CKD Corporation and Consolidated Subsidiaries

Consolidated Financial Statements for the Years Ended March 31, 2014 and 2013

[Consolidated Financial Statement, etc.]

(1) [Consolidated Financial Statement]

 $\textcircled{1} \ \ [\textbf{Consolidated Balance Sheet}]$

Accounting Year (as of March 31, 2013) Accounting Year (as of March 31, 2014) ASSETS Current Assets: Cash and deposits 7,322 9 Notes and accounts receivable-trade 16,294 119 Operating accounts receivable 2,355 2 Short-term investment securities 3,000 4 Merchandise and finished goods 3,915 2 Work-in-process 2,072 2 Raw materials and supplies 10,192 10 Deferred tax assets 1,167 1 Other 1,332 2 Allowance for doubtful debts 4,71 1 Total current assets 47,582 56 Noncurrent assets 7,178 5 Property, plant and equipment 8 1 Buildings and structures (net) 7,178 5 Machinery, equipment and vehicles (net) 4,547 2 Tools, furniture and fixtures (net) 677 4 Land 4,463 4 Lease assets (net) 106 4			(Unit: million yen)
(as of March 31, 2013) (as of March 31, 2014) ASSETS Current Assets: 7,322 9 Cash and deposits 7,322 9 Notes and accounts receivable 2,355 2 Operating accounts receivable 2,355 2 Short-term investment securities 3,000 4 Merchandise and finished goods 3,915 3 Work-in-process 2,072 2 Raw materials and supplies 10,192 10 Deferred tax assets 1,167 1 Other 1,332 2 Allowance for doubtful debts Δ 71 1 Total current assets 47,582 56 Noncurrent assets 47,582 56 Noncurrent assets 47,178 7 Property, plant and equipment 4,547 2 Machinery, equipment and vehicles (net) 4,547 2 Tools, furniture and fixtures (net) 677 1 Land 4,463 4 Lease assets (net) 106 <t< th=""><th></th><th>Consolidated</th><th>Consolidated</th></t<>		Consolidated	Consolidated
ASSETS Current Assets: 7,322 9 Cash and deposits 7,322 9 Notes and accounts receivable-trade 16,294 19 Operating accounts receivable 2,355 2 Short-term investment securities 3,000 4 Merchandise and finished goods 3,915 3 Work-in-process 2,072 2 Raw materials and supplies 10,192 10 Deferred tax assets 1,167 1 Other 1,332 2 Allowance for doubtful debts Δ 71 1 Total current assets 47,582 56 Noncurrent assets 47,582 56 Noncurrent assets 7,178 7 Property, plant and equipment 4,547 5 Buildings and structures (net) 7,178 7 Machinery, equipment and vehicles (net) 4,547 5 Land 4,463 4 Lease assets (net) 106 6 Construction in progress		e e e e e e e e e e e e e e e e e e e	
Cash and deposits 7,322 9 Notes and accounts receivable to poperating accounts receivable 16,294 19 Operating accounts receivable 2,355 2 Short-term investment securities 3,000 4 Merchandise and finished goods 3,915 3 Work-in-process 2,072 2 Raw materials and supplies 10,192 10 Other 1,332 2 Allowance for doubtful debts Δ 71 1 Total current assets 47,582 50 Noncurrent assets 7,178 5 Property, plant and equipment 8 6 Buildings and structures (net) 7,178 5 Machinery, equipment and vehicles (net) 4,547 5 Land 4,463 4 Lease assets (net) 106 6 Construction in progress 1,369 4 Total property, plant and equipment 18,342 22 Investment and other asset 823 1 Investment and other asset — 9 Net defined benefit assets — <td>ASSETS</td> <td>(as of March 31, 2013)</td> <td>(as of Match 31, 2014)</td>	ASSETS	(as of March 31, 2013)	(as of Match 31, 2014)
Notes and accounts receivable-trade 16,294 19 Operating accounts receivable 2,355 2 Short-term investment securities 3,000 4 Merchandise and finished goods 3,915 3 Work-in-process 2,072 2 Raw materials and supplies 10,192 10 Deferred tax assets 1,167 1 Other 1,332 2 Allowance for doubtful debts Δ 71 1 Total current assets 47,582 50 Noncurrent assets 7,178 50 Property, plant and equipment 8 1 Buildings and structures (net) 7,178 50 Machinery, equipment and vehicles (net) 4,547 50 Land 4,463 4 Lease assets (net) 106 677 Land 4,463 4 Total property, plant and equipment 18,342 22 Intaggle assets 823 823 Investment and other asset 823 823	Current Assets:		
