

Consolidated Balance Sheets

As of March 31, 2014 and 2013

millions of yen

Assets	2014	2013
Current assets		
Cash and deposits	¥ 89,548	¥ 88,566
Notes and accounts receivable—trade	166,739	138,251
Short-term investment securities	47,000	43,045
Merchandise and finished goods	10,451	6,259
Work in process	13,928	8,983
Raw materials and supplies	25,252	20,117
Deferred tax assets	5,324	5,857
Other current assets	32,558	28,637
Allowance for doubtful accounts	(525)	(436)
Total current assets	390,278	339,282
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	170,304	155,599
Accumulated depreciation	(85,354)	(76,592)
Buildings and structures, net	84,949	79,006
Machinery, equipment and vehicles	290,732	252,033
Accumulated depreciation	(201,701)	(174,361)
Machinery, equipment and vehicles, net	89,030	77,671
Tools, furniture and fixtures	108,670	101,536
Accumulated depreciation	(95,930)	(90,554)
Tools, furniture and fixtures, net	12,739	10,981
Land	27,393	25,045
Lease assets	1,973	380
Accumulated depreciation	(781)	(219)
Lease assets, net	1,192	161
Construction in progress	13,957	12,050
Total property, plant and equipment	229,264	204,916
Intangible assets		
Goodwill	1,035	3,396
Other intangible assets	1,203	1,094
Total intangible assets	2,238	4,491
Investments and other assets		
Investments in securities	14,669	14,024
Deferred tax assets	15,892	15,711
Other investments	6,834	5,698
Allowance for doubtful accounts	(170)	(168)
Total investments and other assets	37,227	35,265
Total noncurrent assets	268,730	244,673
Total assets	¥ 659,008	¥ 583,955

● Scope of Consolidation

The consolidated financial statements include the accounts for all subsidiaries.

● Application of the Equity Method

Investments in all affiliates are accounted for by the equity method. The fiscal years for certain affiliates accounted for by the equity method are different from that of the Company. The Company is using the financial statements for their respective fiscal years.

millions of yen

Liabilities and net assets	2014	2013
Current liabilities		
Notes and accounts payable — trade	¥ 163,433	¥ 141,790
Short-term loans payable	28,607	20,802
Current portion of long-term loans payable	7,291	21,047
Accrued expenses	39,673	35,255
Income taxes payable	5,218	5,652
Provision for product warranties	1,499	1,494
Provision for bonuses to directors and corporate auditors	259	262
Other current liabilities	21,667	20,251
Total current liabilities	267,651	246,557
Noncurrent liabilities		
Bonds Payable	20,000	—
Long-term loans payable	80,633	83,108
Allowance for employee retirement benefits	—	28,375
Net defined benefit liability	35,420	—
Provision for retirement benefits for directors and corporate auditors	496	598
Asset retirement obligation	300	298
Other noncurrent liabilities	5,423	4,275
Total noncurrent liabilities	142,275	116,656
Total liabilities	409,926	363,214
Net assets		
Shareholders' equity		
Capital stock	8,400	8,400
Capital surplus	9,098	9,098
Retained earnings	198,363	189,273
Treasury stock	(4,659)	(4,675)
Total shareholders' equity	211,202	202,096
Accumulated other comprehensive income		
Net unrealised gains on other securities	1,464	1,233
Deferred Gains or Losses on Hedges	(2)	—
Foreign currency translation adjustment	(3,645)	(16,083)
Remeasurements of defined benefit plans	(2,269)	—
Total accumulated other comprehensive income	(4,452)	(14,849)
Subscription rights to shares	515	802
Minority interests	41,816	32,690
Total net assets	249,082	220,740
Total liabilities and net assets	¥ 659,008	¥ 583,955

