

***CKD Corporation and
Consolidated Subsidiaries***

*Consolidated Financial Statements
for the Years Ended
March 31, 2015 and 2014*

[Consolidated Financial Statement, etc.]

(1) [Consolidated Financial Statement]

① [Consolidated Balance Sheet]

(Unit : million yen)

	Consolidated Accounting Year (as of March 31, 2014)	Consolidated Accounting Year (as of March 31, 2015)
ASSETS		
Current Assets:		
Cash and deposits	9,982	11,750
Notes and accounts receivable-trade	19,548	21,459
Operating accounts receivable	2,751	1,938
Short-term investment securities	4,000	3,499
Merchandise and finished goods	3,691	4,363
Work-in-process	2,103	3,229
Raw materials and supplies	10,805	11,712
Deferred tax assets	1,562	1,477
Other	2,363	1,109
Allowance for doubtful debts	△ 68	△ 33
Total current assets	56,739	60,507
Noncurrent assets		
Property, plant and equipment		
Buildings and structures (net)	7,229	10,537
Machinery, equipment and vehicles (net)	5,717	7,505
Tools, furniture and fixtures (net)	896	1,200
Land	4,474	4,486
Lease assets (net)	75	36
Construction in progress	4,336	1,085
Total property, plant and equipment	22,728	24,851
Intangible assets	749	817
Investment and other asset		
Investment securities	5,229	6,913
Net defined benefit assets	511	1,984
Deferred tax assets	155	128
Other	623	845
Allowance for doubtful debts	△ 27	△ 29
Total Investments and Other assets	6,492	9,842
Total Noncurrent assets	29,971	35,511
Total ASSETS	86,711	96,018

(Unit : million yen)

	Consolidated Accounting Year (as of March 31, 2014)	Consolidated Accounting Year (as of March 31, 2015)
LIABILITIES		
Current Liabilities		
Notes and accounts payable-trade	10,492	12,368
Short-term loans payable	1,546	1,151
Current portion of long-term loans payable	520	770
Lease obligations	46	32
Accrued expenses	2,541	2,767
Income taxes payable	2,544	681
Provision for bonuses	101	138
Provision for product warranties	282	218
Provision for loss on order received	218	52
Other	6,441	4,990
Total Current Liabilities	24,734	23,170
Noncurrent liabilities		
Long-term loans payable	1,380	3,490
Lease obligations	31	5
Deferred tax liabilities	1,049	2,256
Net defined benefit liabilities	165	206
Asset retirement obligations	136	138
Other	1,501	1,195
Total Noncurrent liabilities	4,264	7,292
Total LIABILITIES	28,999	30,463
Net Assets		
Shareholders' equity		
Capital stock	11,016	11,016
Capital surplus	12,737	12,737
Retained earnings	35,913	40,611
Treasury stock	△ 4,609	△ 4,557
Total Shareholders' equity	55,057	59,807
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,247	2,453
Foreign currency translation adjustment	1,848	3,371
Remeasurements of defined benefit plans	△ 440	△ 77
Total accumulated other comprehensive income	2,654	5,747
Total Net Assets	57,712	65,555
Total Liabilities and Net Assets	86,711	96,018

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

[Consolidated Statements of income]

(Unit : million yen)

	Consolidated Accounting Year (April 1, 2013 to March 31, 2014)	Consolidated Accounting Year (April 1, 2014 to March 31, 2015)
Net sales	75,491	83,379
Cost of Sales	52,339	57,939
Gross Profit	23,151	25,439
Selling, General and Administrative Expenses		
Personal expenses	6,869	7,548
Retirement benefit expenses	349	263
Packing and transportation expenses	930	982
Rent expenses	999	1,108
Business consignment expenses	635	986
Depreciation	282	427
Research and development expense	2,709	2,927
Enterprise tax	132	134
Other	2,360	2,698
Total Selling, General and Administrative Expenses	15,268	17,076
Operating Income	7,883	8,363
Non-operating Income		
Interest income	20	32
Dividends income	87	92
Foreign exchange gains	56	132
Office work fee	65	108
Other	273	231
Total Non-operating Income	505	596
Non-operating Expenses		
Interest expenses	63	44
Sales discounts	127	135
Other	59	45
Total Non-operating Expenses	251	225
Ordinary Income	8,136	8,735
Extraordinary Income		
Gain on sales of noncurrent assets	10	30
Gain on revision of retirement benefit plan	294	—
Compensation for transfer	—	392
Subsidy income	—	82
Other	2	—
Total Extraordinary Income	306	504
Extraordinary Loss		
Loss on sales of noncurrent assets	14	13
Loss on retirement of noncurrent assets	51	249
Loss on reduction of noncurrent assets	—	41
Environmental expenses	—	159
Total Extraordinary Loss	65	464
Income before Income Taxes	8,377	8,775
Income taxes-current	2,866	2,120
Income taxes-deferred	54	643
Income taxes	2,921	2,764
Income before minority interests	5,456	6,010
Net Income	5,456	6,010

[Consolidated Statement of Comprehensive Income]

(Unit : million yen)

	Consolidated Accounting Year (April 1, 2013 to March 31, 2014)	Consolidated Accounting Year (April 1, 2014 to March 31, 2015)
Income before minority interests	5,456	6,010
Other comprehensive income		
Valuation difference on available-for-sale securities	625	1,206
Foreign currency translation adjustment	1,811	1,523
Remeasurements of defined benefit plans	—	363
Total Other Comprehensive Income	2,436	3,093
Comprehensive Income	7,892	9,104
(Details)		
Comprehensive income attributable to owners of the parent	7,892	9,104
Comprehensive income attributable to minority interests	—	—