Operating accounts receivable 2,355 Short-term investment securities 3,000 Merchandise and finished goods 3,915 Work-in-process 2,072 Raw materials and supplies 10,192 Deferred tax assets 1,167 Other 1,332 Allowance for doubtful debts Δ 71 Total current assets 47,582 Noncurrent assets 50 Property, plant and equipment 3,178 Buildings and structures (net) 7,178 Machinery, equipment and vehicles (net) 4,547 Tools, furniture and fixtures (net) 677 Land 4,463 Lease assets (net) 106 Construction in progress 1,369 Total property, plant and equipment 18,342 22 Intangible assets 823 Investment and other asset 823 Investment securities 3,932 5 Net defined benefit assets — Deferred tax assets 178 Other 917 Allowance f	Cash and deposits	7,322	9,982
Short-term investment securities 3,000 4 Merchandise and finished goods 3,915 3 Work-in-process 2,072 2 Raw materials and supplies 10,192 10 Deferred tax assets 1,167 1 Other 1,332 2 Allowance for doubtful debts Δ 71 1 Total current assets 47,582 56 Noncurrent assets 5 5 Property, plant and equipment 8 2 Buildings and structures (net) 7,178 3 Machinery, equipment and vehicles (net) 4,547 3 Land 4,463 4 Lease assets (net) 106 6 Construction in progress 1,369 4 Total property, plant and equipment 18,342 2 Intengible assets 823 1 Investment and other asset 178 178 Other 917 4 Allowance for doubtful debts Δ 33 178 Other 917 4 4 Allowance for doubtful	Notes and accounts receivable-trade	16,294	19,548
Merchandise and finished goods 3,915 Work-in-process 2,072 Raw materials and supplies 10,192 Deferred tax assets 1,167 Other 1,332 Allowance for doubtful debts Δ 71 Total current assets 47,582 Noncurrent assets 47,582 Property, plant and equipment 50 Buildings and structures (net) 7,178 Machinery, equipment and vehicles (net) 4,547 Tools, furniture and fixtures (net) 677 Land 4,463 Lease assets (net) 106 Construction in progress 1,369 Total property, plant and equipment 18,342 Intangible assets 823 Investment and other asset 178 Other 917 Allowance for doubtful debts Δ 33 Total Investments and Other assets 4,994 Total Noncurrent assets 24,160	Operating accounts receivable	2,355	2,751
Work-in-process 2,072 2 Raw materials and supplies 10,192 10 Deferred tax assets 1,167 1 Other 1,332 2 Allowance for doubtful debts Δ 71 1 Total current assets 47,582 56 Noncurrent assets 7 1 Property, plant and equipment 8 7 Buildings and structures (net) 7,178 7 Machinery, equipment and vehicles (net) 4,547 5 Tools, furniture and fixtures (net) 677 677 Land 4,463 2 Lease assets (net) 106 6 Construction in progress 1,369 2 Total property, plant and equipment 18,342 22 Investment and other asset 823 1 Investment securities 3,932 5 Net defined benefit assets — — Deferred tax assets 178 178 Other 917 Allowance for doubtful debts Δ 33 Total Investments and Other assets 4,994 6	Short-term investment securities	3,000	4,000
Raw materials and supplies 10,192 10 Deferred tax assets 1,167 1 Other 1,332 2 Allowance for doubtful debts Δ 71 1 Total current assets 47,582 56 Noncurrent assets 9 56 Property, plant and equipment 9 7,178 7 Buildings and structures (net) 7,178 7 7 Machinery, equipment and vehicles (net) 4,547 5 6 Tools, furniture and fixtures (net) 677 1 6 6 Land 4,463 4 4 6 6 7 1 1 6 6 7 1 1 6 6 7 1 1 6 6 7 1 1 6 6 7 1 1 6 6 7 1 1 6 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 3 3	Merchandise and finished goods	3,915	3,691
Deferred tax assets 1,167 Other 1,332 Allowance for doubtful debts Δ 71 Total current assets 47,582 Noncurrent assets 50 Noncurrent assets 7,178 Property, plant and equipment 7,178 Buildings and structures (net) 7,178 Machinery, equipment and vehicles (net) 677 Land 4,463 Lease assets (net) 106 Construction in progress 1,369 Total property, plant and equipment 18,342 22 Intangible assets 823 Investment and other asset 823 1 Investment securities 3,932 5 Net defined benefit assets — — Deferred tax assets 178 Other Allowance for doubtful debts Δ 33 — Total Investments and Other assets 4,994 6 Total Noncurrent assets 24,160 25	Work-in-process	2,072	2,103
