

***CKD Corporation and
Consolidated Subsidiaries***

*Consolidated Financial Statements
for the Years Ended
March 31, 2013 and 2012*

[Consolidated Financial Statement, etc.]
(1) [Consolidated Financial Statement]
i) [Consolidated Balance Sheet]

(Unit : million yen)

	Consolidated Accounting Year (as of March 31, 2012)	Consolidated Accounting Year (as of March 31, 2013)
ASSETS		
Current Assets:		
Cash and cash equivalents	6,059	7,322
Notes and accounts receivable-trade	18,466	16,294
Operating accounts receivable	3,538	2,355
Short-term investment securities	—	3,000
Products and goods	3,816	3,915
Work-in-process	1,815	2,072
Raw materials and inventory goods	11,217	10,192
Deferred tax assets	1,350	1,167
Other	702	1,332
Allowance for doubtful debts	△ 103	△ 71
Total current assets	46,863	47,582
Noncurrent assets		
Property, plant and equipment		
Buildings and structures (net)	7,668	7,178
Machines and delivery equipment (net)	4,767	4,547
Tools, equipment, furniture and fixtures (net)	798	677
Land	4,451	4,463
Lease assets (net)	63	106
Construction in progress	227	1,369
Total property, plant and equipment	17,977	18,342
Intangible fixed assets	818	823
Investment and other assets		
Investment securities	3,707	3,932
Deferred tax assets	87	178
Other	733	917
Allowance for doubtful debts	△ 106	△ 33
Total Investments and Other assets	4,420	4,994
Total Noncurrent assets	23,216	24,160
Total ASSETS	70,079	71,742

(Unit : million yen)

	Consolidated Accounting Year (as of March 31, 2012)	Consolidated Accounting Year (as of March 31, 2013)
LIABILITIES		
Current Liabilities		
Notes and accounts payable-trade	9,335	8,035
Short-term loans payable	2,023	1,789
Current portion of long-term loans payable	700	1,120
Lease liabilities	24	47
Accrued expenses	2,162	1,971
Income taxes payable	859	201
Provision for bonuses	55	73
Provision for product warranties	368	293
Provision for loss on order received	147	151
Other	3,179	3,120
Total Current Liabilities	18,855	16,804
Fixed Liabilities		
Long-term loans payable	1,317	2,161
Lease liabilities	40	63
Deferred tax liabilities	341	567
Provision for retirement benefits	99	118
Asset retirement obligations	131	134
Other	970	1,039
Total Fixed Liabilities	2,901	4,085
Total LIABILITIES	21,757	20,890
Net Assets		
Shareholders' equity		
Capital stock	11,016	11,016
Capital surplus	12,735	12,737
Retained earnings	29,520	31,273
Treasury stock	△ 4,710	△ 4,832
Total Shareholders' equity	48,560	50,194
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	498	622
Foreign currency translation adjustment	△ 736	36
Total accumulated other comprehensive income	△ 238	658
Total Net Assets	48,322	50,852
Total Liabilities and Net Assets	70,079	71,742

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

[Consolidated Statements of income]

(Unit : million yen)

	Consolidated Accounting Year (April 1, 2011 to March 31, 2012)	Consolidated Accounting Year (April 1, 2012 to March 31, 2013)
SALES	72,804	65,031
Cost of Sales	53,148	48,008
Gross Profit	19,655	17,022
Selling, General and Administrative Expenses		
Personal expenses	6,092	6,230
Retirement benefit expenses	408	430
Freightage and packing expenses	932	902
Rent	890	916
Outsourcing expense	558	561
Depreciation expense	248	255
Research and development expense	2,151	2,336
Enterprise tax	130	108
Allowance for doubtful debts	115	—
Other	2,058	2,035
Total Selling, General and Administrative Expenses	13,588	13,778
Operating Income	6,067	3,244
Non-operating Income		
Interest income	13	15
Dividends income	97	91
Foreign exchange gains	—	110
Office work fee	68	71
Other	273	246
Total Non-operating Income	452	536
Non-operating Expenses		
Interest expenses	75	73
Discounts	97	112
Foreign exchange loss	72	—
Other	62	76
Total Non-operating Expenses	307	262
Ordinary Income	6,213	3,517

