

Consolidated Financial Results for the Fiscal Year Ended March 31, 2013
(Japanese Accounting Standards)

May 13, 2013

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, Managing Director (Finance, Personnel, General Affairs and Corporate Planning)
 Scheduled date of ordinary shareholders' meeting: June 26, 2013
 Scheduled date for filing of annual securities report: June 26, 2013
 Scheduled commencement date of dividend payment: June 5, 2013
 Supplementary documents for quarterly 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, 2013 (April 1, 2012 – March 31, 2013)

(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, 2013	16,385	2.5	872	(12.5)	749	(22.1)	30	(94.1)
Year ended March 31, 2012	15,985	1.7	997	5.8	962	26.9	510	12.2

(Note) Comprehensive income: Year ended March 31, 2013 642 million yen (34.9%)
 Year ended March 31, 2012 476 million yen (123.6%)

	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, 2013	1.87	1.87	0.2	3.3	5.3
Year ended March 31, 2012	31.77	31.72	2.8	4.2	6.2

(Reference) Equity in earnings of affiliates: Year ended March 31, 2013 None
 Year ended March 31, 2012 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, 2013	22,817	18,662	81.6	1,169.10
Year ended March 31, 2012	22,795	18,439	80.8	1,146.02

(Reference) Shareholder's equity: Year ended March 31, 2013 18,623 million yen
 Year ended March 31, 2012 18,420 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, 2013	385	(1,207)	(477)	4,520
Year ended March 31, 2012	1,210	(223)	(318)	5,686

2. Dividends

	Dividends per share					Total dividends (annual) (Millions of yen)	Payout ratio (consolidated) (%)	Ratio of dividends to net assets (consolidated) (%)
	End of first quarter (Yen)	End of second quarter (Yen)	End of third quarter (Yen)	Year-end (Yen)	Annual (Yen)			
Year ended March 31, 2012	-	8.00	-	12.00	20.00	321	63.0	1.8
Year ended March 31, 2013	-	8.00	-	11.00	19.00	303	1,016.0	1.6
Year ending March 31, 2014 (Forecasts)	-	8.00	-	10.00	18.00		84.1	

(Notes) 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 company's listing on the first section of the TSE.)

Year-end dividends for the fiscal year ended March 31, 2013, include a commemorative dividend of 1.0 yen. (For the 90th anniversary of company's founding)

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2014. (April 1, 2013 – March 31, 2014)

(% 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, 2013 (cumulative)	8,454	9.0	239	51.8	167	66.6	61	-	3.85
Year ending March 31, 2014	17,168	4.8	715	(18.1)	570	(23.9)	340	1034.2	21.39

*Notes

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

(2) Changes in accounting principles, procedures, or indication methods:

- (a) Changes in accounting standards: Yes
- (b) Changes other than (a) above: None
- (c) Changes in accounting estimates: Yes
- (d) Retrospective restatements: None

(3) Number of shares outstanding (common stock)

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

As of March 31, 2013: 16,114,089 shares

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

(b) Number of shares of treasury stock at end of period

As of March 31, 2013: 184,497 shares

As of March 31, 2012: 40,702 shares

(c) Average number of shares during the period

As of March 31, 2013: 16,032,109 shares

As of March 31, 2012: 16,073,531 shares

(Reference) Summary of Non-Consolidated Financial Results

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(1) Non-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, 2013	12,688	(1.4)	255	(50.6)	503	(27.8)	262	(38.5)
Year ended March 31, 2012	12,874	1.9	517	8.5	696	45.5	427	30.2

	Net income per share	Fully diluted net income per share
	Yen	Yen
Year ended March 31, 2013	16.40	16.35
Year ended March 31, 2012	26.59	26.56

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2013	19,513	15,952	81.5	998.92
Year ended March 31, 2012	19,579	15,762	80.4	979.45

(Reference) Shareholder's equity: Year ended March 31, 2013 15,912 million yen
Year ended March 31, 2012 15,743 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. With respect to the preconditions for the forecasts, please refer to the "Outlook for fiscal year ending March 31, 2014" section on page 3.

