

## CONSOLIDATED FINANCIAL STATEMENTS

These Consolidated Financial Statements were publicly released in the Japanese language on May 14, 2014.

| (1) Consolidated balance sheet                        | (Yen millions) |           |
|---|----------------|-----------|
|   | 2013/3/31      | 2014/3/31 |
| Consolidated balance sheet                            |                |           |
| Assets  |                |           |
| Current assets  |                |           |
| Cash and deposits                                     | 12,493         | 13,192    |
| Notes and accounts receivable – trade                 | 16,912         | 18,905    |
| Merchandise and finished goods                        | 6,569          | 6,579     |
| Work in process                                       | 1,424          | 1,467     |
| Raw materials and supplies                            | 2,465          | 2,764     |
| Deferred tax assets                                   | 230            | 656       |
| Other   | 1,806          | 2,006     |
| Allowance for doubtful accounts                       | –28            | –30       |
| Total current assets                                  | 41,872         | 45,540    |
| Non-current assets                                    |                |           |
| Property, plant and equipment                         |                |           |
| Buildings and structures, net                         | 9,120          | 11,002    |
| Machinery, equipment and vehicles, net                | 8,728          | 11,300    |
| Land  | 6,260          | 6,644     |
| Construction in progress                              | 3,273          | 717       |
| Other, net  | 1,051          | 1,157     |
| Total property, plant and equipment                   | 28,433         | 30,822    |
| Intangible assets                                     |                |           |
| Software  | 961            | 860       |
| Other   | 150            | 199       |
| Total intangible assets                               | 1,111          | 1,059     |
| Investments and other assets                          |                |           |
| Investment securities                                 | 9,045          | 10,150    |
| Deferred tax assets                                   | 542            | 723       |
| Other   | 1,333          | 1,442     |
| Allowance for doubtful accounts                       | –133           | –117      |
| Total investments and other assets                    | 10,788         | 12,199    |
| Total non-current assets                              | 40,334         | 44,081    |
| Total assets  | 82,207         | 89,622    |
| Liabilities   |                |           |
| Current liabilities                                   |                |           |
| Notes and accounts payable – trade                    | 14,873         | 14,286    |
| Short-term loans payable                              | 5,137          | 5,571     |
| Income taxes payable                                  | 348            | 1,363     |
| Other   | 5,785          | 5,563     |
| Total current liabilities                             | 26,145         | 26,785    |
| Non-current liabilities                               |                |           |
| Long-term loans payable                               | 7,609          | 7,182     |
| Bonds payable   | 3,000          | 3,000     |
| Provision for retirement benefits                     | 2,007          | -         |
| Net defined benefit liability                         | -              | 3,159     |
| Other   | 218            | 218       |
| Total non-current liabilities                         | 12,836         | 13,560    |
| Total liabilities                                     | 38,981         | 40,345    |
| Net assets  |                |           |
| Shareholders' equity                                  |                |           |
| Capital stock   | 10,951         | 10,951    |
| Capital surplus                                       | 2,968          | 2,968     |
| Retained earnings                                     | 31,919         | 35,353    |
| Treasury shares                                       | –89            | –102      |
| Total shareholders' equity                            | 45,750         | 49,171    |
| Accumulated other comprehensive income                |                |           |
| Valuation difference on available-for-sale securities | 1,106          | 1,498     |
| Deferred gains or losses on hedges                    | -              | 3         |
| Foreign currency translation adjustment               | –4,082         | –852      |
| Remeasurements of defined benefit plans               | -              | –1,048    |
| Total accumulated other comprehensive income          | –2,975         | –399      |
| Minority interests                                    | 450            | 504       |
| Total net assets                                      | 43,225         | 49,276    |
| Total liabilities and net assets                      | 82,207         | 89,622    |

