yen from the end of the same period the previous year).

Shareholders' equity decreased 3,139 million yen after current net loss was posted.

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② State of cash flows

Cash and cash equivalents (referred to hereinafter as "funds") in the current consolidated account year amounted to 3,805 million yen due to payment of special retirement benefits by the implementation of voluntary retirement among employees, repayment of loans, etc. Funds decreased 1,486 million yen compared to the amount at the end of the same period of last consolidated account year.

State of cash flows in the current consolidated account year and their situational factors are as follows:

(Cash flow from operating activities)
Funds acquired from operating activities amounted to 429 million yen (down 39.5% from the same period the previous year). Although payment of special retirement benefits, in addition to depreciation expense and impairment loss without cash expenditures, caused current net loss before taxes and other adjustments, it was predominantly affected by collection of accounts receivable

(Cash flow from investment activities)
Funds used for investment activities amounted to 1,663 million yen (down 23.8% from the same period the previous year). It was mainly spent on the acquisition of tangible fixed assets.

(Cash flow from financial activities)
Funds used for financial activities amounted to 445 million yen (acquired 47 million yen in the same period the previous year). This was mainly due to repayment of loans.

The following table shows cash flow indicator trends of the Company Group.

	Year Ended March 2009	Year Ended March 2010	Year Ended March 2011	Year Ended March 2012	Year ended March 2013
Self Capital ratio (%)	57.7	55.5	59.0	57.1	53.6
Market value-based capital ratio (%)	10.9	26.5	22.4	15.9	15.9
Cash flow-to-interest-bearing debt ratio (per year)	7.5	—	2.5	10.9	17.2
Interest coverage ratio (times)	13.9	-1.5	14.7	3.9	2.5

Self capital ratio: Self capital ratio/gross asset
Market value-based self capital ratio: Gross market value of stock/gross asset
Cash flow-to-interest bearing debt ratio: Interest-bearing debt/cash flow
Interest coverage ratio: cash flow/interest payment
(Note 1) All calculations are based on consolidation-based financial figures.
(Note 2) Gross market value of stock is calculated on the basis of the number of issued stock excluding treasury stock.
(Note 3) Business cash flow is used for cash flow.

（3）Basic policies on profit distribution and dividend for current/next period

Our basic policies on profit distribution are to provide stable dividend and return a fair profit to stockholders while strengthening financial standing and business foundation. Additionally, we consider internal reserves necessary to develop new technologies and products from a long-term standpoint, establish financial standing capable of responding to anticipated changes in the business environment, expand our business and improve the efficiency of business management for the future.
We deeply regret to suspend the annual dividend for the current period to the stockholders.
The company will endeavor to recover earning power for early resumption of dividend payment.

(4) Risks associated with business, etc.

Followings are the risks that may affect operating results, financial conditions, etc. of the Company Group.

① Risk associated with exchange rate fluctuation

Business operations of the Company Group are involved in production and sales of global products. Since our overseas production bases are located in the Philippines, China, South Korea and Germany, rise of currency value in these areas will directly push up production and funding costs.

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Rising costs should deteriorate the price competitiveness of our Company Group and may hence have a negative impact on corporate earnings. In addition to Japanese yen, various currencies including US dollar, Euro, Singapore dollar are used in sales. Depreciation of currency value in related countries may result in decrease in income of the Company Group and can hurt corporate earnings. Although we try to eliminate any harmful influence through the use of currency hedging transactions for short-term risk of exchange rate fluctuations, we may not be able to deal with mid-and-long term exchange rate fluctuations. In such case, it may have a negative impact on operating results and financial conditions of the Company Group.

② Risk associated with operating results fluctuation

Given that a demand for test solution business related products which are a vital part of business earnings was significantly affected by the world's semiconductor supply and demand over the past years including the current consolidated accounting year, there are some factors in the Company Group's operating results that we cannot control. These factors consist of significant changes accompanying shift in overall economy and business environment, success and failure over launching new products onto the market, changes of product strategy, etc., requested by major customers, cancellation of large orders, bankruptcy of major customers, and dissolution of major customers as a result of M&A, etc. In case such unfavorable changes should occur, they may have a negative impact on operating results and financial conditions of the Company Group.