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1. Results of Operations

(1) Analysis of Operating Results

[1] Overview of performance for the consolidated fiscal year under review

(Overview)

The Japanese economy remained bearish during the consolidated fiscal year under review in the face of debt problems in Europe and the U.S. and a slowdown in the previously rapid rate of growth in emerging nations. In response to the formation of a new cabinet in Japan during the second half of the fiscal year, which led to the introduction of bold monetary policies, agile fiscal policies, and a growth strategy designed to stimulate private investment, expectations for economic recovery spread rapidly, prompting a move in exchange rates toward a correction of the excessively strong yen of the recent past. However, expectations have shot ahead of the reality on the ground, where the results of policy are not yet being reflected in the actual economy, leaving a lingering sense of uncertainty despite progress toward a true economic recovery.

Business conditions in the dental industry remain challenging, as indicated by pressure to address the fierce competition that characterizes the segment, despite a gradual upward trend in expenditures on dental treatment.

Against this backdrop, the Shofu Group has identified this year, which is the first year of the three-year Medium-term Business Plan, as one in which to prepare for the 100th anniversary's of the company's founding 10 years from now, and we have undertaken various preparations to facilitate future growth. Specifically, in addition to acquiring a site on which we will construct a new plant in Kyoto Prefecture in order to boost production capacity, we orchestrated a reorganization of Group companies with the goal of stabilizing the foundation of the nail care business and streamlining associated operations. To satisfy demand in the Asia-Pacific region, which is enjoying new international prestige as a center of global growth, we worked to strengthen our sales structures, including by upgrading the Singapore Sales Office into a local subsidiary and embarking on an effort to lay the groundwork for a sales facility in India.

As a result of these activities and initiatives, sales during the consolidated fiscal year under review increased ¥399 million (2.5%) over the previous year to ¥16,385 million as overseas sales rose thanks to the weakening yen.

Operating income fell ¥124 million (12.5%) from the previous year to ¥872 million as aggressive investments in future growth spurred increases in selling, general, and administrative expenses.

Ordinary income fell ¥212 million (22.1%) year-on-year to ¥749 million as a decrease in reversal of allowance for doubtful accounts and other factors led to a worsening of the non-operating profit and loss picture.

Net income fell ¥480 million (94.1%) from the previous year to ¥30 million as a result of an extraordinary loss consisting of a complete write-off of goodwill booked during our acquisition of shares of Nail Labo Co., Ltd. in order to pave the way for the future development of the nail care business and a write-down of investment securities.

The Shofu Group discloses performance data by segment for its dental business, nail care business, and other businesses (industrial grinding and polishing materials). An overview of operating results for each of these segments follows.

(Dental business)

We introduced a number of new products in the domestic market, including the BeautiCore Kit, a dental core build-up material; Veracia SA Porcelain, a type of porcelain teeth; Air Flow Master, a dental prophylaxis unit; and Argon Caster i, a dental high-frequency casting machine. BeautiBond Multi, a light-cured one component adhesive launched last year, and other products such as medicated mouthwash also contributed to sales. We sought to increase brand recognition and promote our products' superiority by strengthening efforts to sell directly to end users in addition to actively investing in these new products.

Overseas, sales grew steadily in the U.S., where we moved to strengthen our sales structures, and in China, where they were aided by the weak yen.

As a result of these and other factors, sales in the dental business totaled ¥14,670 million, an increase of ¥340 million (2.4%) over the previous year, while operating income fell ¥135 million (13.1%) to ¥897 million, due in part to increased prior investment.

(Nail care business)

Despite a recovery from the slump caused by the Great East Japan Earthquake, price competition has continued to intensify. Under these market conditions we have worked to strengthen our business structures, for example by updating flagship product LED Gel Presto and orchestrating the acquisition of Promech Inc., which was a wholly owned subsidiary of Shofu, by Nail Labo Co., Ltd. in March 2013. The acquisition is intended to create an integrated system extending from nail care product planning to manufacture and sales.

As a result of these and other factors, sales in the nail care business totaled ¥1,636 million, an increase of ¥61 million (3.9%) over the previous year. We sustained an operating loss of ¥53 million due in part to the impact of goodwill amortization expenses, but increased sales offset these factors to fuel an increase of ¥9 million over the previous year.

(Other businesses)

Group company Shoken Inc. manufactures and sells industrial polishing materials by applying production technology originally designed for dental polishing materials. Sales in this "other businesses" segment totaled ¥78 million, a decrease of ¥2 million (3.2%) from the previous year. Operating income fell ¥2 million (11.4%) to ¥21 million.

Note: Segment sales do not include internal sales between segments.

