

Consolidated Financial Results for the Fiscal Year Ended March 31, 2012
(Japanese Accounting Standards)

May 11, 2012

Company name: SHOFU INC.
 Listing: Tokyo Stock Exchange (First section)
 Code number: 7979
 URL: <http://www.shofu.co.jp/>
 Representative: Noriyuki Negoro, President
 Contact: Wataru Fujishima, Executive Officer & General Manager of Finance Department
 Scheduled date of ordinary shareholders' meeting: June 27, 2012
 Scheduled commencement date of dividend payment: June 6, 2012
 Scheduled date for filing of annual securities report: June 27, 2012
 Supplementary documents for financial results: Yes
 Financial results briefing: Yes (for analysts and institutional investors)

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

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

(1) Consolidated Operating Results

(% indicates changes from previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31,2012	15,985	1.7	997	5.8	962	26.9	510	12.2
Year ended March 31,2011	15,711	(2.0)	942	(10.8)	758	(20.3)	455	(12.6)

(Note) Comprehensive income: Year ended March 31,2012 476 million yen (123.6%)
 Year ended March 31,2011 212 million yen (-69.4%)

	Net income per share	Fully diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31,2012	31.77	31.72	2.8	4.2	6.2
Year ended March 31,2011	28.32	-	2.5	3.4	6.0

(Reference) Equity in earnings of affiliates: Year ended March 31,2012 None
 Year ended March 31,2011 None

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31,2012	22,795	18,439	80.8	1,146.02
Year ended March 31,2011	22,649	18,233	80.5	1,134.39

(Reference) Shareholder's equity: As of March 31,2012 18,420 million yen
 As of March 31,2011 18,233 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31,2012	1,210	-223	-318	5,686
Year ended March 31,2011	1,162	-1,050	-325	5,016

2. Dividends

	Dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31,2011	-	8.00	-	10.00	18.00	289	63.6	1.6
Year ended March 31,2012	-	8.00	-	12.00	20.00	321	63.0	1.8
Year ending March 31,2013 (Forecasts)	-	8.00	-	11.00	19.00		59.8	

(Note) Year-end dividends for the fiscal year ended March 31, 2012 include commemorative dividends of 2.0 yen. (1.0 yen for the 90th anniversary of company's founding, and 1.0 yen for the listing on the first section of TSE.)
Year-end dividends for the fiscal year ended March 31, 2013 include commemorative dividend of 1.0 yen. (The 90th anniversary of company's founding)

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2013.

(% indicates changes from previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30,2012	8,233	6.0	330	(24.6)	273	(32.2)	122	(48.6)	7.61
Year ending March 31,2013	16,677	4.3	949	(4.9)	825	(14.2)	511	0.1	31.80

4. Others

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): None

(2) Changes in accounting principles, procedures and indication method:

(a) Changes in accounting standards: None

(b) Changes other than (a) above: None

(3) Number of shares outstanding (Common stock)

(a) Number of shares outstanding at end of period (including treasury stock).

As of March 31,2012: 16,114,089 shares

As of March 31,2011: 16,114,089 shares

(b) Number of treasury stock at end of period

As of March 31,2012: 40,702 shares

As of March 31,2011: 40,486 shares

(c) Average number of shares during the period

Year ended March 31,2012: 16,073,531 shares

Year ended March 31,2011: 16,073,678 shares

(Reference) Summary of Non-Consolidated Financial Results

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2012 (April 1, 2011 – March 31, 2012)

(1) Non-Consolidated Operating Results (% indicates changes from previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million s of yen	%	Millions of yen	%	Millions of yen	%	Million s of yen	%
Year ended March 31,2012	12,874	1.9	517	8.5	696	45.5	427	30.2
Year ended March 31,2011	12,629	(0.3)	476	(4.0)	478	7.9	328	41.6

	Net income per share	Fully diluted net income per share
	Yen	Yen
Year ended March 31,2012	26.59	26.56
Year ended March 31,2011	20.43	-

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million s of yen	Million s of yen	%	Yen
Year ended March 31,2012	19,579	15,762	80.4	979.45
Year ended March 31,2011	19,397	15,607	80.5	970.98

(Reference) Shareholder's equity: As of March 31, 2012 15,743 million yen
As of March 31, 2011 15,607 million yen

*Implementation status of audit procedures

This earnings report is not subject to audit procedures under the Financial Instruments and Exchange Act. At the time of disclosing these consolidated financial statements, audit procedures specified in the Financial Instruments and Exchange Act have not been completed with respect to the financial statements.

*Explanation concerning the appropriate use of business forecasts, and other special items.