(Unit : million yen)

	Consolidated Accounting Year (April 1, 2011 to March 31, 2012)	Consolidated Accounting Year (April 1, 2012 to March 31, 2013)
Extraordinary Income		
Gain on sales of fixed assets	45	3
Subsidy income	10	—
Total Extraordinary Income	55	3
Extraordinary Loss		
Loss on sales of fixed assets	13	3
Loss on disposal of fixed assets	41	15
Other	2	—
Total Extraordinary Loss	57	18
Income before Income Taxes	6,211	3,502
Income taxes-current	2,346	808
Income taxes-deferred	123	241
Income taxes	2,470	1,050
Income before Minority Interests	3,741	2,452
Net Income	3,741	2,452

[Consolidated Statement of Comprehensive Income]

(Unit : million yen)

	Consolidated Accounting Year (April 1, 2011 to March 31, 2012)	Consolidated Accounting Year (April 1, 2012 to March 31, 2013)
Income before Minority Interests	3,741	2,452
Other Comprehensive Income		
Valuation difference on available-for-sale securities	△ 80	123
Foreign currency translation adjustment account	△ 109	773
Total Other Comprehensive Income	△ 189	896
Comprehensive Income	3,551	3,348
(Details)		
Comprehensive income related to shareholders of the parent company	3,551	3,348
Comprehensive income related to minority interest	—	—

iii) [Consolidated Statement of Changes in Net Assets]

(Unit : million yen)

	Consolidated Accounting Year (April 1, 2011 to March 31, 2012)	Consolidated Accounting Year (April 1, 2012 to March 31, 2013)
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	12,735	12,735
Changes of items during the period		
Disposal of treasury stock	—	△ 0
Transfer to capital surplus from retained earnings	—	2
Total changes of items during the period	—	2
Balance at the end of current period	12,735	12,737
Retained earnings		
Balance at the beginning of current period	26,672	29,520
Changes of items during the period		
Dividends	△ 888	△ 692
Net income	3,741	2,452
Transfer to capital surplus from retained earnings	—	△ 2
Employee Encouragement and Welfare Fund	△ 5	△ 4
Total changes of items during the period	2,847	1,752
Balance at the end of current period	29,520	31,273
Treasury Stocks		
Balance at the beginning of current period	△ 5,040	△ 4,710
Changes of items during the period		
Purchase of treasury stock	△ 0	△ 492
Disposal of treasury stock	329	370
Total changes of items during the period	329	△ 121
Balance at the end of current period	△ 4,710	△ 4,832
Total Shareholders' equity		
Balance at the beginning of current period	45,383	48,560
Changes of items during the period		
Dividends	△ 888	△ 692
Net income	3,741	2,452
Purchase of treasury stock	△ 0	△ 492
Disposal of treasury stock	329	370
Employee Encouragement and Welfare Fund	△ 5	△ 4
Total changes of items during the period	3,177	1,633
Balance at the end of current period	48,560	50,194

(Unit : million yen)

	Consolidated Accounting Year (April 1, 2011 to March 31, 2012)	Consolidated Accounting Year (April 1, 2012 to March 31, 2013)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	579	498
Changes of items during the period		
Net changes of items other than shareholders' equity	△ 80	123
Total changes of items during the period	△ 80	123
Balance at the end of current period	498	622
Foreign Currency Translation Adjustment		
Balance at the beginning of current period	△ 627	△ 736
Changes of items during the period		
Net changes of items other than shareholders' equity	△ 109	773
Total changes of items during the period	△ 109	773
Balance at the end of current period	△ 736	36
Accumulated other comprehensive income		
Balance at the beginning of current period	△ 48	△ 238
Changes of items during the period		
Net changes of items other than shareholders' equity	△ 189	896
Total changes of items during the period	△ 189	896
Balance at the end of current period	△ 238	658
Total Net Assets		
Balance at the beginning of current period	45,335	48,322
Changes of items during the period		
Dividend	△ 888	△ 692
Net income	3,741	2,452
Purchase of treasury stock	△ 0	△ 492
Disposal of treasury stock	329	370
Employee Encouragement and Welfare Fund	△ 5	△ 4
Net changes of items other than shareholders' equity	△ 189	896
Total changes of items during the period	2,987	2,529
Balance at the end of current period	48,322	50,852

iv) [Consolidated Statement of Cash Flow]

