

***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]

① [Consolidated Balance Sheet]

(Unit : million yen)

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

(Unit : million yen)

	Consolidated Accounting Year (as of March 31, 2013)	Consolidated Accounting Year (as of March 31, 2014)
<b>LIABILITIES</b>		
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
<b>Total Current Liabilities</b>	<b>16,804</b>	<b>24,734</b>
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
<b>Total Noncurrent liabilities</b>	<b>4,085</b>	<b>4,264</b>
<b>Total LIABILITIES</b>	<b>20,890</b>	<b>28,999</b>
Net Assets		
Shareholders' equity		
Capital stock	11,016	11,016
Capital surplus	12,737	12,737
Retained earnings	31,273	35,913
Treasury stock	△ 4,832	△ 4,609
<b>Total Shareholders' equity</b>	<b>50,194</b>	<b>55,057</b>
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	—	△ 440
<b>Total accumulated other comprehensive income</b>	<b>658</b>	<b>2,654</b>
<b>Total Net Assets</b>	<b>50,852</b>	<b>57,712</b>
<b>Total Liabilities and Net Assets</b>	<b>71,742</b>	<b>86,711</b>

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

[Consolidated Statements of income]

(Unit : million yen)

	Consolidated Accounting Year (April 1, 2012 to March 31, 2013)	Consolidated Accounting Year (April 1, 2013 to March 31, 2014)
Net sales	65,031	75,491
Cost of Sales	48,008	52,339
Gross Profit	17,022	23,151
Selling, General and Administrative Expenses		
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		
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 Accounting Year (April 1, 2012 to March 31, 2013)	Consolidated Accounting Year (April 1, 2013 to 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	△ 4,710	48,560
Changes of items during the period					
Dividends from surplus			△ 692		△ 692
Net income			2,452		2,452
Purchase of treasury stock				△ 492	△ 492
Disposal of treasury stock		△ 0		370	370
Transfer to capital surplus from retained earnings		2	△ 2		—
Employee encouragement and welfare fund			△ 4		△ 4
Net changes of items other than shareholders'equity					
Total changes of items during the period	—	2	1,752	△ 121	1,633
Balance at the end of current period	11,016	12,737	31,273	△ 4,832	50,194

	Accumulated other comprehensive income				Total Net Assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Accumulated other comprehensive	
Balance at the beginning of current period	498	△ 736	—	△ 238	48,322
Changes of items during the period					
Dividends from surplus					△ 692
Net income					2,452
Purchase of treasury stock					△ 492
Disposal of treasury stock					370
Transfer to capital surplus from retained earnings					—
Employee encouragement and welfare fund					△ 4
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				Δ 0	Δ 0
Disposal of treasury stock		Δ 0		223	223
Employee encouragement and welfare fund			Δ 3		Δ 3
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	Δ 0	4,640	223	4,863
Balance at the end of current period	11,016	12,737	35,913	Δ 4,609	55,057

	Accumulated other comprehensive income				Total Net Assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Accumulated other comprehensive	
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					Δ 0
Disposal of treasury stock					223
Employee encouragement and welfare fund					Δ 3
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

## ④ [Consolidated Statement of Cash Flow]

(Unit: million yen)

	Consolidated Accounting Year (April 1, 2012 to March 31, 2013)	Consolidated Accounting Year (April 1, 2013 to March 31, 2014)
<b>Net Cash Provided by Operating Activities</b>		
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	△ 238	504
Increase (decrease) in provision for retirement benefits	△ 203	—
Decrease (increase) in net defined benefit assets	—	△ 833
Decrease (increase) in notes and accounts: receivable-trade	3,786	△ 2,854
Decrease (increase) in inventories	967	66
Increase (decrease) in notes and accounts payable-trade	△ 1,681	1,873
Increase (decrease) in advances received	226	△ 427
Other	△ 559	593
Sub-total	8,431	9,799
Interest and dividends income received	105	108
Interest expenses paid	△ 73	△ 66
Income taxes paid	△ 1,455	△ 595
Income taxes refund	0	508
Net cash provided by operating activities	7,008	9,754
<b>Net Cash Provided by Investing Activities</b>		
Payments into time deposits	△ 24	△ 1,004
Net decrease (increase) in short-term investment securities	△ 2,000	△ 1,000
Purchase of property, plant and equipment	△ 2,532	△ 3,761
Purchase of intangible assets	△ 458	△ 86
Purchase of investment securities	△ 5	△ 348
Other	3	△ 24
Net Cash Provided by Investing Activities	△ 5,017	△ 6,224
<b>Net Cash Provided by Financing Activities</b>		
Net increase (decrease) in short-term loans payable	△ 358	△ 351
Proceeds from long-term loans payable	2,600	—
Repayment of long-term loans payable	△ 1,336	△ 1,380
Purchase of treasury stock	△ 492	△ 0
Income from sale of treasury stock	253	261
Cash dividends paid	△ 692	△ 810
Other	△ 30	△ 48
Net cash provided by financing activities	△ 57	△ 2,330
Effect of exchange rate change on cash and cash equivalents	286	451
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, 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 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 yen)

	Reporting segment			Amount adjusted (Note 1)	Amount shown in the consolidated financial statement (Note 2)
	Automatic Machineries Products	Component Products	Total		
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. Δ207 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.

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

(Unit: million yen)

	Reporting segment			Amount adjusted (Note 1)	Amount shown in the consolidated financial statement (Note 2)
	Automatic Machineries Products	Component Products	Total		
Net sales					
Sales to external customers	15,113	60,377	75,491	—	75,491
Internal sales amount or amount transferred among segments	—	121	121	△ 121	—
Total	15,113	60,499	75,612	△ 121	75,491
Profit for segment	1,944	8,364	10,309	△ 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. △121 million yen is derived from elimination of transactions among segments.
- (2) The amount of adjustment for 'Profit for segment' i.e. △2,426 million yen includes 32 million yen for elimination of transactions among segments and △2,458 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 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. 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 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.