The forecasts and other statements regarding the future included in this report are based on currently available information and certain assumptions. Actual results may differ from forecasts for a variety of reasons.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (as of March 31,2011)	Fiscal year under review (as of March 31,2012)
Assets		
Current assets		
Cash and deposits	6,625	7,286
Notes and accounts receivable-trade	2,576	2,526
Short term investment securities	348	79
Merchandises and finished goods	2,198	2,210
Work in process	591	605
Raw materials and supplies	487	512
Deffered tax assets	502	501
Other	332	344
Allowance for doubtful accounts	(197)	(99)
Total current assets	13,464	13,966
Noncurrent assets		
Property,plant and equipment		
Buildings and structures	6,371	6,363
Accumulated depreciation	(3, 859)	(4, 019)
Buildings and structures, net	2,512	2,344
Machinery and equipment, vehicles	2,261	2,311
Accumulated depreciation	(1, 716)	(1, 878)
Machinery and equipment, vehicles, net	544	433
Land	1,409	1,408
Construction in progress	17	10
Other	2,772	2,836
Accumulated depreciation	(2, 457)	(2, 566)
Other, net	315	270
Total property,plant and equipment	4,799	4,467
Intangible assets		
Goodwill	445	356
Other	230	197
Total Intangible assets	675	553
Investments and other assets		
Investment securities	2,906	3,023
Deffered tax assets	205	195
Other	606	597
Allowance for doubtful accounts	(8)	(9)
Total investments and other assets	3,708	3,807
Total noncurrent assets	9,184	8,829
Total assets	22,649	22,795

(Millions of yen)

	Previous fiscal year (as of March 31,2011)	Fiscal year under review (as of March 31,2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	687	628
Short-term loans payable	1,000	990
Income taxes payable	172	239
Provision for directors' bonuses	33	31
Other	1,327	1,354
Total current liabilities	3,220	3,244
Noncurrent liabilities		
Deffered tax liabilities	48	33
Provision for retirement benefits	108	113
Provision for directors' retirement benefits	563	-
Other	474	964
Total noncurrent liabilities	1,194	1,111
Total liabilities	4,415	4,355
Net assets		
Shareholders' equity		
Capital stock	4,474	4,474
Capital surplus	4,576	4,576
Retained earnings	9,553	9,774
Treasury stock	(55)	(55)
Total shareholders' equity	18,548	18,769
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	300	298
Foreign currency translation adjustment	(614)	(647)
Total accumulated other comprehensive income	(314)	(349)
Stock acquisition rights	-	19
Total net assets	18,233	18,439
Total liabilities and net assets	22,649	22,795

(2) Consolidated Statements of Income

(Millions of yen)

	Previous fiscal year (from April 1,2010 to March 31,2011)	Fiscal year under review (from April 1,2011 to March 31,2012)
Net Sales	15,711	15,985
Cost of sales	7,006	7,176
Gross profit	8,704	8,809
Selling,general & administrative expenses	7,761	7,811
Operating income	942	997
Non-operating income		
Interest income	19	20
Dividends income	50	55
Annual fee and seminar fee income	84	88
Insurance and dividends income	7	-
Reversal of allowance for doubtful accounts	-	94
Other	41	45
Total non-operating income	203	304
Non-operating expenses		
Interest expenses	17	14
Sales discounts	145	146
Seminar operating expense hosted by Company	123	126
Foreign exchange losses	65	22
Other	36	29
Total non-operating expenses	388	340
Ordinary income	758	962
Extraordinary income		
Gain on sale fixed assets	22	-
Total extraordinary income	22	-
Extraordinary loss		
Loss on valuation of investment securities	14	-
Total extraordinary loss	14	-
Income before income taxes	766	962
Income taxes-current	348	418
Income taxes-deferred	(37)	33
Income taxes	311	451
Income before minority interests	455	510
Net income	455	510

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous fiscal year (from April 1,2010 to March 31,2011)	Fiscal year under review (from April 1,2011 to March 31,2012)
Income before minority interests	455	510
Other comprehensive income		
Valuation difference on available-for-sale securities	(57)	(1)
Foreign currency translation adjustment	(184)	(32)
Total other comprehensive income	(242)	(34)
Comprehensive income	212	476
Comprehensive income attributable to:		
Comprehensive income attributable to owner of the parent	212	476
Comprehensive income attributable to minority interests	-	-

(4) Consolidated Statements of Changes in Shareholders' Equity

(Millions of yen)