(Unit: million yen)

	Consolidated Accounting Year (April 1, 2011 to March 31, 2012)	Consolidated Accounting Year (April 1, 2012 to March 31, 2013)
Net Cash Provided by Operating Activities		
Income before income taxes	6,211	3,502
Depreciation expense	2,769	2,619
Increase (decrease) in allowance for doubtful accounts	79	△ 113
Increase (decrease) in provision for retirement benefits	△ 238	△ 203
Increase (decrease) in provision for bonuses	6	11
Increase (decrease) in accounts payable-bonuses	△ 102	△ 238
Interest and dividends income	△ 111	△ 107
Interest expenses	75	73
Loss (gain) on sales of noncurrent assets	△ 31	0
Loss on retirement of noncurrent assets	41	15
Decrease (increase) in notes and accounts receivable-trade	331	3,786
Decrease (increase) in inventories	△ 335	967
Increase (decrease) in notes and accounts payable-trade	△ 1,561	△ 1,681
Increase (decrease) in advances received	146	226
Increase (decrease) in accrued consumption taxes	368	△ 366
Other	220	△ 61
Sub-total	7,871	8,431
Interest and dividends income received	111	105
Interest expenses paid	△ 76	△ 73
Income taxes paid	△ 4,130	△ 1,455
Income taxes refund	0	0
Net cash provided by operating activities	3,775	7,008
Net Cash Provided by Investing Activities		
Purchase of short-term investment securities	—	△ 2,000
Purchase of property, plant and equipment	△ 2,847	△ 2,532
Proceeds from sales of property, plant and equipment	202	2
Purchase of intangible assets	△ 384	△ 458
Purchase of investment securities	△ 105	△ 5
Proceeds from sales of investment securities	100	—
Other	13	△ 23
Net Cash Provided by Investing Activities	△ 3,020	△ 5,017

(Unit: million yen)

	Consolidated Accounting Year (April 1, 2011 to March 31, 2012)	Consolidated Accounting Year (April 1, 2012 to March 31, 2013)
Net Cash Provided by Financing Activities		
Net increase (decrease) in short-term loans payable	△ 768	△ 358
Proceeds from long-term loans payable	—	2,600
Repayment of long-term loans payable	△ 982	△ 1,336
Purchase of treasury stock	△ 0	△ 492
Income from sale of treasury stock	256	253
Cash dividends paid	△ 886	△ 692
Other	△ 69	△ 30
Net cash provided by financing activities	△ 2,450	△ 57
Effect of exchange rate change on cash and cash equivalents	△ 71	286
Net increase (decrease) in cash and cash equivalents	△ 1,767	2,219
Cash and cash equivalents at beginning of period	7,728	5,961
Cash and cash equivalents at end of period	5,961	8,180

[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, 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 'Asset of segment' 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: 'Profit for segment' has already been adjusted with operating income shown in the consolidated statement of income.

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		
Sales					
Sales to external customers	14,202	50,828	65,031	—	65,031
Internal sales amount or amount transferred among segments	—	207	207	△ 207	—
Total	14,202	51,036	65,238	△ 207	65,031
Profit for segment	1,476	4,109	5,585	△ 2,341	3,244
Asset of segment	13,100	46,099	59,199	12,542	71,742
Other items					
Depreciation expenses	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 '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. △2,341 million yen includes 34 million yen for elimination of transactions among segments and △2,375 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 expenses i.e. 180 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. 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.