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

For the years ended March 31, 2014 and 2013

Consolidated Statements of Income	millions of yen	
	2014	2013
Net sales	¥ 1,218,399	¥ 1,079,497
Cost of sales	1,112,588	986,340
Gross profit	105,811	93,156
Selling, general and administrative expenses		
Transportation and warehousing expenses	7,740	7,359
Salaries and bonuses	29,061	23,209
Welfare expenses	5,076	4,059
Retirement benefit expenses	798	881
Provision for bonuses to directors and corporate auditors	248	261
Provision for directors' retirement benefits	97	169
Taxes and dues	2,169	1,920
Depreciation	3,266	3,013
Research and development expenses	1,942	3,131
Amortisation of goodwill	1,151	1,434
Other selling, general and administrative expenses	25,435	22,411
Total selling, general and administrative expenses	76,988	67,854
Operating income	28,823	25,302
Non-operating income		
Interest income	1,498	1,472
Dividends income	95	64
Rental income on noncurrent assets	672	749
Equity in net earnings of affiliates	1,647	791
Foreign exchange gains	4,523	4,650
Insurance income	2,625	204
Other non-operating income	5,263	4,944
Total non-operating income	16,328	12,879
Non-operating expenses		
Interest expenses	1,696	1,747
Loss on disposal of noncurrent assets	578	352
Depreciation	811	915
Other non-operating expenses	1,769	1,251
Total non-operating expenses	4,856	4,267
Ordinary income	40,294	33,914
Extraordinary loss		
Expenses related to the shutdown of plant	—	967
Loss on valuation of investments in capital	—	116
Impairment Loss	4,364	—
Loss on transition to defined contribution pension plan	507	—
Total extraordinary loss	4,871	1,083
Income before income taxes	35,422	32,830
Income taxes—current	12,427	13,027
Income taxes—deferred	2,235	(1,820)
Total income taxes	14,662	11,207
Net income before minority interests	20,760	21,623
Minority interest in net income of subsidiaries	8,149	5,830
Net income	¥ 12,610	¥ 15,792
Consolidated Statements of Comprehensive Income		
Net income before minority interests	¥ 20,760	¥ 21,623
Other comprehensive income		
Net unrealised gains (losses) on other securities	226	432
Deferred gains or losses on hedges	(2)	—
Foreign currency translation adjustments	15,613	15,619
Amount corresponding to equity interest in equity method affiliates	963	596
Total other comprehensive income	16,800	16,648
Comprehensive income	37,560	38,271
(Breakdown)		
Comprehensive income attributable to parent company shareholders	25,277	29,382
Comprehensive income attributable to minority shareholders	12,283	8,888

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2014 and 2013

millions of yen

	2014	2013
Shareholders' equity		
Capital stock		
Balance at beginning of year	¥ 8,400	¥ 8,400
Changes of items during the year		
Total changes of items during the year	—	—
Balance at end of year	8,400	8,400
Capital surplus		
Balance at beginning of year	9,098	9,098
Changes of items during the year		
Disposal of treasury stock	(0)	
Total changes of items during the year	(0)	—
Balance at end of year	9,098	9,098
Retained earnings		
Balance at beginning of year	189,273	176,630
Changes of items during the year		
Dividends from surplus	(3,520)	(3,150)
Net income	12,610	15,792
Total changes of items during the year	9,089	12,642
Balance at end of year	198,363	189,273
Treasury stock		
Balance at beginning of year	(4,675)	(4,675)
Changes of items during the year		
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	17	
Total changes of items during the year	16	(0)
Balance at end of year	(4,659)	(4,675)
Total shareholders' equity		
Balance at beginning of year	202,096	189,454
Changes of items during the year		
Dividends from surplus	(3,520)	(3,150)
Net income	12,610	15,792
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	16	
Total changes of items during the year	9,106	12,642
Balance at end of year	¥ 211,202	¥ 202,096