	Previous fiscal year (from April 1,2010 to March 31,2011)	Fiscal year under review (from April 1,2011 to March 31,2012)
Shareholder's equity		
Capital stock		
Balance at the beginning of current period	4,474	4,474
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	4,474	4,474
Capital surplus		
Balance at the beginning of current period	4,576	4,576
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	4,576	4,576
Retained earnings		
Balance at the beginning of current period	9,387	9,553
Changes of items during the period		
Dividends from surplus	(289)	(289)
Net income	455	510
Disposal of treasury stock	0	-
Total changes of items during the period	165	221
Balance at the end of current period	9,553	9,774
Treasury stock		
Balance at the beginning of current period	(55)	(55)
Changes of items during the period		
Purchase of treasury stock	0	0
Disposal of treasury stock	0	-
Total changes of items during the period	0	0
Balance at the end of current period	(55)	(55)
Shareholder's equity total		
Balance at the beginning of current period	18,382	18,548
Changes of items during the period		
Dividends from surplus	(289)	(289)
Net income	455	510
Purchase of treasury stock	0	0
Disposal of treasury stock	0	-
Total changes of items during the period	165	221
Balance at the end of current period	18,548	18,769

(Millions of yen)

	Previous fiscal year (from April 1,2010 to March 31,2011)	Fiscal year under review (from April 1,2011 to March 31,2012)
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	357	300
Changes of items during the period		
Net changes of items other than shareholders' equity	(57)	(1)
Total changes of items during the period	(57)	(1)
Balance at the end of current period	300	298
Foreign currency translation adjustment		
Balance at the beginning of current period	(430)	(614)
Changes of items during the period		
Net changes of items other than shareholders' equity	(184)	(32)
Total changes of items during the period	(184)	(32)
Balance at the end of current period	(614)	(647)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(72)	(314)
Changes of items during the period		
Net changes of items other than shareholders' equity	(242)	(34)
Total changes of items during the period	(242)	(34)
Balance at the end of current period	(314)	(349)
Stock acquisition rights		
Balance at the beginning of current period	-	-
Changes of items during the period		
Net changes of items other than shareholders' equity	-	19
Total changes of items during the period	-	19
Balance at the end of current period	-	19
Total net assets		
Balance at the beginning of current period	18,310	18,233
Changes of items during the period		
Dividends from surplus	(289)	(289)
Net income	455	510
Purchase of treasury stock	0	0
Disposal of treasury stock	0	-
Net changes of items other than shareholders' equity	(242)	(15)
Total changes of items during the period	(76)	205
Balance at the end of current period	18,233	18,439

(5) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (from April 1,2010 to March 31,2011)	Fiscal year under review (from April 1,2011 to March 31,2012)
Net cash provided by (used in) operating activities		
Income before income taxes	766	962
Depreciation and amortization	613	623
Amortization of goodwill	89	89
Increase (decrease) in allowance for doubtful accounts	35	(98)
Increase (decrease) in provision for retirement benefits	(8)	10
Increase (decrease) in provision for directors' retirement benefits	54	6
Interest and dividends income	(69)	(75)
Interest expenses	17	14
Foreign exchange losses (gain)	18	(14)
Loss (gain) on sale fixed assets	(22)	-
Loss (gain) on sales of investment securities	14	-
Decrease (increase) in notes and accounts receivable-trade	(173)	36
Decrease (increase) in inventories	(28)	(71)
Increase (decrease) in notes and account payable	55	(44)
Other	15	61
Subtotal	1,377	1,500
Interest and dividends income received	69	76
Interest expenses paid	(17)	(14)
Interest taxes paid	(267)	(351)
Net cash provided by (used in) operating activities	1,162	1,210
Net cash provided by (used in) investing activities		
Payments into time deposits	(1, 534)	(1, 715)
Proceeds from withdrawal of time deposits	1,052	1,716
Purchase of short-term investment securities	(239)	(147)
Proceeds from redemption of securities	237	415
Purchase of property, plant and equipment	(469)	(277)
Proceeds from sales of property, plant and equipment	52	6
Purchase of intangible assets	(34)	(39)
Purchase of investment securities	(102)	(168)
Payments of loans receivable	(8)	(11)
Collection of loans receivable	12	13
Other	(17)	(16)
Net cash provided by (used in) investing activities	(1, 050)	(223)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	(20)	(10)
Repayments of lease obligations	(15)	(18)
Purchase of treasury stock	0	0
Cash dividends paid	(289)	(289)
Net cash provided by (used in) financing activities	(325)	(318)
Effect of exchange rate change on cash and cash equivalents	(65)	2
Net increase (decrease) in cash and cash equivalents	(278)	670
Cash and cash equivalents at beginning of period	5,295	5,016
Cash and cash equivalents at end of period	5,016	5,686