Reference: Exchange rates used to convert figures on overseas subsidiaries' financial statements into yen (rates as of the last day of the fiscal year, or as of December 31 for the Chinese yuan)

U.S. dollar: USD 1 = JPY 94.05 (previous fiscal year: JPY 82.19)

Euro: EUR 1 = JPY 120.73 (previous fiscal year: JPY 109.80)

British pound: GBP 1 = JPY 143.16 (previous fiscal year: JPY 131.34)

Chinese yuan: CNY 1 = JPY 13.91 (previous fiscal year: JPY 12.31)

[2] Outlook for the upcoming fiscal year

While we expect to see continued fierce competition in each of the Group's businesses, we will continue to take aggressive steps to implement the Medium-term Business Plan in order to build a corporate constitution capable of steadily increasing profits. Sales are expected to rise during the upcoming fiscal year.

Although we expect prior investment in future projects to lead to lower operating income and ordinary income, we expect final profit during the upcoming fiscal year to increase thanks to the writing off of the goodwill impairment loss in this fiscal year.

(Overall outlook)

(Unit: Millions of yen, %)

	Results for the fiscal year ended March 31, 2013	Outlook for the fiscal year ending March 31, 2014	Change	Change (%)
Sales	16,385	17,168	783	4.8
Operating income	872	715	-157	-18.1
Ordinary income	749	570	-179	-23.9
Net income	30	340	310	1,034.2

(Dental business)

We will look to reassess and improve the dental business's R&D and production frameworks. In addition to looking to reassess and improve and strengthening our sales networks overseas, we will further enhance efforts to sell products directly to end users in Japan. Furthermore, we will aggressively enter fields where growth can be expected, for example by beginning preparations to develop new businesses that make use of CAD/CAM systems.

While we expect sales in the dental business to increase ¥695 million (4.7%) to ¥15,365 million, operating profit is expected to fall ¥312 million (34.8%) to ¥585 million, due in part to the burden imposed by prior investment in new business development.

(Nail care business)

Although intense price competition is expected to continue in the nail care market, we plan to boost our competitiveness and achieve steady growth by getting an integrated system extending from product development to sales up and running.

We expect sales in the nail care business to increase ¥82 million (5.1%) to ¥1,719 million and for operating income to increase ¥156 million to ¥103 million as goodwill amortization expenses and other downward pressures are eliminated.

(Other businesses)

We expect sales in the other businesses segment to increase ¥5 million (6.6%) to ¥83 million and operating income to increase ¥4 million (21.2%) to ¥26 million.

Reference: USD 1 = JPY 85, EUR 1 = JPY 110, GBP 1 = JPY 135, CNY 1 = JPY 13.50

(2) Analysis of Financial Position

[1] Assets, Liabilities, and Net Assets

Land acquisitions and increases in the current value of investment securities offset a decline in cash and deposits and impairment of goodwill as assets increased ¥21 million over the previous fiscal year to ¥22,817 million.

Liabilities fell ¥201 million to ¥4,154 million due in part to a decline in income tax payable.

Net assets increased ¥223 million to ¥18,662 million due in part to an increase in valuation difference on available-for-sale securities.

As a result of the above, the capital-to-assets ratio rose to 81.6% (compared to 80.8% for the previous fiscal year).

[2] Cash Flows

Cash and cash equivalents at the end of the fiscal year under review fell ¥1,166 million to ¥4,520 million. Cash flows during the fiscal year under review and associated factors are described below.

(Unit: Millions of yen)

	Previous fiscal year	Fiscal year under review	Change
Cash flows from operating activities	1,210	385	-824
Cash flows from investing activities	-223	-1,207	-983
Cash flows from financing activities	-318	-477	-159
Effect of exchange rate changes on cash and cash equivalents	2	132	130
Net increase (decrease) in cash and cash equivalents	670	-1,166	-1,836
Cash and cash equivalents at the beginning of the period	5,016	5,686	670
Cash and cash equivalents at the end of the period	5,686	4,520	-1,166

(a) Cash flows from operating activities

Net cash provided by operating activities was ¥385 million (a decrease of ¥824 million). This figure primarily reflects increases from net income before income and other taxes and minority interests of ¥373 million and a depreciation allowance of ¥578 million, which offset income tax and other payments of ¥391 million.

(b) Cash flows from investing activities

Net cash used in investing activities was ¥1,207 million (an increase of ¥983 million). This figure primarily reflects payments of ¥1,160 million for property, plant, and equipment.