Other 1,332 2 Allowance for doubtful debts Δ 71 Total current assets 47,582 56 Noncurrent assets 7,178 56 Property, plant and equipment 7,178 7 Buildings and structures (net) 7,178 7 Machinery, equipment and vehicles (net) 4,547 5 Tools, furniture and fixtures (net) 677 677 Land 4,463 4 Lease assets (net) 106 6 Construction in progress 1,369 4 Total property, plant and equipment 18,342 22 Intangible assets 823 823 Investment and other asset 823 823 Investment securities 3,932 5 Net defined benefit assets — — Deferred tax assets 178 Other 917 Allowance for doubtful debts Δ 33 7 Total Investments and Other assets 4,994 6 Total Noncurrent assets 24,160 25	Raw materials and supplies	10,192	10,805
Allowance for doubtful debts Δ 71 Total current assets 47,582 56 Noncurrent assets 56 Property, plant and equipment 7,178 7 Buildings and structures (net) 7,178 7 Machinery, equipment and vehicles (net) 4,547 2 Tools, furniture and fixtures (net) 677 677 Land 4,463 4 Lease assets (net) 106 106 Construction in progress 1,369 4 Total property, plant and equipment 18,342 22 Intangible assets 823 823 Investment and other asset - - Deferred tax assets - - Deferred tax assets 178 - Other 917 - Allowance for doubtful debts Δ 33 - Total Investments and Other assets 4,994 6 Total Noncurrent assets 24,160 25	Deferred tax assets	1,167	1,562
Total current assets 47,582 56 Noncurrent assets Property, plant and equipment 7,178 3 Machinery, equipment and vehicles (net) 4,547 5 Tools, furniture and fixtures (net) 677 4 Land 4,463 4 Lease assets (net) 106 106 Construction in progress 1,369 4 Total property, plant and equipment 18,342 22 Intangible assets 823 Investment and other asset 3,932 5 Net defined benefit assets — Deferred tax assets 178 178 Other 917 Allowance for doubtful debts Δ 33 433 Total Investments and Other assets 4,994 6 Total Noncurrent assets 24,160 25	Other	1,332	2,363
Noncurrent assets Property, plant and equipment 7,178 7 Buildings and structures (net) 7,178 7 Machinery, equipment and vehicles (net) 4,547 5 Tools, furniture and fixtures (net) 677 677 Land 4,463 4 Lease assets (net) 106 6 Construction in progress 1,369 4 Total property, plant and equipment 18,342 22 Intangible assets 823 823 Investment and other asset 3,932 5 Net defined benefit assets — — Deferred tax assets 178 178 Other 917 4 Allowance for doubtful debts A 33 4 Total Investments and Other assets 4,994 6 Total Noncurrent assets 24,160 25	Allowance for doubtful debts	Δ71	Δ 68
Property, plant and equipment 7,178 7 Buildings and structures (net) 7,178 7 Machinery, equipment and vehicles (net) 4,547 5 Tools, furniture and fixtures (net) 677 Land 4,463 4 Lease assets (net) 106 Construction in progress 1,369 4 Total property, plant and equipment 18,342 22 Intangible assets 823 Investment and other asset 823 Investment securities 3,932 5 Net defined benefit assets — Deferred tax assets 178 Other 917 Allowance for doubtful debts Δ 33 Total Investments and Other assets 4,994 6 Total Noncurrent assets 24,160 25	Total current assets	47,582	56,739
Buildings and structures (net) 7,178 Machinery, equipment and vehicles (net) 4,547 Tools, furniture and fixtures (net) 677 Land 4,463 Lease assets (net) 106 Construction in progress 1,369 Total property, plant and equipment 18,342 22 Intangible assets 823 Investment and other asset 823 Investment securities 3,932 5 Net defined benefit assets — Deferred tax assets 178 Other 917 Allowance for doubtful debts Δ 33 Total Investments and Other assets 4,994 6 Total Noncurrent assets 24,160 25	Noncurrent assets		_