**(2) Consolidated statement of income**

(Yen millions)

|   | <b>FY2012</b> | <b>FY2013</b> |
|---|---------------|---------------|
| Consolidated statement of income                              |               |               |
| Net sales   | 85,771        | 93,434        |
| Cost of sales   | 63,310        | 68,710        |
| Gross profit  | 22,460        | 24,723        |
| Selling, general and administrative expenses                  | 18,366        | 19,206        |
| Operating income  | 4,094         | 5,517         |
| Non-operating income  |               |               |
| Interest and dividend income                                  | 163           | 187           |
| Share of profit of entities accounted for using equity method | 527           | 503           |
| Foreign exchange gains  | 436           | 237           |
| Other   | 325           | 220           |
| Total non-operating income                                    | 1,453         | 1,149         |
| Non-operating expenses  |               |               |
| Interest expenses   | 264           | 289           |
| Loss on retirement of non-current assets                      | 111           | 85            |
| Other   | 393           | 189           |
| Total non-operating expenses                                  | 769           | 564           |
| Ordinary income   | 4,779         | 6,103         |
| Extraordinary income  |               |               |
| Gain on sales of investment securities                        | 0             | 26            |
| Gain on sales of non-current assets                           | 5             | 7             |
| Total extraordinary income                                    | 5             | 33            |
| Extraordinary losses  |               |               |
| Impairment loss   | 1,157         | -             |
| Other   | 86            | -             |
| Total extraordinary losses                                    | 1,243         | -             |
| Income before income taxes and minority interests             | 3,540         | 6,136         |
| Income taxes – current  | 833           | 1,945         |
| Income taxes – deferred                                       | 148           | -179          |
| Total income taxes  | 982           | 1,765         |
| Income before minority interests                              | 2,558         | 4,370         |
| Minority interests in income                                  | 48            | 90            |
| Net income  | 2,510         | 4,280         |

## (3) Consolidated statement of changes in equity

FY2013

(Yen millions)

|  | shareholders' equity |                 |                   |                 | Total shareholders' equity |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury shares |                            |
| Balance at beginning of current period               | 10,951               | 2,968           | 31,919            | -89             | 45,750                     |
| Changes of items during period                       |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | -847              |                 | -847                       |
| Net income   |                      |                 | 4,280             |                 | 4,280                      |
| Purchase of treasury shares                          |                      |                 |                   | -12             | -12                        |
| Disposal of treasury shares                          |                      | 0               |                   | 0               | 0                          |
| Retirement of treasury shares                        |                      |                 |                   | -               | -                          |
| Net changes of items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes of items during period                 | -                    | 0               | 3,433             | -12             | 3,421                      |
| Balance at end of current period                     | 10,951               | 2,968           | 35,353            | -102            | 49,171                     |

|  | Accumulated other comprehensive income     |                                    |   |   |  | Minority Interests | Total net assets |
|--|--|------------------------------------|---|---|--|--------------------|------------------|
|  | Valuation difference on available-for-sale | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                    |                  |
| Balance at beginning of current period               | 1,106                                      | -                                  | -4,082                                  | -                                       | -2,975                                       | 450                | 43,225           |
| Changes of items during period                       |  |                                    |   |   |  |                    |                  |
| Dividends of surplus                                 |  |                                    |   |   |  |                    | -847             |
| Net income   |  |                                    |   |   |  |                    | 4,280            |
| Purchase of treasury shares                          |  |                                    |   |   |  |                    | -12              |
| Disposal of treasury shares                          |  |                                    |   |   |  |                    | 0                |
| Retirement of treasury shares                        |  |                                    |   |   |  |                    | -                |
| Net changes of items other than shareholders' equity | 391  | 3                                  | 3,229                                   | -1,048                                  | 2,576  | 54                 | 2,630            |
| Total changes of items during period                 | 391  | 3                                  | 3,229                                   | -1,048                                  | 2,576  | 54                 | 6,051            |
| Balance at end of current period                     | 1,498                                      | 3                                  | -852                                    | -1,048                                  | -399   | 504                | 49,276           |

