

***CKD Corporation and
Consolidated Subsidiaries***

*Consolidated Financial Statements
for the Years Ended
March 31, 2012 and 2011*

[Consolidated Financial Statement, etc.]

(1) [Consolidated Financial Statement]

i) [Consolidated Balance Sheet]

(Unit : million yen)

	Consolidated Accounting Year (as of March 31, 2011)	Consolidated Accounting Year (as of March 31, 2012)
ASSETS		
Current Assets:		
Cash and cash equivalents	7,849	6,059
Notes and accounts receivable-trade	19,290	18,466
Operating accounts receivable	3,150	3,538
Products and goods	3,586	3,816
Work-in-process	2,447	1,815
Raw materials and inventory goods	10,566	11,217
Deferred tax assets	1,302	1,350
Other	691	702
Allowance for doubtful debts	△ 83	△ 103
Total current assets	48,801	46,863
Noncurrent assets		
Property, plant and equipment		
Buildings and structures (net)	8,308	7,668
Machines and delivery equipment (net)	4,746	4,767
Tools, equipment, furniture and fixtures (net)	645	798
Land	4,616	4,451
Lease assets (net)	133	63
Construction in progress	182	227
Total property, plant and equipment	18,633	17,977
Intangible fixed assets	262	818
Investment and other assets		
Investment securities	3,833	3,707
Deferred tax assets	122	87
Other	568	733
Allowance for doubtful debts	△ 50	△ 106
Total Investments and Other assets	4,474	4,420
Total Noncurrent assets	23,370	23,216
Total ASSETS	72,171	70,079

(Unit : million yen)

	Consolidated Accounting Year (as of March 31, 2011)	Consolidated Accounting Year (as of March 31, 2012)
LIABILITIES		
Current Liabilities		
Notes and accounts payable-trade	11,030	9,335
Short-term loans payable	2,851	2,023
Current portion of long-term loans payable	700	700
Lease liabilities	72	24
Accrued expenses	2,309	2,162
Income taxes payable	2,666	859
Provision for bonuses	49	55
Provision for product warranties	4	368
Provision for loss on order received	32	147
Other	3,223	3,179
Total Current Liabilities	22,939	18,855
Fixed Liabilities		
Long-term loans payable	2,299	1,317
Lease liabilities	63	40
Deferred tax liabilities	252	341
Provision for retirement benefits	195	99
Asset retirement obligations	129	131
Other	955	970
Total Fixed Liabilities	3,896	2,901
Total LIABILITIES	26,836	21,757
Net Assets		
Shareholders' equity		
Capital stock	11,016	11,016
Capital surplus	12,735	12,735
Retained earnings	26,672	29,520
Treasury stocks	△ 5,040	△ 4,710
Total Shareholders' equity	45,383	48,560
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	579	498
Foreign currency translation adjustment	△ 627	△ 736
Total accumulated other comprehensive income	△ 48	△ 238
Total Net Assets	45,335	48,322
Total Liabilities and Net Assets	72,171	70,079

ii) [Consolidated Statements of income and Statements of comprehensive income]

[Consolidated Statements of income]

(Unit : million yen)

	Consolidated Accounting Year (April 1, 2010 to March 31, 2011)	Consolidated Accounting Year (April 1, 2011 to March 31, 2012)
SALES	72,020	72,804
Cost of Sales	51,363	53,148
Gross Profit	20,657	19,655
Selling, General and Administrative Expenses		
Personal expenses	5,870	6,092
Retirement benefit expenses	391	408
Freightage and packing expenses	984	932
Rent	854	890
Outsourcing expense	500	558
Depreciation expense	247	248
Research and development expense	2,245	2,151
Enterprise tax	133	130
Allowance for doubtful debts	41	115
Other	1,883	2,058
Total Selling, General and Administrative Expenses	13,154	13,588
Operating Income	7,502	6,067
Non-operating Income		
Interest income	15	13
Dividends income	67	97
Office work fee	58	68
Compensation income	11	95
Other	210	178
Total Non-operating Income	364	452
Non-operating Expenses		
Interest expenses	75	75
Discounts	102	97
Foreign exchange loss	107	72
Other	53	62
Total Non-operating Expenses	338	307
Ordinary Income	7,528	6,213

(Unit : million yen)

	Consolidated Accounting Year (April 1, 2010 to March 31, 2011)	Consolidated Accounting Year (April 1, 2011 to March 31, 2012)
Extraordinary Income		
Gain on sales of fixed assets	11	45
Subsidy income	8	10
Other	0	—
Total Extraordinary Income	20	55
Extraordinary Loss		
Loss on sales of fixed assets	6	13
Loss on disposal of fixed assets	47	41
Impairment loss	82	—
Amount from application of Accounting Standard for	78	—
Other	28	2
Total Extraordinary Loss	244	57
Income before Income Taxes	7,304	6,211
Income taxes-current	2,868	2,346
Income taxes-deferred	△ 142	123
Income taxes	2,726	2,470
Income before Minority Interests	4,577	3,741
Net Income	4,577	3,741

