

***Miura Co., Ltd. and
Consolidated Subsidiaries***

*Consolidated Financial Statements for the
Year Ended March 31, 2012,
and Independent Auditor's Report*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Miura Co., Ltd.:

We have audited the accompanying consolidated balance sheet of Miura Co., Ltd. and consolidated subsidiaries as of March 31, 2012, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Miura Co., Ltd. and consolidated subsidiaries as of March 31, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.



June 29, 2012

Miura Co., Ltd. and Consolidated Subsidiaries
Consolidated Balance Sheet
March 31, 2012

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)	LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012		2012	2011	2012
CURRENT ASSETS:				CURRENT LIABILITIES:			
Cash and cash equivalents (Note 15)	¥ 14,317	¥ 8,830	\$ 174,194	Short-term borrowings (Notes 2.o. and 7)	¥ 33	¥ 19	\$ 401
Short-term investments (Note 3)	11,875	15,805	144,482	Payables (Note 15):			
Marketable securities (Note 4)		504		Trade notes	313	234	3,808
Receivables (Note 15):				Trade accounts	1,988	1,779	24,188
Trade notes	7,190	5,748	87,480	Unconsolidated subsidiaries and associated companies	52	92	633
Trade accounts	13,936	12,339	169,558	Other	2,343	2,176	28,507
Unconsolidated subsidiaries and associated companies (Note 6)	557	628	6,777	Income taxes payable (Note 15)	2,297	1,226	27,948
Other	103	135	1,253	Advances received from customers	5,709	5,253	69,461
Allowance for doubtful accounts	(164)	(148)	(1,995)	Accrued expenses	5,340	4,190	64,972
Inventories (Notes 2.d. and 5)	9,120	8,836	110,963	Product warranty provision (Note 2.j.)	500	417	6,083
Lease investment assets (Notes 2.o., 14 and 15)	2,541	2,741	30,916	Provision for environmental measures	11		134
Deferred tax assets (Note 10)	2,169	1,842	26,390	Asset retirement obligations	7		85
Prepaid expenses and other	292	293	3,553	Other current liabilities	701	588	8,529
Total current assets	61,936	57,553	753,571	Total current liabilities	19,294	15,974	234,749
PROPERTY, PLANT AND EQUIPMENT:				LONG-TERM LIABILITIES:			
Land	10,088	9,780	122,740	Long-term borrowings (Notes 2.o. and 7)	12	10	146
Buildings and structures	25,706	24,834	312,763	Liability for retirement benefits (Note 8)	650	563	7,908
Machinery and equipment (Notes 2.o. and 14)	6,143	5,547	74,742	Provision for environmental measures		18	
Tools, furniture and fixtures (Notes 2.o. and 14)	6,296	6,216	76,603	Asset retirement obligations		13	
Construction in progress	194	193	2,360	Deferred tax liabilities (Note 10)	6	25	73
Total	48,427	46,570	589,208	Other	34	36	413
Accumulated depreciation	(20,111)	(19,295)	(244,689)				
				Total long-term liabilities	702	665	8,540
Net property, plant and equipment	28,316	27,275	344,519	Total liabilities	19,996	16,639	243,289
INVESTMENTS AND OTHER ASSETS:				EQUITY (Notes 9 and 20):			
Investment securities (Notes 4 and 15)	8,502	7,913	103,443	Common stock—authorized, 100,000,000 shares; issued, 41,763,704 shares in 2012 and 2011	9,544	9,544	116,121
Investments in unconsolidated subsidiaries and associated companies	1,594	2,512	19,394	Capital surplus	10,088	10,088	122,740
Deposits	644	677	7,836	Retained earnings	70,046	68,458	852,245
Prepaid pension costs (Note 8)	558	790	6,789	Treasury stock—at cost, 3,324,290 shares in 2012 and 3,324,400 shares in 2011	(5,055)	(5,055)	(61,504)
Deferred tax assets (Note 10)	284	316	3,455	Accumulated other comprehensive loss:			
Other	793	1,036	9,648	Unrealized loss on available-for-sale securities	(233)	(344)	(2,835)
				Foreign currency translation adjustments	(1,770)	(1,271)	(21,535)
Total investments and other assets	12,375	13,244	150,565	Total	82,620	81,420	1,005,232
				Minority interests	11	13	134
				Total equity	82,631	81,433	1,005,366
TOTAL	¥ 102,627	¥ 98,072	\$ 1,248,655	TOTAL	¥ 102,627	¥ 98,072	\$ 1,248,655

See notes to consolidated financial statements.