(c) Cash flows from financing activities

Net cash used in financing activities was ¥477 million (an increase of ¥159 million). This figure primarily reflects dividend payments of ¥321 million.

(Changes in cash flow-related indexes)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Capital-to-asset ratio (%)	79.3	81.3	80.5	80.8	81.6
Current value-basis capital-to-asset ratio (%)	49.3	51.4	53.5	61.6	64.4
Debt repayment period	0.7	0.9	0.9	0.8	2.5

(years)					
Interest coverage ratio (times)	73.1	63.6	67.7	82.0	19.3

- Note: Capital-to-asset ratio: Shareholders' equity / total assets
Current value-basis capital-to-asset ratio: Current market value of shares / total assets
Debt repayment period: Interest-bearing debt / cash flows from operating activities
Interest coverage ratio: Cash flows from operating activities / interest payments
- * Indexes have been calculated based on consolidated-basis financial figures.
 - * The current market value of shares was calculated by multiplying the closing share price at the end of the fiscal year by the number of outstanding shares at the end of the fiscal year (exclusive of treasury stock).
 - * The figure for cash flows from operating activities has been taken from the consolidated cash flows statement. Interest-bearing debt includes all liabilities on the consolidated balance sheet for which the company pays interest. Interest payment figures have been taken from the consolidated cash flows statement.

(3) Basic Policy on the Payment of Dividends and Dividends for the Fiscal Year under Review and Upcoming Fiscal Year

Shofu's basic policy consists of maintaining and continuing consistent dividend payments in order to increase corporate value (shareholder value) over the long term and return profits to shareholders. While we strive to achieve a consolidated-basis dividend ratio of at least 30%, actual payments reflect the need to ensure adequate capital to actively develop our businesses going forward, for example through R&D investment to expand our businesses overseas and develop new products while simultaneously working to strengthen the company's management foundation and financial strength.

The year-end dividend for the fiscal year under review will be ¥11, consisting of an ordinary dividend of ¥10 per share and a commemorative dividend of ¥1 in honor of the 90th anniversary of the company's founding. Together with the midterm dividend of ¥8 per share, which has already been paid, the total annual dividend will be ¥19 per share.

We plan to pay an annual dividend of ¥18 per share as an ordinary dividend during the upcoming fiscal year for a consolidated-basis dividend ratio of 84.1%.

2. Management Policy

This document omits the following sections because there have been no material changes to the information disclosed in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2012, (which was released on May 11, 2012): **(1) Basic Corporate Management Policy, (2) Management Index Targets, (3) Medium and Long-term Management Strategies, and (4) Issues Facing the Group.**

That document can be viewed online at the following URLs:

Shofu website

<http://www.shofu.co.jp/ir/contents/hp1112/index.php?No=1489&CNo=1112>

Tokyo Stock Exchange website (listed company information search page)

<http://www.tse.or.jp/listing/compsearch/index.html>

. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (as of March 31, 2012)	Fiscal year under review (as of March 31, 2013)
Assets		
Current assets		
Cash and deposits	7,286	5,511
Notes and accounts receivable-trade	2,526	2,649
Short term investment securities	79	350
Merchandise and finished goods	2,210	2,330
Work in process	605	675
Raw materials and supplies	512	688
Deferred tax assets	501	458
Other	344	378
Allowance for doubtful accounts	-99	-78
Total current assets	13,966	12,965
Noncurrent assets		
Property, plant, and equipment		
Buildings and structures	6,363	6,348
Accumulated depreciation	-4,019	-4,038
Buildings and structures, net	2,344	2,310
Machinery and equipment, vehicles	2,311	2,423
Accumulated depreciation	-1,878	-1,976
Machinery and equipment, vehicles, net	433	446
Land	1,408	2,048
Construction in progress	10	9
Other	2,836	2,871
Accumulated depreciation	-2,566	-2,514
Other, net	270	357
Total property, plant, and equipment	4,467	5,171
Intangible assets		
Goodwill	356	-
Other	197	167
Total Intangible assets	553	167
Investments and other assets		
Investment securities	3,023	3,177
Deferred tax assets	195	49
Other	597	1,294
Allowance for doubtful accounts	-9	-9
Total investments and other assets	3,807	4,512
Total noncurrent assets	8,829	9,851
Total assets	22,795	22,817

(Millions of yen)