③ Risk associated with price competition

Because progress of technological innovation in cell-phones, PCs, digital AV equipments and components has been accelerated, transition to new products has become quicker. As a result, the electronic component industry to which our Company Group belongs is now in the environment where movements for inventory adjustment in market and price competitions with other competitors have become increasingly fierce. Although we actively work on accumulating our unique technology and developing new products and technologies through continuing development investment, further price drops are anticipated to occur due to demands for lower costs from customers, new entries and challenges by other competitors, etc., while price-cutting competitions have been intensified in the industry both domestic and overseas. The Company Group continues to promote structural reforms on earnings and costs from a global perspective, but if larger-than-expected price competitions, drops in selling price and inventory adjustments should occur, they may have a negative impact on operating results and financial conditions of the Company Group.

④ Risk associated with product quality and defects

We manufacture various products in accordance with globally-accredited quality control standards at each production base. However, there is no assurance that prevents product quality or recall issues from happening due to increasing demands for more refined and higher quality products. Especially because connectors for consumer industries are eventually used for mass-produced cell-phones and printers, connector-related issues could result in enormous compensation. In such case, it may have a negative impact on operating results and financial conditions of the Company Group.

⑤ Risk associated with intellectual property rights

As a technology development based corporation, our Company Group has so far accumulated technologies that distinguish us from other competitors. As a result of raid globalization of production plants, however, the intellectual property rights of the Company Group may not be fully protected in some areas. Furthermore, as a result of rapid technological development race among competitors, our technologies may also infringe on the intellectual property rights of other companies unconsciously.

⑥ Risk associated with lawsuits

When expanding the range of business activities in which our Company Group is engaged, there are possible risks that can be the subject of lawsuits such as intellectual property rights, product liability, environment and labor difficulties, etc. In case a serious suit is filed against the Company Group, it may have a negative impact on operating results and financial conditions of the Company Group.

⑦ Risk associated with overseas business expansion

A large part of our production and sales activities are now conducted in overseas countries such as South-East Asian and European countries, China and the U.S., etc. When advancing business into foreign countries, we could face such risks as follows:

- Unpredictable changes in tax and legal systems
- Wage increase by labor disputes and unexpectedly high wage increase as a result of changes in the minimum wage law

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- Difficulties in continuing operations due to epidemic outbreaks, conflicts, terrorism and natural disasters
- Uncertainty of infrastructures for energy, logistics, etc.
- Difficulties in securing qualified human resources

etc.

In case these risks should occur, they may have a negative impact on operating results and financial conditions of the Company Group.

⑧ Risk associated with dependence on subcontract parts sources

Our Company Group depends on subcontractors for a large part of raw materials, components and jigs supplies. Although we have formed a partnership for stable supplies with them, there is no assurance that shortages of materials and components or delays of jig supplies will not emerge every now and then. Such problems in the supply of raw materials, components and jigs may lead to rising cost of our products, and consequently, the Company Group will lose its competitive power. In such case, it may have a negative impact on operating results of the Company Group.

⑨ Risk associated with fluctuation of raw material price

Metallic and petrochemical raw materials including gold, copper, etc., that the Company Group uses often undergo big price fluctuations. When soaring raw material prices cannot be sufficiently transferred to product prices, or product costs after conversing products cannot be restrained, such cases may have a negative impact on operating results of the Company Group.

⑩ Risk associated with technology trend forecast

The Company Group secures its operating results by developing new products reflecting innovative technologies and resources, but it will be impossible to recover funneled resources once we misread a forecast for new technology trends and needs in market. In such case, it may have a negative impact on operating results of the Company Group.

⑪ Risk associated with excessive concentration of mass production bases

Except production bases for test solution business products (the Philippines and Chiba Pref.) and PV solution business products (Germany and Shenzhen, China), each cluster of production bases are excessively concentrated in a particular site as follows; connector solution business products in Shenzhen, China, optic-related products in Kanagawa Pref., LCD assembly business products in Okayama Pref. etc. In case unexpected trouble that disables the operation at these production sites should occur for some reasons, it may have a negative impact on operating results of the Company Group.

⑫ Risk associated with impairment loss

In case income assumed at the time of acquisition of assets including land and facilities owned by the Company Group can no longer be expected, impairment loss will be posted by the application of “Accounting Standards for Impairment of Fixed Assets.” Consequently, it may have a negative impact on operating results of the Company Group.

⑬ Risk associated with financial arrangements

When funding costs necessary for the Company Group to develop a business increase due to such reasons as rise in interest rates or decrease of Company Group’s credibility, profitability of the Company Group may decrease. Also, if the Company Group is requested to pay interest-bearing debts back in a lump sum, it may have a negative impact on financial conditions of the Company Group.