Machinery, equipment and vehicles (net) 4,547 5 Tools, furniture and fixtures (net) 677 Land 4,463 4 Lease assets (net) 106 Construction in progress 1,369 4 Total property, plant and equipment 18,342 22 Intangible assets 823 Investment and other asset 823 Investment securities 3,932 5 Net defined benefit assets — Deferred tax assets 178 0 Other 917 4 Allowance for doubtful debts Δ 33 4,994 6 Total Investments and Other assets 4,994 6 Total Noncurrent assets 24,160 29	Property, plant and equipment		
Tools, furniture and fixtures (net) 677 Land 4,463 Lease assets (net) 106 Construction in progress 1,369 Total property, plant and equipment 18,342 Intangible assets 823 Investment and other asset 1nvestment securities Investment securities 3,932 Net defined benefit assets — Deferred tax assets 178 Other 917 Allowance for doubtful debts Δ 33 Total Investments and Other assets 4,994 Total Noncurrent assets 24,160 29	Buildings and structures (net)	7,178	7,229
Land 4,463 4 Lease assets (net) 106 Construction in progress 1,369 4 Total property, plant and equipment 18,342 22 Intangible assets 823 823 Investment and other asset Investment securities 3,932 5 Net defined benefit assets — — Deferred tax assets 178 — Other 917 — Allowance for doubtful debts Δ 33 — Total Investments and Other assets 4,994 6 Total Noncurrent assets 24,160 29	Machinery, equipment and vehicles (net)	4,547	5,717
Lease assets (net) 106 Construction in progress 1,369 Total property, plant and equipment 18,342 22 Intangible assets 823 Investment and other asset 3,932 5 Net defined benefit assets — — Deferred tax assets 178 — Other 917 — Allowance for doubtful debts Δ 33 — Total Investments and Other assets 4,994 6 Total Noncurrent assets 24,160 29	Tools, furniture and fixtures (net)	677	896
Construction in progress 1,369 Total property, plant and equipment 18,342 22 Intangible assets 823 Investment and other asset 1 3,932 5 Investment securities 3,932 5 Net defined benefit assets — — Deferred tax assets 178 178 Other 917 4 Allowance for doubtful debts Δ 33 4,994 6 Total Investments and Other assets 4,994 6 Total Noncurrent assets 24,160 29	Land	4,463	4,474
Total property, plant and equipment 18,342 22 Intangible assets 823 Investment and other asset 3,932 5 Investment securities 3,932 5 Net defined benefit assets — 178 Other 917 4 Allowance for doubtful debts Δ 33 4,994 6 Total Investments and Other assets 4,994 6 Total Noncurrent assets 24,160 29	Lease assets (net)	106	75
Intangible assets 823 Investment and other asset 3,932 Investment securities 3,932 Net defined benefit assets — Deferred tax assets 178 Other 917 Allowance for doubtful debts Δ 33 Total Investments and Other assets 4,994 6 Total Noncurrent assets 24,160 29	Construction in progress	1,369	4,336
Investment and other asset 3,932 5 Investment securities 3,932 5 Net defined benefit assets — Deferred tax assets 178 Other 917 Allowance for doubtful debts Δ 33 Total Investments and Other assets 4,994 6 Total Noncurrent assets 24,160 25	Total property, plant and equipment	18,342	22,728
Investment securities 3,932 5 Net defined benefit assets — Deferred tax assets 178 Other 917 Allowance for doubtful debts Δ 33 Total Investments and Other assets 4,994 6 Total Noncurrent assets 24,160 29	Intangible assets	823	749
Net defined benefit assets — Deferred tax assets 178 Other 917 Allowance for doubtful debts Δ 33 Total Investments and Other assets 4,994 6 Total Noncurrent assets 24,160 29	Investment and other asset		
Deferred tax assets178Other917Allowance for doubtful debts Δ 33Total Investments and Other assets4,9946Total Noncurrent assets24,16029	Investment securities	3,932	5,229
Other917Allowance for doubtful debts Δ 33Total Investments and Other assets4,994Total Noncurrent assets24,160	Net defined benefit assets	-	511
Allowance for doubtful debts	Deferred tax assets	178	155
Total Investments and Other assets 4,994 6 Total Noncurrent assets 24,160 29	Other	917	623
Total Noncurrent assets 24,160 29	Allowance for doubtful debts	Δ 33	Δ 27
	Total Investments and Other assets	4,994	6,492
Total ASSETS 71,742 86	Total Noncurrent assets	24,160	29,971
<u></u> _	Total ASSETS	71,742	86,711