[Consolidated Statement of Comprehensive Income]

(Unit : million yen)

	Consolidated Accounting Year (April 1, 2010 to March 31, 2011)	Consolidated Accounting Year (April 1, 2011 to March 31, 2012)
Income before Minority Interests	4,577	3,741
Other Comprehensive Income		
Valuation difference on available-for-sale securities	107	△ 80
Foreign currency translation adjustment account	△ 292	△ 109
Total Other Comprehensive Income	△ 185	△ 189
Comprehensive Income	4,392	3,551
(Details)		
Comprehensive income related to shareholders of the parent company	4,392	3,551
Comprehensive income related to minority interest	—	—

iii) [Consolidated Statement of Changes in Net Assets]

(Unit : million yen)

	Consolidated Accounting Year (April 1, 2010 to March 31, 2011)	Consolidated Accounting Year (April 1, 2011 to March 31, 2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	11,016	11,016
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	11,016	11,016
Capital Surplus		
Balance at the beginning of current period	12,610	12,735
Changes of items during the period		
Disposal of treasury stocks	124	—
Total changes of items during the period	124	—
Balance at the end of current period	12,735	12,735
Retained earnings		
Balance at the beginning of current period	22,655	26,672
Changes of items during the period		
Dividends	△ 559	△ 888
Net income	4,577	3,741
Employee Encouragement and Welfare Fund	△ 1	△ 5
Total changes of items during the period	4,017	2,847
Balance at the end of current period	26,672	29,520
Treasury Stocks		
Balance at the beginning of current period	△ 4,938	△ 5,040
Changes of items during the period		
Purchase of treasury stock	△ 1,000	△ 0
Disposal of treasury stocks	898	329
Total changes of items during the period	△ 101	329
Balance at the end of current period	△ 5,040	△ 4,710
Total Shareholders' equity		
Balance at the beginning of current period	41,343	45,383
Changes of items during the period		
Dividends	△ 559	△ 888
Net income	4,577	3,741
Purchase of treasury stock	△ 1,000	△ 0
Disposal of treasury stocks	1,023	329
Employee Encouragement and Welfare Fund	△ 1	△ 5
Total changes of items during the period	4,040	3,177
Balance at the end of current period	45,383	48,560

(Unit : million yen)

	Consolidated Accounting Year (April 1, 2010 to March 31, 2011)	Consolidated Accounting Year (April 1, 2011 to March 31, 2012)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	472	579
Changes of items during the period		
Net changes of items other than shareholders' equity	107	△ 80
Total changes of items during the period	107	△ 80
Balance at the end of current period	579	498
Foreign Currency Translation Adjustment		
Balance at the beginning of current period	△ 334	△ 627
Changes of items during the period		
Net changes of items other than shareholders' equity	△ 292	△ 109
Total changes of items during the period	△ 292	△ 109
Balance at the end of current period	△ 627	△ 736
Accumulated other comprehensive income		
Balance at the beginning of current period	137	△ 48
Changes of items during the period		
Net changes of items other than shareholders' equity	△ 185	△ 189
Total changes of items during the period	△ 185	△ 189
Balance at the end of current period	△ 48	△ 238
Total Net Assets		
Balance at the beginning of current period	41,480	45,335
Changes of items during the period		
Dividend	△ 559	△ 888
Net income	4,577	3,741
Purchase of treasury stock	△ 1,000	△ 0
Disposal of treasury stocks	1,023	329
Employee Encouragement and Welfare Fund	△ 1	△ 5
Net changes of items other than shareholders' equity	△ 185	△ 189
Total changes of items during the period	3,854	2,987
Balance at the end of current period	45,335	48,322

iv) [Consolidated Statement of Cash Flow]

(Unit: million yen)

	Consolidated Accounting Year (April 1, 2010 to March 31, 2011)	Consolidated Accounting Year (April 1, 2011 to March 31, 2012)
Net Cash Provided by Operating Activities		
Income before income taxes	7,304	6,211
Depreciation expense	2,639	2,769
Impairment loss	82	—
Increase (decrease) in allowance for doubtful accounts	32	79
Increase (decrease) in provision for retirement benefits	△ 410	△ 238
Increase (decrease) in provision for bonuses	9	6
Increase (decrease) in accounts payable-bonuses	315	△ 102
Interest and dividends income	△ 83	△ 111
Interest expenses	75	75
Loss (gain) on sales of noncurrent assets	△ 4	△ 31
Loss on retirement of noncurrent assets	47	41
Loss on adjustment for changes of accounting standard for asset retirement obligation	78	—
Decrease (increase) in notes and accounts receivable-trade	△ 3,860	331
Decrease (increase) in inventories	△ 3,761	△ 335
Increase (decrease) in notes and accounts payable-trade	1,603	△ 1,561
Increase (decrease) in advances received	109	146
Increase (decrease) in accrued consumption taxes	△ 72	368
Other	652	220
Sub-total	4,760	7,871
Interest and dividends income received	83	111
Interest expenses paid	△ 77	△ 76
Income taxes paid	△ 720	△ 4,130
Income taxes refund	2	0
Net cash provided by operating activities	4,048	3,775
Net Cash Provided by Investing Activities		
Purchase of property, plant and equipment	△ 944	△ 2,847
Proceeds from sales of property, plant and equipment	21	202
Purchase of intangible assets	△ 57	△ 384
Purchase of investment securities	△ 25	△ 105
Proceeds from sales of investment securities	—	100
Other	△ 42	13
Net Cash Provided by Investing Activities	△ 1,048	△ 3,020