（5）Key issues regarding going concern assumption, etc.

Following the previous consolidated accounting year, the Company Group has posted a large amount of operating loss and current period net loss in the current consolidated accounting year. For this reason, critical questions regarding going concern assumption have arisen.

In order to overcome such situation, however, we have discontinued PV solution business in the current consolidated accounting year for sustainable growth and earning power increase by focusing operating resources on our core business of test solution and connector solution. Furthermore, we have also decided to transfer EMS business of our consolidated subsidiary of Pricon Microelectronics Ltd., and dissolve and liquidate another consolidated subsidiary of Matty Co., Ltd. that operates EMS business of assembling liquid crystal display panels and inspecting products, etc.

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For other measures to improve its profitability, the Company Group has implemented voluntary retirement schemes for cutting fixed costs, reduction in employee's salaries and bonuses, and accounting for the impairment of fixed assets, etc. In order to achieve a surplus, the Company Group will continue further reduction in fixed costs through such measures as shifting sales and development bases overseas, etc. in the next consolidated accounting year. In addition to these measures, we will also try to improve profitability by putting more effort into obtaining overseas customers through the establishment of technologies that exceed those of other competitors in test solution business. In connector solution business, we will focus on industrial equipment and in-car product markets with promising high added value and strengthen development and production systems with a view to shifting YFLEX production overseas.

In the current consolidated accounting year the Company Group has secured funds through factoring accounts receivable and sales-and-lease-back transactions of tangible fixed assets, and also recovered surplus funds of its subsidiaries in the form of dividends. In this way, the company manages Group's internal funds. Because new funds from sale of EMS business of our consolidated subsidiary are expected, we are certain to receive continuing support from major financial institutions by achieving our business plan in the following consolidated accounting year.

By the above, the Company Group finds no significant uncertainties about going concern assumption in the current consolidated accounting year, and therefore, "matters regarding going concern assumption" are not mentioned on the consolidated financial statement.

6. Management Policy

(1) Basic management policy

The corporate slogan of our Company Group goes "Better Connection with More Flexible Mind" to vigorously create better connections among people, companies, society and the Earth, with flexible technologies and ingenuity. Based on its management philosophy of "People: Our most Important Assets," "Create Value," "Commitment to Quality," "Technology Innovation Makes a Difference" and "Contribution to Communities and Environment," the Company Group will contribute to create values for customers and endeavor to improve sustained corporate value.

(2) Mid-and-long term management strategies and tasks

Aiming to secure earliest possible surplus and return to trend growth, our Company Group has been working on its structural reforms centering on the selection and concentration of business operations launched since September 2012 and the reduction of fixed costs. The outlines of management strategies including additional various measures to further strengthen competitiveness are as follows.

① Selection and concentration of business

Achieve sustained growth and better earning power by withdrawing from EMS business and focusing corporate resources on test solution business, connector solution business and optics-related business, which generate competitive energy using technology.

② Shifting functions overseas

Reduce the size of domestic business in sales, production and management, and enhance the sales and development system abroad toward stronger relationship with particular global customers. Transfer corporate functions ranging from receipt of order to shipment overseas, and establish an efficient and low-cost production system.

③ Reinforce business operations selected

The Company Group will advance the following measures to strengthen test solution, connector solution and optics-related businesses.

[Test solution business]

- Further promote technology development, and enhance services for worldwide customers as a brand leader for burn-in socket products.
- Further strengthen the development of test socket products through our superior processing technology.
- Pursue systemic reforms in management and production at a global level, and provide better services on a timely basis.

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[Connector solution business]
- Bring our characteristic products into market focusing on high-speed transmission, vehicle installation and industrial equipments.
- Enhance relationship with vital worldwide customers and expand a customer base by offering products that fit customer needs.
- Strengthen development and production system of YFLEX products and extend niche top market domain.

[Optics-related business]
- Expand sales to domestic/international manufacturers of camera module and image sensor by utilizing the advantage of IR cut filter --- our new product that achieved high-functionality and low-cost.
- Expand sales of the industry's thinnest products utilizing combined technology of polyimide filter and IBS film formation processing to optical communication market.
- Expand sales of crystal UV-IR cut filter and plastic IR cut filter as strategic products for single-lens reflex, mirrorless interchangeable-lens and surveillance cameras.
- Expand sales of quantum dot light sources developed for practical use before the rest of the world as pioneer product of the market.