		(Unit : million yen)
	Consolidated	Consolidated
	Accounting Year	Accounting Year
	(as of March 31, 2013)	(as of March 31, 2014)
LIABILITIES		
Current Liabilities		
Notes and accounts payable-trade	8,035	10,492
Short-term loans payable	1,789	1,546
Current portion of long-term loans payable	1,120	520
Lease obligations	47	46
Accrued expenses	1,971	2,541
Income taxes payable	201	2,544
Provision for bonuses	73	101
Provision for product warranties	293	282
Provision for loss on order received	151	218
Other	3,120	6,441
Total Current Liabilities	16,804	24,734
Noncurrent liabilities		
Long-term loans payable	2,161	1,380
Lease obligations	63	31
Deferred tax liabilities	567	1,049
Provision for retirement benefits	118	_
Net defined benefit liabilities	_	165
Asset retirement obligations	134	136
Other	1,039	1,501
Total Noncurrent liabilities	4,085	4,264
Total LIABILITIES	20,890	28,999
Net Assets		
Shareholders' equity		
Capital stock	11,016	11,016
Capital surplus	12,737	12,737
Retained earnings	31,273	35,913
Treasury stock	Δ 4,832	Δ 4,609
Total Shareholders' equity	50,194	55,057
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	622	1,247
Foreign currency translation adjustment	36	1,848
Remeasurements of defined benefit plans	_	Δ 440