	Previous fiscal year (as of March 31, 2012)	Fiscal year under review (as of March 31, 2013)
Liabilities		
Current liabilities		
Accounts payable-trade	463	576
Short-term loans payable	990	980
Income and other taxes payable	239	114
Provision for directors' bonuses	31	3
Other	1,519	1,295
Total current liabilities	3,244	2,969
Noncurrent liabilities		
Deferred tax liabilities	33	105
Provision for retirement benefits	113	120
Other	964	959
Total noncurrent liabilities	1,111	1,185
Total liabilities	4,355	4,154
Net assets		
Shareholders' equity		
Capital stock	4,474	4,474
Capital surplus	4,576	4,576
Retained earnings	9,774	9,478
Treasury stock	-55	-169
Total shareholders' equity	18,769	18,360
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	298	644
Foreign currency translation adjustment	-647	-381
Total accumulated other comprehensive income	-349	262
Stock acquisition rights	19	39
Total net assets	18,439	18,662
Total liabilities and net assets	22,795	22,817

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	Previous fiscal year (from April 1, 2011, to March 31, 2012)	Fiscal year under review (from April 1, 2012, to March 31, 2013)
Net sales	15,985	16,385
Cost of sales	7,176	7,229
Gross profit	8,809	9,155
Selling, general, and administrative expenses	7,811	8,282
Operating income	997	872
Non-operating income		
Interest income	20	18
Dividend income	55	54
Annual fee and seminar fee income	88	102
Reversal of allowance for doubtful accounts	94	20
Other	45	59
Total non-operating income	304	255
Non-operating expenses		
Interest expenses	14	19
Sales discounts	146	149
Operating expenses for seminars hosted by the company	126	122
Foreign exchange losses	22	58
Other	29	28
Total non-operating expenses	340	378
Ordinary income	962	749
Extraordinary losses		
Impairment loss	-	267
Loss on valuation of investment securities	-	93
Loss on retirement of noncurrent assets	-	15
Total extraordinary losses	-	375
Income before income and other taxes	962	373
Income, residential, and business taxes-current	418	259
Income and other taxes-deferred	33	84
Income and other taxes	451	343
Income before minority interests	510	30
Net income	510	30

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous fiscal year (from April 1, 2011, to March 31, 2012)	Fiscal year under review (from April 1, 2012, to March 31, 2013)
Income before minority interests	510	30
Other comprehensive income		
Valuation difference on available-for-sale securities	-1	345
Foreign currency translation adjustment	-32	266
Total other comprehensive income	-34	612
Comprehensive income	476	642
Comprehensive income attributable to:		
Comprehensive income attributable to shareholders of parent company	476	642
Comprehensive income attributable to minority interests	-	-

(3) Consolidated Statements of Changes in Shareholders' Equity

(Millions of yen)

	Previous fiscal year (from April 1, 2011, to March 31, 2012)	Fiscal year under review (from April 1, 2012, to March 31, 2013)
Shareholder's equity		
Capital stock		
Balance at the beginning of the current period	4,474	4,474
Changes during the period		
Total changes during the period	-	-
Balance at the end of the current period	4,474	4,474
Capital surplus		
Balance at the beginning of the current period	4,576	4,576
Changes during the period		
Total changes during the period	-	-
Balance at the end of the current period	4,576	4,576
Retained earnings		
Balance at the beginning of the current period	9,553	9,774
Changes during the period		
Dividends from surplus	-289	-321
Net income	510	30
Disposal of treasury stock	-	-4
Total changes during the period	221	-296
Balance at the end of the current period	9,774	9,478
Treasury stock		
Balance at the beginning of the current period	-55	-55
Changes during the period		
Purchase of treasury stock	0	-122
Disposal of treasury stock	-	9
Total changes during the period	0	-113
Balance at the end of the current period	-55	-169
Shareholder's equity total		
Balance at the beginning of the current period	18,548	18,769
Changes during the period		
Dividends from surplus	-289	-321
Net income	510	30
Purchase of treasury stock	0	-122
Disposal of treasury stock	-	4
Total changes during the period	221	-409
Balance at the end of the current period	18,769	18,360

(Millions of yen)