(Unit: million yen)

	Consolidated Accounting Year (April 1, 2010 to March 31, 2011)	Consolidated Accounting Year (April 1, 2011 to March 31, 2012)
Net Cash Provided by Financing Activities		
Net increase (decrease) in short-term loans payable	△ 435	△ 768
Proceeds from long-term loans payable	999	—
Repayment of long-term loans payable	△ 700	△ 982
Purchase of treasury stock	△ 0	△ 0
Income from sale of treasury stocks	25	256
Cash dividends paid	△ 558	△ 886
Other	△ 96	△ 69
Net cash provided by financing activities	△ 766	△ 2,450
Effect of exchange rate change on cash and cash equivalents	△ 86	△ 71
Net increase (decrease) in cash and cash equivalents	2,147	△ 1,767
Cash and cash equivalents at beginning of period	5,581	7,728
Cash and cash equivalents at end of period	7,728	5,961

[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, automobilerelated 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 business segments reported are accounted almost in the same way as these shown in the section of [Important Matters as the basis of Creating Consolidated Financial Statement].

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, 2010 to March 31, 2011)

(Unit: million yen)

	Reporting segment			Amount adjusted (Note 1)	Amount shown in the consolidated financial statement (Note 2)
	Automatic Machineries Products	Component Products	Total		
Sales					
Sales to external customers	13,061	58,959	72,020	—	72,020
Internal sales amount or amount transferred among segments	0	223	224	△ 224	—
Total	13,062	59,182	72,245	△ 224	72,020
Profit for segment	2,016	7,762	9,778	△ 2,275	7,502
Asset of segment	12,150	49,674	61,825	10,346	72,171
Other items					
Depreciation expenses	273	2,168	2,441	197	2,639
Increase of tangible and intangible fixed assets	238	1,899	2,138	42	2,180

Note 1: Details of the amount adjusted

- (1) The amount of adjustment for 'Sales' i.e. △224 million yen is derived from elimination of transactions among segments.
- (2) The amount of adjustment for 'Profit for segment' i.e. △2,275 million yen includes 32 million yen for elimination of transactions among segments and △2,308 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 'Assets of segments' i.e. 10,346 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 expenses i.e. 197 million yen mainly consists of depreciation amounts related to head office building.
- (5) The amount adjusted for increase of tangible/intangible fixed assets, i.e. 42 million yen mainly consists of the amount of system investment for the entire company.

Note 2: 'Profits for segment' has already been adjusted with operating profits shown in the consolidated profit/loss statement.

Consolidated Accounting Year (April 1, 2011 to March 31, 2012)

(Unit: million yen)

	Reporting segment			Amount adjusted (Note 1)	Amount shown in the consolidated financial statement (Note 2)
	Automatic Machineries Products	Component Products	Total		
Sales					
Sales to external customers	14,762	58,041	72,804	—	72,804
Internal sales amount or amount transferred among segments	3	152	156	△ 156	—
Total	14,765	58,194	72,960	△ 156	72,804
Profit for segment	2,053	6,229	8,283	△ 2,215	6,067
Asset of segment	11,328	49,816	61,144	8,935	70,079
Other items					
Depreciation expenses	268	2,319	2,588	181	2,769
Increase of tangible and intangible fixed assets	705	2,111	2,817	146	2,963

Note 1: Details of the amount adjusted

- (1) The amount of adjustment for 'Sales' i.e. △156 million yen is derived from elimination of transactions among segments.
- (2) The amount of adjustment for 'Profit for segment' i.e. △2,215 million yen includes 190 million yen for elimination of transactions among segments and △2,406 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 'Assets of segments' i.e. 8,935 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 expenses i.e. 181 million yen mainly consists of depreciation amounts related to head office building.
- (5) The amount adjusted for increase of tangible/intangible fixed assets, i.e. 146 million yen mainly consists of the amount of system investment for the entire company.

Note 2: 'Profits for segment' has already been adjusted with operating profits shown in the consolidated profit/loss statement.