Total accumulated other comprehensive income

Total Net Assets

Total Liabilities and Net Assets

2,654

57,712

86,711

658

50,852

71,742

② [Consolidated Statements of income and Statements of comprehensive income [Consolidated Statements of income]

	Consolidated	(Unit : million yen) Consolidated
	Accounting Year	Accounting Year
	(April 1, 2012 to March 31, 2013)	(April 1, 2013 to
Net sales	65,031	March 31, 2014) 75,491
Cost of Sales	48,008	52,339
Gross Profit	17,022	
Selling, General and Administrative Expenses	17,022	23,151
	C 220	6,060
Personal expenses	6,230	6,869
Retirement benefit expenses	430	349
Packing and transportation expenses	902	930
Rent expenses	916	999
Business consignment expenses	561	635
Depreciation	255	282
Research and development expense	2,336	2,709
Enterprise tax	108	132
Other	2,035	2,360
Total Selling, General and Administrative Expenses	13,778	15,268
Operating Income	3,244	7,883
Non-operating Income		
Interest income	15	20
Dividends income	91	87
Foreign exchange gains	110	56
Office work fee	71	65
Other	246	273
Total Non-operating Income	536	505
Non-operating Expenses	330	303
Interest expenses	73	63
Sales discounts		
	112	127
Other	76	59
Total Non-operating Expenses	262	251
Ordinary Income	3,517	8,136
Extraordinary Income		
Gain on sales of noncurrent assets	3	10
Gain on revision of retirement benefit plan	_	294
Other		2
Total Extraordinary Income	3	306
Extraordinary Loss		
Loss on sales of noncurrent assets	3	14
Loss on retirement of noncurrent assets	15	51
Total Extraordinary Loss	18	65
Income before Income Taxes	3,502	8,377
Income taxes-current	808	2,866
Income taxes-deferred	241	54
Income taxes	1,050	2,921
Income before minority interests	2,452	5,456
-		
Net Income	2,452	5,456

[Consolidated Statement of Comprehensive Income]

		(Unit: million yen)
	Consolidated	Consolidated
	Accounting Year	Accounting Year
	(April 1, 2012 to	(April 1, 2013 to
	March 31, 2013)	March 31, 2014)
Income before minority interests	2,452	5,456
Other comprehensive income		
Valuation difference on available-for-sale securities	123	625
Foreign currency translation adjustment	773	1,811
Total Other Comprehensive Income	896	2,436
Comprehensive Income	3,348	7,892
(Details)		
Comprehensive income attributable to owners of the parent	3,348	7,892
Comprehensive income attributable to minority interests	_	_

③[Consolidated Statement of Changes in Net Assets] Consolidated Accounting Year (April 1, 2012 to March 31, 2013)

(Unit: million yen)

	Shareholders' equity					
	Capital stock	Capital Surplus	Retained earnings	Treasury Stocks	Total Shareholders' equity	
Balance at the beginning of current period	11,016	12,735	29,520	Δ 4,710	48,560	
Changes of items during the period						
Dividends from surplus			Δ 692		Δ 692	
Net income			2,452		2,452	
Purchase of treasury stock				Δ 492	Δ 492	
Disposal of treasury stock		Δ0		370	370	
Transfer to capital surplus from retained earnings		2	Δ2		_	
Employee encouragement and welfare fund			Δ4		Δ4	
Net changes of items other than shareholders'equity		·				
Total changes of items during the period	_	2	1,752	Δ 121	1,633	
Balance at the end of current period	11,016	12,737	31,273	Δ 4,832	50,194	

	Acc	Accumulated other comprehensive income					
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Accumulated other comprehensive	Total Net Assets		
Balance at the beginning of current period	498	Δ 736	_	Δ 238	48,322		
Changes of items during the period							
Dividends from surplus					Δ 692		
Net income					2,452		
Purchase of treasury stock					Δ 492		
Disposal of treasury stock					370		
Transfer to capital surplus from retained earnings					_		
Employee encouragement and welfare fund					Δ4		
Net changes of items other than shareholders'equity	123	773	_	896	896		
Total changes of items during the period	123	773	_	896	2,529		
Balance at the end of current period	622	36	_	658	50,852		

Consolidated Accounting Year (April 1, 2013 to March 31, 2014)

	Shareholders' equity						
	Capital stock	Capital Surplus	Retained earnings	Treasury Stocks	Total Shareholders' equity		
Balance at the beginning of current period	11,016	12,737	31,273	Δ 4,832	50,194		
Changes of items during the period							
Dividends from surplus			Δ 811		Δ 811		
Net income			5,456		5,456		
Purchase of treasury stock				Δ0	Δ0		
Disposal of treasury stock		Δ0		223	223		
Employee encouragement and welfare fund			Δ3		Δ3		
Net changes of items other than shareholders'equity							
Total changes of items during the period	_	Δ0	4,640	223	4,863		
Balance at the end of current period	11,016	12,737	35,913	Δ 4,609	55,057		