Miura Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Income Year Ended March 31, 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2012</u>	<u>2011</u>	<u>2012</u>
NET SALES (Note 12)	¥ 74,594	¥ 67,905	\$907,580
COST OF SALES (Notes 8 and 12)	<u>44,830</u>	<u>40,309</u>	<u>545,443</u>
Gross profit	29,764	27,596	362,137
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 8, 11 and 12)	<u>23,751</u>	<u>22,499</u>	<u>288,977</u>
Operating income	<u>6,013</u>	<u>5,097</u>	<u>73,160</u>
OTHER INCOME (EXPENSES):			
Interest and dividend income	285	279	3,467
Loss on sales of marketable and investment securities—net	(189)		(2,300)
Rent on real estate (Note 12)	382	379	4,648
Losses from natural disaster		(25)	
Foreign exchange loss—net	(134)	(184)	(1,630)
Settlement received	47		572
Loss on adjustment for change of accounting standard for asset retirement obligations		(11)	
Other—net (Note 13)	<u>354</u>	<u>(206)</u>	<u>4,307</u>
Other income—net	<u>745</u>	<u>232</u>	<u>9,064</u>
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	<u>6,758</u>	<u>5,329</u>	<u>82,224</u>
INCOME TAXES (Note 10):			
Current	3,605	2,702	43,862
Deferred	<u>(422)</u>	<u>(434)</u>	<u>(5,135)</u>
Total income taxes	<u>3,183</u>	<u>2,268</u>	<u>38,727</u>
NET INCOME BEFORE MINORITY INTERESTS	3,575	3,061	43,497
MINORITY INTERESTS IN NET INCOME	<u>(2)</u>	<u>(4)</u>	<u>(24)</u>
NET INCOME	<u>¥ 3,577</u>	<u>¥ 3,065</u>	<u>\$ 43,521</u>
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2.s. and 19):			
Basic net income	¥ 93.06	¥ 79.91	\$ 1.13
Diluted net income		79.84	
Cash dividends applicable to the year	40.00	40.00	0.49

See notes to consolidated financial statements.

Miura Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income
Year Ended March 31, 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2012</u>	<u>2011</u>	<u>2012</u>
NET INCOME BEFORE MINORITY INTERESTS	¥ 3,575	¥ 3,061	\$ 43,497
OTHER COMPREHENSIVE INCOME (LOSS) (Note 16):			
Unrealized gain (loss) on available-for-sale securities	110	(153)	1,338
Foreign currency translation adjustments	<u>(495)</u>	<u>(192)</u>	<u>(6,022)</u>
Total other comprehensive loss	(385)	(345)	(4,684)
COMPREHENSIVE INCOME (Note 16)	<u>¥ 3,190</u>	<u>¥ 2,716</u>	<u>\$ 38,813</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 16):			
Owners of the Company	¥ 3,188	¥ 2,719	\$ 38,789
Minority interests	2	(3)	24

See notes to consolidated financial statements.

Miura Co., Ltd. and Consolidated Subsidiaries
Consolidated Statement of Changes in Equity
Year Ended March 31, 2012

	Thousands		Millions of Yen								
	Issued Number of Shares of Common Stock	Treasury Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated other comprehensive loss		Total	Minority Interests	Total Equity
							Unrealized Gain (Loss) on Available- for-sale Securities	Foreign Currency Translation Adjustments			
BALANCE, APRIL 1, 2010	41,764	(3,441)	¥ 9,544	¥ 10,088	¥ 67,413	¥ (5,232)	¥ (191)	¥ (1,079)	¥ 80,543	¥ 16	¥ 80,559
Net income					3,065				3,065		3,065
Cash dividends, ¥40.00 per share					(1,533)				(1,533)		(1,533)
Purchase of treasury stock		(1)				(1)			(1)		(1)
Exercise of stock options		118		(9)		178			169		169
Change in scope of consolidation					(478)				(478)		(478)
Transfer of loss on disposal of treasury stock				9	(9)						
Net change in the year							(153)	(192)	(345)	(3)	(348)
BALANCE, MARCH 31, 2011	41,764	(3,324)	¥ 9,544	¥ 10,088	¥ 68,458	¥ (5,055)	¥ (344)	¥ (1,271)	¥ 81,420	¥ 13	¥ 81,433
Net income					3,577				3,577		3,577
Cash dividends, ¥40.00 per share					(1,538)				(1,538)		(1,538)
Purchase of treasury stock		(0)				(1)			(1)		(1)
Exercise of stock options		0		(0)		1			1		1
Change in scope of consolidation					(451)				(451)		(451)
Transfer of loss on disposal of treasury stock				0	(0)						
Net change in the year							111	(499)	(388)	(2)	(390)
BALANCE, MARCH 31, 2012	41,764	(3,324)	¥ 9,544	¥ 10,088	¥ 70,046	¥ (5,055)	¥ (233)	¥ (1,770)	¥ 82,620	¥ 11	¥ 82,631