millions of yen

	2014	2013
Accumulated other comprehensive income		
Net unrealised gains on other securities		
Balance at beginning of year	¥ 1,233	¥ 785
Changes of items during the year		
Net changes of items other than shareholders' equity during the year	231	448
Total changes of items during the year	231	448
Balance at end of year	1,464	1,233
Deferred gains or losses on hedges		
Balance at beginning of year	—	—
Changes of items during the year		
Net changes of items other than shareholders' equity during the year	(2)	—
Total changes of items during the year	(2)	—
Balance at end of year	(2)	—
Foreign currency translation adjustment		
Balance at beginning of year	(16,083)	(29,224)
Changes of items during the year		
Net changes of items other than shareholders' equity during the year	12,438	13,141
Total changes of items during the year	12,438	13,141
Balance at end of year	(3,645)	(16,083)
Remeasurements of defined benefit plans		
Balance at beginning of year	—	—
Changes of items during the year		
Net changes of items other than shareholders' equity during the year	(2,269)	—
Total changes of items during the year	(2,269)	—
Balance at end of year	(2,269)	—
Total accumulated other comprehensive income		
Balance at beginning of year	(14,849)	(28,439)
Changes of items during the year		
Net changes of items other than shareholders' equity during the year	10,396	13,589
Total changes of items during the year	10,396	13,589
Balance at end of year	(4,452)	(14,849)
Subscription rights to shares		
Balance at beginning of year	802	972
Changes of items during the year		
Net changes of items other than shareholders' equity during the year	(287)	(169)
Total changes of items during the year	(287)	(169)
Balance at end of year	515	802
Minority interests		
Balance at beginning of year	32,690	28,360
Changes of items during the year		
Net changes of items other than shareholders' equity during the year	9,126	4,330
Total changes of items during the year	9,126	4,330
Balance at end of year	41,816	32,690
Total net assets		
Balance at beginning of year	220,740	190,347
Changes of items during the year		
Dividends from surplus	(3,520)	(3,150)
Net income	12,610	15,792
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	16	—
Net changes of items other than shareholders' equity during the year	19,235	17,750
Total changes of items during the year	28,341	30,393
Balance at end of year	¥ 249,082	¥ 220,740

Consolidated Statements of Cash Flows

As of March 31, 2014 and 2013

millions of yen

	2014	2013
Cash flows from operating activities		
Income before income taxes	¥ 35,422	¥ 32,830
Depreciation and amortisation	36,302	32,774
Impairment Loss	4,364	—
Amortisation of negative goodwill	1,151	1,434
Increase (decrease) in provision for employee retirement benefits	—	1,863
Increase (decrease) in Retirement Liability	2,413	—
Interest and dividends income	(1,594)	(1,537)
Interest expenses	1,696	1,747
Foreign exchange (gain) loss	(2,694)	(2,759)
Equity in (earnings) losses of affiliates	(1,647)	(791)
(Gain) loss on sales of property, plant and equipment	(37)	(978)
(Increase) decrease in trade notes and accounts receivable	(12,195)	28,306
(Increase) decrease in inventories	(6,645)	(5,952)
(Increase) decrease in accounts receivable—other	(196)	3,045
Increase (decrease) in notes and accounts payable—trade	6,017	(28,613)
Increase (decrease) in accounts payable—other	1,698	(2,015)
Increase (decrease) in accrued expenses	1,891	(3,556)
Others	(3,212)	231
Sub-total	62,734	56,029
Interest and dividend income received	2,941	2,842
Interest expenses paid	(1,645)	(1,877)
Income taxes paid	(14,441)	(12,520)
Net cash provided by operating activities	49,590	44,474
Cash flows from investing activities		
Proceeds from sales of securities	15	20,000
Purchase of property, plant and equipment	(51,112)	(35,203)
Proceeds from sales of property, plant and equipment	3,687	4,345
Purchase of investments in securities	(154)	(3,192)
Purchase of subsidiaries' shares resulting in changes in scope of consolidation	3,505	(434)
Payments of loans receivable	(71)	(118)
Collection of loans receivable	85	65
Payments into time deposits	(8,551)	(31,028)
Proceeds from withdrawal of time deposits	1,314	51,723
Others	(585)	(329)
Net cash provided by (used in) investing activities	(51,867)	5,826
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	611	2,392
Proceeds from long-term loans payable	2,613	301
Repayments of long-term loans payable	(19,827)	(35,905)
Proceeds from Issuance of Bonds	20,000	—
Cash dividends paid	(3,513)	(3,148)
Cash dividends paid to minority shareholders	(5,408)	(5,603)
Others	(110)	21
Net cash provided by (used in) financing activities	(5,636)	(41,942)
Effect of exchange rate change on cash and cash equivalents	5,238	7,015
Net increase (decrease) in cash and cash equivalents	(2,675)	15,375
Cash and cash equivalents at beginning of year	129,323	113,947
Cash and cash equivalents at end of year	¥ 126,648	¥ 129,323