④ Reduce fixed costs

Reduce Company Group's fixed costs by implementing various measures such as withdrawing from EMS business, downsizing of domestic business, rebuilding production system, etc.

Consolidated Balance Sheets

(Thousand of yen)

	As of March 31, 2012	As of March 31, 2013
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	5,297,850	3,805,780
Notes and accounts receivable-trade	4,498,599	3,936,584
Merchandise and finished goods	1,195,825	1,220,424
Work in process	312,821	300,112
Raw materials and supplies	1,639,621	1,353,897
Deferred tax assets	38,946	37,392
Other	734,554	634,694
Allowance for doubtful accounts	△11,109	△18,433
Total current assets	13,707,110	11,270,452
Fixed assets		
Tangible fixed assets		
Buildings and structures	3,024,414	2,774,714
Machinery, equipment and vehicles	1,952,432	1,448,266
Tools, furniture and fixtures	1,618,172	1,352,952
Land	3,472,112	3,440,176
Lease assets	52,488	41,250
Construction in progress	109,394	187,620
Total tangible fixed assets	10,229,014	9,244,981
Intangible fixed assets		
Software	74,563	39,378
Other	31,878	53,114
Total intangible fixed assets	106,442	92,493
Investments and other assets		
Investment securities	1,154,487	1,263,087
Long-term loans receivable	44,973	54,051
Deferred tax assets	122,330	58,678
Other	988,654	953,398
Allowance for doubtful accounts	△114,653	△114,447
Total investments and other assets	2,195,793	2,214,767
Total fixed assets	12,531,249	11,552,242
Deferred assets	—	5,519
Total assets	26,238,360	22,828,213

(Thousand of yen)

	As of March 31, 2012	As of March 31, 2013
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable-trade	1,560,037	1,279,874
Current portion of bonds	—	35,000
Short-term loans payable	5,610,270	4,913,100
Current portion of long-term loans payable	721,000	595,600
Lease obligations	303,399	478,753
Income taxes payable	49,489	54,370
Provision for bonuses	252,731	110,198
Deferred tax liabilities	80,909	65,347
Other	1,158,655	1,301,591
Total current liabilities	9,736,494	8,833,836
Long-term liabilities		
Bonds payable	—	197,500
Long-term borrowings	745,000	691,300
Lease obligations	326,410	457,631
Deferred tax liabilities	173,214	154,354
Accrued severance indemnities	53,232	24,642
Allowance for director's retirement benefits	41,705	23,500
Asset retirement obligations	17,497	17,899
Other	138,045	175,326
Total long-term liabilities	1,495,104	1,742,154
Total liabilities	11,231,599	10,575,990
(NET ASSETS)		
Shareholders' equity		
Common stock	10,047,063	10,047,063
Capital surplus	5,004,947	4,520,001
Retained earnings	1,205,403	△1,449,293
Treasury stock - at cost	△3,754	△3,754
Total shareholders' equity	16,253,660	13,114,017
Valuation and translation adjustments		
Unrealized gains on available-for-sale securities	108,548	191,392
Foreign currency translation adjustments	△1,375,125	△1,072,318
Total valuation and translation adjustments	△1,266,577	△880,925
Minority interests	19,677	19,131
Total net assets	15,006,760	12,252,222
Total liabilities and total net assets	26,238,360	22,828,213

Consolidated Statements of Income

(Thousand of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
	Amount	Amount
Net sales	23,167,532	19,962,440
Cost of sales	17,931,810	15,857,264
Gross profit	5,235,721	4,105,176
Selling, general and administrative expenses		
Salaries	2,578,829	2,448,021
Bonuses	187,208	75,890
Welfare expenses	415,833	401,572
Retirement benefit expenses	121,598	115,398
Provision for directors' retirement benefits	9,035	—
Freightage related expenses	324,594	257,107
Traveling and transportation expenses	237,491	207,488
Depreciation	233,853	209,909
Rent expenses	331,059	322,249
Communication expenses	72,009	69,293
Commission fee	214,057	196,668
Amortization of goodwill	28,454	—
Miscellaneous expenses	1,246,865	1043699
Total Selling, general and administrative expenses	6,000,890	5,347,298
Operating income	△765,168	△1,242,122
Non-operating income		
Interests income	11,536	10,643
Dividends income	19,664	16,453
Foreign exchange gains	—	489,527
Gain on sales of scraps	44,600	39,188
Subsidy income	236,244	89,119
Other	51,741	121,778
Total non-operating income	363,787	766,710
Non-operating expenses		
Interests expense	182,715	179,682
Foreign exchange loss	77,569	—
Equity in losses of affiliates	7,133	31,064
Other	117,391	123,917
Total non-operating expenses	384,809	334,664
Ordinary income	△786,191	△810,076