	Previous fiscal year (from April 1, 2011, to March 31, 2012)	Fiscal year under review (from April 1, 2012, to March 31, 2013)
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of the current period	300	298
Changes during the period		
Net changes other than shareholders' equity	-1	345
Total changes during the period	-1	345
Balance at the end of the current period	298	644
Foreign currency translation adjustment		
Balance at the beginning of the current period	-614	-647
Changes during the period		
Net changes other than shareholders' equity	-32	266
Total changes of items during the period	-32	266
Balance at the end of the current period	-647	-381
Total accumulated other comprehensive income		
Balance at the beginning of the current period	-314	-349
Changes during the period		
Net changes other than shareholders' equity	-34	612
Total changes during the period	-34	612
Balance at the end of the current period	-349	262
Stock acquisition rights		
Balance at the beginning of the current period	-	19
Changes during the period		
Net changes other than shareholders' equity	19	20
Total changes during the period	19	20
Balance at the end of the current period	19	39
Total net assets		
Balance at the beginning of the current period	18,233	18,439
Changes during the period		
Dividends from surplus	-289	-321
Net income	510	30
Purchase of treasury stock	0	-122
Disposal of treasury stock	-	4
Net changes other than shareholders' equity	-15	632
Total changes during the period	205	223
Balance at the end of the current period	18,439	18,662

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (from April 1, 2011, to March 31, 2012)	Fiscal year under review (from April 1, 2012, to March 31, 2013)
Net cash provided by (used in) operating activities		
Income before income and other taxes	962	373
Depreciation and amortization	623	578
Impairment loss	-	267
Amortization of goodwill	89	89
Increase (decrease) in allowance for doubtful accounts	-98	-21
Increase (decrease) in provision for retirement benefits	10	-32
Increase (decrease) in provision for directors' retirement benefits	6	-
Interest and dividend income	-75	-72
Interest expenses	14	19
Foreign exchange losses (gains)	-14	-51
Loss (gain) on sale fixed assets	-	15
Loss (gain) on sales of investment securities	-	93
Decrease (increase) in notes and accounts receivable-trade	36	-69
Decrease (increase) in inventories	-71	-270
Increase (decrease) in notes and accounts payable	-44	-112
Other	61	-82
Subtotal	1,500	724
Interest and dividends income received	76	73
Interest expenses paid	-14	-20
Interest taxes paid	-351	-391
Net cash provided by (used in) operating activities	1,210	385
Net cash provided by (used in) investing activities		
Payments into time deposits	-1,715	-1,905
Proceeds from withdrawal of time deposits	1,716	1,927
Purchase of short-term investment securities	-147	-400
Proceeds from redemption of securities	415	420
Purchase of property, plant, and equipment	-277	-1,160
Proceeds from sales of property, plant, and equipment	6	3
Purchase of intangible assets	-39	-49
Purchase of investment securities	-168	-
Payments of loans receivable	-11	-10
Collection of loans receivable	13	12
Other	-16	-45
Net cash provided by (used in) investing activities	-223	-1,207
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	-10	-10
Repayments of lease obligations	-18	-23
Purchase of treasury stock	0	-122
Cash dividends paid	-289	-321
Proceeds from exercise of stock options	-	0
Net cash provided by (used in) financing activities	-318	-477
Effect of exchange rate change on cash and cash equivalents	2	132
Net increase (decrease) in cash and cash equivalents	670	-1,166
Cash and cash equivalents at beginning of period	5,016	5,686
Cash and cash equivalents at end of period	5,686	4,520

(5) Notes Relating to Assumptions for the Going Concern

Not applicable.

(6) Notes to Consolidated Financial Statements

(Changes to accounting estimates and changes in accounting policies that may difficult to distinguish)

Effective starting this consolidated fiscal year, the company and its domestic consolidated subsidiaries have changed the depreciation method used for property, plant, and equipment acquired on or after April 1, 2012, to reflect changes to the Corporation Tax Act.

The effect of this change on the company's performance will be minor.

(Segment Information)

1 . Reportable Segments

Financial statements that break out the company's reportable segments are available, and those segments are targeted for regular examination as the Board of Directors allocates management resources and to evaluate business performance.

The Group's businesses include the dental business, nail care business, and other businesses (manufacture and sale of industrial materials and equipment). We develop comprehensive domestic and overseas strategies for each of these businesses and conduct associated operations accordingly.

Consequently, we use the dental business, nail care business, and other businesses as our reportable segments.

The dental business segment consists of the manufacture, sale, and repair of dental materials and equipment. The nail care business segment consists of the manufacture and sale of beauty and health devices related to nail care and cosmetics as well as associated service operations. The other businesses segment consists of the manufacture and sale of industrial materials and equipment.