**(4) Consolidated statement of cash flows**

(Yen millions)

|   | FY2012 | FY2013 |
|---|--------|--------|
| Consolidated statement of cash flows  |        |        |
| Cash flows from operating activities  |        |        |
| Income before income taxes and minority interests   | 3,540  | 6,136  |
| Depreciation  | 4,388  | 4,174  |
| Amortization of goodwill and negative goodwill  | -58    | -26    |
| Impairment loss   | 1,157  | -      |
| Increase (decrease) in allowance for doubtful accounts                                    | -9     | -17    |
| Increase (decrease) in provision for retirement benefits                                  | -163   | -      |
| Increase (decrease) in net defined benefit liability                                      | -      | -500   |
| Interest and dividend income  | -163   | -187   |
| Interest expenses   | 264    | 289    |
| Foreign exchange losses (gains)   | -102   | 25     |
| Share of (profit) loss of entities accounted for using equity method                      | -527   | -503   |
| Loss (gain) on sales and retirement of non-current assets                                 | 110    | 80     |
| Loss (gain) on sales of investment securities   | 0      | -25    |
| Decrease (increase) in notes and accounts receivable - trade                              | 1,340  | -661   |
| Decrease (increase) in inventories  | 8      | 822    |
| Increase (decrease) in notes and accounts payable - trade                                 | -2,103 | -1,904 |
| Other, net  | 289    | -382   |
| Subtotal  | 7,970  | 7,318  |
| Interest and dividend income received   | 210    | 368    |
| Interest expenses paid  | -247   | -302   |
| Income taxes paid   | -1,130 | -1,078 |
| Income taxes refund   | 201    | 153    |
| Net cash provided by (used in) operating activities                                       | 7,004  | 6,459  |
| Cash flows from investing activities  |        |        |
| Decrease (increase) in time deposits  | -80    | 58     |
| Purchase of property, plant and equipment   | -4,279 | -4,933 |
| Proceeds from sales of property, plant and equipment                                      | 492    | 17     |
| Purchase of intangible assets   | -299   | -163   |
| Purchase of investment securities   | -50    | -19    |
| Proceeds from sales of investment securities  | 0      | 59     |
| Proceeds from redemption of investment securities   | -      | 100    |
| Purchase of shares of subsidiaries  | -456   | -66    |
| Payments for sales of shares of subsidiaries resulting in change in scope of consolidatic | -1,076 | -      |
| Other, net  | -29    | -88    |
| Net cash provided by (used in) investing activities                                       | -5,781 | -5,037 |
| Cash flows from financing activities  |        |        |
| Net increase (decrease) in short-term loans payable                                       | -40    | 530    |
| Proceeds from long-term loans payable   | 3,540  | 1,659  |
| Repayments of long-term loans payable   | -2,681 | -2,864 |
| Purchase of treasury shares   | -496   | -11    |
| Cash dividends paid from parent company   | -760   | -847   |
| Cash dividends paid to minority shareholders  | -10    | -2     |
| Other, net  | -13    | -11    |
| Net cash provided by (used in) financing activities                                       | -462   | -1,548 |
| Effect of exchange rate change on cash and cash equivalents                               | 484    | 840    |
| Net increase (decrease) in cash and cash equivalents                                      | 1,245  | 714    |
| Cash and cash equivalents at beginning of period  | 12,267 | 12,981 |
| Cash and cash equivalents at end of period  | 12,267 | 12,981 |

**(5) Consolidated statement of comprehensive income**

(Yen millions)

|   | FY2012 | FY2013 |
|---|--------|--------|
| Consolidated statement of comprehensive income                                    |        |        |
| Income before minority interests  | 2,558  | 4,370  |
| Other comprehensive income  |        |        |
| Valuation difference on available-for-sale securities                             | 636    | 388    |
| Deferred gains or losses on hedges  | -      | 3      |
| Foreign currency translation adjustment   | 2,039  | 3,106  |
| Share of other comprehensive income of entities accounted for using equity method | 322    | 179    |
| Total other comprehensive income  | 2,997  | 3,677  |
| Comprehensive income  | 5,556  | 8,048  |
| Comprehensive income attributable to  |        |        |
| Comprehensive income attributable to owners of parent                             | 5,474  | 7,905  |
| Comprehensive income attributable to minority interests                           | 82     | 143    |