③ [Consolidated Statement of Changes in Net Assets]

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

(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	12,737	31,273	△ 4,832	50,194
Changes of items during the period					
Dividends from surplus			△ 811		△ 811
Net income			5,456		5,456
Purchase of treasury stock				△0	△0
Disposal of treasury stock		△0		223	223
Employee encouragement and welfare fund			△ 3		△ 3
Net changes of items other than shareholders'equity					
Total changes of items during the period	—	△0	4,640	223	4,863
Balance at the end of current period	11,016	12,737	35,913	△ 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					△ 811
Net income					5,456
Purchase of treasury stock					△0
Disposal of treasury stock					223
Employee encouragement and welfare fund					△ 3
Net changes of items other than shareholders'equity	625	1,811	△ 440	1,995	1,995
Total changes of items during the period	625	1,811	△ 440	1,995	6,859
Balance at the end of current period	1,247	1,848	△ 440	2,654	57,712

Consolidated Accounting Year (April 1, 2014 to March 31, 2015)

	Shareholders' equity				
	Capital stock	Capital Surplus	Retained earnings	Treasury Stocks	Total Shareholders' equity
Balance at the beginning of current period	11,016	12,737	35,913	Δ 4,609	55,057
Changes of items during the period					
Dividends from surplus			Δ 1,311		Δ 1,311
Net income			6,010		6,010
Purchase of treasury stock				Δ 0	Δ 0
Disposal of treasury stock		0		52	52
Employee encouragement and welfare fund			Δ 1		Δ 1
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	0	4,698	51	4,749
Balance at the end of current period	11,016	12,737	40,611	Δ 4,557	59,807

	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	1,247	1,848	Δ 440	2,654	57,712
Changes of items during the period					
Dividends from surplus					Δ 1,311
Net income					6,010
Purchase of treasury stock					Δ 0
Disposal of treasury stock					52
Employee encouragement and welfare fund					Δ 1
Net changes of items other than shareholders' equity	1,206	1,523	363	3,093	3,093
Total changes of items during the period	1,206	1,523	363	3,093	7,843
Balance at the end of current period	2,453	3,371	Δ 77	5,747	65,555

④ [Consolidated Statement of Cash Flow]

(Unit: million yen)

	Consolidated Accounting Year (April 1, 2013 to March 31, 2014)	Consolidated Accounting Year (April 1, 2014 to March 31, 2015)
Net Cash Provided by Operating Activities		
Income before income taxes	8,377	8,775
Depreciation and amortization	2,485	3,188
Increase (decrease) in provision for bonuses	13	24
Increase (decrease) in accounts payable-bonuses	504	64
Decrease (increase) in net defined benefit assets	△ 833	△ 904
Decrease (increase) in notes and accounts receivable-trade	△ 2,854	△ 344
Decrease (increase) in inventories	66	△ 2,329
Increase (decrease) in notes and accounts payable-trade	1,873	1,361
Increase (decrease) in advances received	△ 427	394
Other	593	△ 100
Sub-total	9,799	10,130
Interest and dividends income received	108	122
Interest expenses paid	△ 66	△ 44
Income taxes paid	△ 595	△ 3,982
Income taxes refund	508	0
Net cash provided by operating activities	9,754	6,226
Net Cash Provided by Investing Activities		
Payments into time deposits	△ 1,004	△ 301
Proceeds from withdrawal of time deposits	10	1,024
Net decrease (increase) in short-term investment securities	△ 1,000	500
Purchase of property, plant and equipment	△ 3,761	△ 5,783
Purchase of intangible assets	△ 86	△ 261
Purchase of investment securities	△ 348	△ 5
Other	△ 35	73
Net Cash Provided by Investing Activities	△ 6,224	△ 4,755
Net Cash Provided by Financing Activities		
Net increase (decrease) in short-term loans payable	△ 351	△ 444
Proceeds from long-term loans payable	—	3,000
Repayment of long-term loans payable	△ 1,380	△ 640
Purchase of treasury stock	△ 0	△ 0
Proceeds from sale of treasury stock	261	62
Cash dividends paid	△ 810	△ 1,309
Other	△ 48	△ 48
Net cash provided by financing activities	△ 2,330	618
Effect of exchange rate change on cash and cash equivalents	451	368
Net increase (decrease) in cash and cash equivalents	1,651	2,458
Cash and cash equivalents at beginning of period	8,180	9,831
Cash and cash equivalents at end of period	9,831	12,290

[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, 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.

Consolidated Accounting Year (April 1, 2014 to March 31, 2015)

(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	15,920	67,458	83,379	—	83,379
Internal sales amount or amount transferred among segments	—	160	160	△ 160	—
Total	15,920	67,619	83,540	△ 160	83,379
Profit for segment	2,182	8,842	11,025	△ 2,661	8,363
Asset of segment	15,447	65,879	81,327	14,691	96,018
Other items					
Depreciation	468	2,480	2,948	239	3,188
Increase of tangible and intangible fixed assets	1,271	4,024	5,295	158	5,454

Note 1: Details of the amount adjusted

- (1) The amount of adjustment for 'Net sales' i.e. △160 million yen is derived from elimination of transactions among segments.
- (2) The amount of adjustment for 'Profit for segment' i.e. △2,661 million yen includes 31 million yen for elimination of transactions among segments and △2,693 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. 14,691 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. 239 million yen mainly consists of depreciation related to head office building.
- (5) The amount adjusted for increase of tangible/intangible assets, i.e. 158 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.