2 . Methods used to calculate sales, gains (losses), assets, liabilities, and other figures for the reportable segments

The accounting policies for the reportable segments are basically the same as those described in "Important considerations in the preparation of consolidated financial statements."

Reportable segment profit is provided on an operating income basis.

3 . Information regarding sales, gains (losses), assets, liabilities, and other figures by reportable segment

Previous fiscal year (April 1, 2011 - March 31, 2012)

(Millions of yen)

	Dental business	Nail care business	Other businesses	Total	Adjustment *1	Consolidated financial statements *2
Net sales						
(1) Sales to external customers	14,329	1,575	80	15,985	-	15,985
(2) Internal sales or transfers	0	0	4	4	(4)	-
Total	14,329	1,575	85	15,990	(4)	15,985
Segment profit (loss)	1,032	(63)	24	994	3	997
Segment assets	16,425	1,282	88	17,796	4,999	22,795
Other items						
Amortization of goodwill	-	89	-	89	-	89
Depreciation	592	26	4	622	-	622
Increase in property, plant, and equipment and intangible assets	261	17	1	280	-	280

*1 (1) The ¥3 million adjustment to segment profit/loss serves to cancel out transactions between segments.

(2) The ¥4,999 million adjustment to segment assets includes companywide assets that are not allocated to any single segment, primarily surplus operating funds (cash and deposits) and long-term investment funds (investment securities, etc.).

*2 Segment profit (loss) equals the operating income on consolidated financial statements.

Fiscal year under review (April 1, 2012 - March 31, 2013)

(Millions of yen)

	Dental business	Nail care business	Other businesses	Total	Adjustment *1	Consolidated financial statements *2
Net sales						
(1) Sales to external customers	14,670	1,636	78	16,385	-	16,385
(2) Internal sales or transfers	-	0	5	5	(5)	-
Total	14,670	1,636	83	16,390	(5)	16,385
Segment profit(loss)	897	(53)	21	866	6	872
Segment assets	16,329	1,075	79	17,484	5,333	22,817
Other items						
Amortization of goodwill	-	89	-	89	-	89
Depreciation	540	36	4	581	(2)	578
Impairment loss	-	267	-	267	-	267
Increase in property, plant, and equipment and intangible assets	1,162	45	4	1,213	-	1,213

*1 (1) The ¥6 million adjustment to segment profit/loss serves to cancel out transactions between segments.

(2) The ¥5,333 million adjustment to segment assets includes companywide assets that are not allocated to any single segment, primarily surplus operating funds (cash and deposits) and long-term investment funds (investment securities, etc.).

*2 Segment profit (loss) equals the operating income on consolidated financial statements.

(Per Share Information)

	Previous fiscal year (April 1, 2011 - March 31, 2012)	Fiscal year under review (April 1, 2012 - March 31, 2013)
Net assets per share	1,146.02 yen	1,169.10 yen
Net income per share	31.77 yen	1.87 yen
Fully diluted net income per share	31.72 yen	1.87 yen

(Note) 1. The basis for calculating net income per share and fully diluted net income per share is as follows:

	Previous fiscal year (April 1, 2011 - March 31, 2012)	Fiscal year under review (April 1, 2012 - March 31, 2013)
Net income per share		
Net income (millions of yen)	510	30
Amount not belonging to ordinary shareholders (millions of yen)	-	-
Net income in attributable to common stock (millions of yen)	510	30
Average number of shares during the fiscal year (1,000 shares)	16,073	16,032
Fully diluted net income		
Current net income adjustment (millions of yen)	-	-
Increase in common stock (thousands of shares)	21	51
Overview of residual shares not included in the calculation of earnings per share after adjustment for residual shares due to a lack of dilution effects	-	-

(Note) 2. The basis for calculating net assets per share is as follows:

	Previous fiscal year (April 1, 2011 - March 31, 2012)	Fiscal year under review (April 1, 2012 - March 31, 2013)
Total assets (millions of yen)	18,439	18,662
Amount excluded from total assets (millions of yen)	19	39
Year-end net assets attributable to common stock (millions of yen)	18,420	18,623
Number of common stock shares at year end used to calculate earnings and assets per share (thousands of shares)	16,073	15,929

(Important Subsequent Events)

Not applicable.