(Thousand of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
	Amount	Amount
Extraordinary income		
Gain on sales of noncurrent assets	960	25,486
Gain on sales of golf memberships	2,038	1,400
Total extraordinary income	2,998	26,886
Extraordinary loss		
Loss on sale of fixed assets	3,155	986
Loss on sales of investment securities	—	5,783
Loss on change in equity	19,999	5,739
Special retirement expenses	88,329	802,248
Impairment loss	469,781	1,359,190
Loss on liquidation of subsidiaries and affiliates	—	72,881
Other	1,100	—
Total extraordinary loss	582,366	2,246,831
Income before income taxes	△1,365,559	△3,030,020
Income taxes	172,788	110,578
Minority interests	△473	△956
Net income	△1,537,873	△3,139,642

(Thousand of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
	Amount	Amount
Income before minority interests	△1,538,347	△3,140,599
Other comprehensive income		
Unrealized gains on available-for-sale securities	△87,598	82,844
Foreign currency translation adjustments	△98,906	272,522
Other	△4,790	30,694
Total other comprehensive income	△191,296	386,061
Comprehensive income	△1,729,643	△2,754,537
Attribute to		
Comprehensive income attribute to owners of the parent	△1,729,156	△2,753,991
Comprehensive income attribute to minority interests	△487	△546

Consolidated Statements of Cash Flows

(Thousand of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
	Amount	Amount
Cash Flows from Operating Activities		
Income before income taxes and other adjustments to net income	△1,365,559	△3,030,020
Depreciation and amortization	2,042,503	1,690,938
Loss on impairment of long-lived assets	469,781	1,359,190
Amortization of goodwill	28,454	—
Interest and dividends income	△31,201	△27,097
Interest expenses	182,715	179,682
Exchange (gain) loss	44,178	△585,368
Equity in profit of affiliates	7,133	31,064
Loss (gain) on sales of fixed assets	2,195	△24,499
Extra retirement payment	88,329	802,248
Loss (gain) on liquidation of subsidiaries and affiliates	—	72,881
Decrease (increase) in notes and accounts receivable-trade	△211,542	776,469
Decrease (increase) in inventories	△118,868	517,106
Increase (decrease) in notes and accounts payable-trade	△281,602	△373,882
Increase (decrease) in accounts payable-other	52,721	95,686
Increase (decrease) in provision for retirement benefits	35,032	△30,723
Increase (decrease) in provision for directors' retirement benefits	4,532	△18,205
Other, net	123,616	△120,458
Sub total	1,072,420	1,315,012
Interest and dividends income received	37,436	33,750
Interest expenses paid	△183,882	△171,301
Payments for extra retirement payments	△88,329	△635,920
Income taxes paid	△128,697	△112,531
Net Cash provided by Operating Activities	708,947	429,009

(Thousand of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
	Amount	Amount
Cash Flows from Investing Activities		
Payments into time deposits	△15,500	△3,000
Proceeds from withdrawal of time deposits	—	18,500
Purchase of property, plant and equipment	△2,070,377	△1,702,339
Proceeds from sales of property, plant and equipment	4,732	35,299
Purchase of investment securities	△52,836	△5,142
Purchase of insurance funds	△20,565	△12,304
Proceeds from maturity of insurance funds	14,412	11,803
Other, net	△41,332	△6,056
Net Cash used in Investing Activities	△2,181,466	△1,663,239
Cash flows from Financing Activities		
Net increase (decrease) in short-term loans payable	△19,770	△720,844
Proceeds from long-term loans payable	1,050,000	600,000
Repayment of long-term loans payable	△1,249,910	△779,100
Proceeds from issuance of bonds	—	237,679
Redemption of bonds	—	△17,500
Increase from lease assets	463,833	619,956
Repayments of finance lease obligations	△196,820	△386,026
Repurchase of treasury stocks	△36	—
Cash dividends paid	△0	—
Net Cash used in Financing Activities	47,297	△445,835
Effect of exchange rates changes on cash and cash equivalents	△18,633	193,494
Net increase (decrease) of cash and cash equivalents	△1,443,855	△1,486,570
Cash and Cash Equivalents at beginning of period	6,736,206	5,292,350
Cash and Cash Equivalents at end of period	5,292,350	3,805,780