	Acc	Accumulated other comprehensive income					
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Accumulated other comprehensive	Total Net Assets		
Balance at the beginning of current period	622	36	_	658	50,852		
Changes of items during the period							
Dividends from surplus					Δ 811		
Net income					5,456		
Purchase of treasury stock					Δ0		
Disposal of treasury stock					223		
Employee encouragement and welfare fund					Δ3		
Net changes of items other than shareholders'equity	625	1,811	Δ 440	1,995	1,995		
Total changes of items during the period	625	1,811	Δ 440	1,995	6,859		
Balance at the end of current period	1,247	1,848	Δ 440	2,654	57,712		

	Consolidated Accounting Year (April 1, 2012 to March 31, 2013)	(Unit: million yen) Consolidated Accounting Year (April 1, 2013 to March 31, 2014)
Net Cash Provided by Operating Activities	March 31, 2013)	March 31, 2014)
Income before income taxes	3,502	8,377
Depreciation and amortization	2,619	2,485
Increase (decrease) in provision for bonuses	11	13
Increase (decrease) in accounts payable-bonuses	Δ 238	504
Increase (decrease) in provision for retirement benefits	Δ 203	_
Decrease (increase) in net defined benefit assets	_	Δ 833
Decrease (increase) in notes and accounts receivable-trade	3,786	Δ 2,854
Decrease (increase) in inventories	967	6
Increase (decrease) in notes and accounts payable-trade	Δ 1,681	1,87
Increase (decrease) in advances received	226	Δ 42
Other	△ 559	59.
Sub-total	8,431	9,79
Interest and dividends income received	105	10
Interest expenses paid	Δ 73	Δ6
Income taxes paid	Δ 1,455	Δ 59
Income taxes refund	0	50
Net cash provided by operating activities	7,008	9,75
Net Cash Provided by Investing Activities		
Payments into time deposits	Δ 24	Δ 1,00
Net decrease (increase) in short-term investmen securities	Δ 2,000	Δ 1,00
Purchase of property, plant and equipment	Δ 2,532	Δ 3,76
Purchase of intangible assets	Δ 458	Δ8
Purchase of investment securities	Δ5	Δ 34
Other	3	Δ2
Net Cash Provided by Investing Activities	Δ 5,017	Δ 6,22
Net Cash Provided by Financing Activities		
Net increase (decrease) in short-term loans payable	Δ 358	Δ 35
Proceeds from long-term loans payable	2,600	-
Repayment of long-term loans payable	Δ 1,336	Δ 1,38
Purchase of treasury stock	Δ 492	Δ
Income from sale of treasury stock	253	26
Cash dividends paid	Δ 692	Δ 81
Other	Δ 30	Δ4
Net cash provided by financing activities	Δ 57	Δ 2,330
Effect of exchange rate change on cash and cash equivalents	286	45
Net increase (decrease) in cash and cash equivalents	2,219	1,651
Cash and cash equivalents at beginning of period	5,961	8,180
Cash and cash equivalents at end of period	8,180	9,831

[Segment Information]

1. Outline of Reporting Segments

The reporting segments of the CKD Group refers to the constituents of CKD and its subsidiaries that financial statements separated from consolidated one is available and that are the scope of regular discussion by the Board of Directors of CKD to determine how corporate resources are to be allocated and to evaluate business performance.

The constituents of the CKD Group consist of product segments, which include two reporting segments of 'Automatic Machinery Products' and 'Component Products' separated based on the type, properties and sales method of products.

In Automatic Machinery Products, automatic packaging system, lithium ion battery manufacturing system and other large-scale facilities are manufactured and sold. They are produced upon receiving an order. In Component Products, functional parts that can be applied to semiconductor-related businesses, automobile related industries and other markets of diversified kinds are manufactured and sold. They are produced by forecasting demands of each items.

- 2. Calculation Methods of Sales, Profit/Loss, Assets, Liabilities and other Accounting Items for each Reporting Segment The profits in each reporting segment are based on operating profit. Internal gains and amount of transfer among segments are based on current market prices.
- 3. Information on Reporting-Segment-Wise Sales, Profit/Loss, Assets, Liabilities and other Accounting Items Consolidated Accounting Year (April 1, 2012 to March 31, 2013)

(Unit: million ven)

	Rep	orting segment	Amount	Amount shown in the consolidated financial	
	Automatic Machineries Products	Component Products	Total	adjusted (Note 1)	statement (Note 2)
Net sales					
Sales to external customers	14,202	50,828	65,031	_	65,031
Internal sales amount or amount transferred among segments	_	207	207	Δ 207	_
Total	14,202	51,036	65,238	Δ 207	65,031
Profit for segment	1,476	4,109	5,585	Δ 2,341	3,244
Asset of segment	13,100	46,099	59,199	12,542	71,742
Other items					
Depreciation	372	2,066	2,439	180	2,619
Increase of tangible and intangible fixed assets	352	2,184	2,537	173	2,710

Note 1: Details of the amount adjusted

- (1) The amount of adjustment for 'Net sales' i.e. △207 million yen is derived from elimination of transactions among segments.
- (2) The amount of adjustment for 'Profit for segment' i.e. Δ2,341 million yen includes 34 million yen for elimination of transactions among segments and Δ2,375 million yen as the total company expenses that aren't allocated to each reporting segment. The total company expenses mainly refers to expenses related to administration of CKD, long-term R&D expenses and costs related to CKD Global Service Co., Ltd.
- (3) The amount of adjustment for 'Asset of segment' i.e. 12,542 million yen is the total company assets not allocated to each reporting segment. This mainly consists of working surplus funds (cash and deposits) and long-term investment funds (investment securities).
- (4) The amount adjusted for depreciation i.e. 180 million yen mainly consists of depreciation related to head office building.
- (5) The amount adjusted for increase of tangible/intangible assets, i.e. 173 million yen mainly consists of the amount of system investment for the entire company.

Note 2: 'Profit for segment' has already been adjusted with operating income shown in the consolidated statement of income.

(Unit: million yen)

	Rep	orting segment	Amount adjusted	Amount shown in the consolidated financial	
	Automatic Machineries Products	Component Products	Total	(Note 1)	statement (Note 2)
Net sales					
Sales to external customers	15,113	60,377	75,491	_	75,491
Internal sales amount or amount transferred among segments	_	121	121	Δ 121	_
Total	15,113	60,499	75,612	Δ 121	75,491
Profit for segment	1,944	8,364	10,309	Δ 2,426	7,883
Asset of segment	12,811	58,989	71,801	14,909	86,711
Other items					
Depreciation	383	1,929	2,313	172	2,485
Increase of tangible and intangible fixed assets	976	4,761	5,737	62	5,800

Note 1: Details of the amount adjusted

- (1) The amount of adjustment for 'Net sales' i.e. $\triangle 121$ million yen is derived from elimination of transactions among segments.
- (2) The amount of adjustment for 'Profit for segment' i.e. Δ2,426 million yen includes 32 million yen for elimination of transactions among segments and Δ2,458 million yen as the total company expenses that aren't allocated to each reporting segment. The total company expenses mainly refers to expenses related to administration of CKD, long-term R&D expenses and costs related to CKD Global Service Co., Ltd.
- (3) The amount of adjustment for 'Asset of segment' i.e. 14,909 million yen is the total company assets not allocated to eac reporting segment. This mainly consists of working surplus funds (cash and deposits) and long-term investment funds (investment securities).
- (4) The amount adjusted for depreciation i.e. 172 million yen mainly consists of depreciation related to head office building.
- (5) The amount adjusted for increase of tangible/intangible assets, i.e. 62 million yen mainly consists of the amount of syster investment for the entire company.

Note 2: 'Profit for segment' has already been adjusted with operating income shown in the consolidated statement of income.