Thousands of U.S. Dollars (Note 1)

	Thousands of U.S. Dollars (Note 1)				Accumulated other comprehensive loss				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-sale Securities	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2011	\$ 116,121	\$ 122,740	\$ 832,924	\$ (61,504)	\$ (4,186)	\$ (15,464)	\$ 990,631	\$ 158	\$ 990,789
Net income			43,521				43,521		43,521
Cash dividends, \$0.49 per share			(18,713)				(18,713)		(18,713)
Purchase of treasury stock				(12)			(12)		(12)
Exercise of stock options		(0)		12			12		12
Change in scope of consolidation			(5,487)				(5,487)		(5,487)
Transfer of loss on disposal of treasury stock		0	(0)						
Net change in the year					1,351	(6,071)	(4,720)	(24)	(4,744)
BALANCE, MARCH 31, 2012	\$ 116,121	\$ 122,740	\$ 852,245	\$ (61,504)	\$ (2,835)	\$ (21,535)	\$ 1,005,232	\$ 134	\$ 1,005,366

See notes to consolidated financial statements

Miura Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows Year Ended March 31, 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 6,758	¥ 5,329	\$ 82,224
Adjustments for:			
Income taxes—paid	(2,530)	(2,788)	(30,782)
Depreciation and amortization	2,041	2,127	24,833
Provision for (reversal of) accrued bonuses to employees	778	(260)	9,466
(Decrease) increase in provision for environmental measures	(7)	18	(85)
Loss on disposal and sale of property, plant and equipment	103	18	1,253
Provision for (reversal of) allowance for doubtful accounts	25	(98)	304
Foreign exchange loss	145	73	1,764
Loss on adjustment for change of accounting standard for asset retirement obligations		11	
Loss on valuation of investment securities		459	
Loss on sales of investment securities	189		2,300
(Increase) decrease in receivables	(3,220)	393	(39,178)
Increase in inventories	(22)	(915)	(268)
Increase (decrease) in payables	228	(88)	2,774
Other—net	1,680	1,699	20,441
Total adjustments	(590)	649	(7,178)
Net cash provided by operating activities	6,168	5,978	75,046
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	(1,965)	(2,479)	(23,908)
Proceeds from sales of plant and equipment	9	22	109
Purchase of marketable securities	(19,900)	(26,502)	(242,122)
Proceeds from sales and redemption of marketable securities	25,403	22,805	309,076
Purchase of investment securities	(2,099)	(1,021)	(25,538)
Proceeds from sales and redemption of investment securities	1,477	1	17,971
Payment for loans	(50)	(374)	(608)
Proceeds from collection of loans	50	142	608
Proceeds from cancellation of cash in trust	3	10	37
Payment for investment in unconsolidated subsidiaries	(1,051)		(12,787)
(Increase) decrease in short-term investments—net	(1,175)	92	(14,296)
Other—net	105	(203)	1,277
Net cash provided by (used in) investing activities	807	(7,507)	9,819
FORWARD	¥ 6,975	¥ (1,529)	\$ 84,865

(Continued)

Miura Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows Year Ended March 31, 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2012</u>	<u>2011</u>	<u>2012</u>
FORWARD	¥ 6,975	¥ (1,529)	\$ 84,865
FINANCING ACTIVITIES:			
Increase in short-term borrowings—net	10		121
Repayments of lease obligations	(6)	(7)	(73)
Purchase of treasury stock	(1)	(2)	(12)
Proceeds from sale of treasury stock	1	169	12
Proceeds from stock issuance to minority shareholders		2	
Cash dividends paid	<u>(1,536)</u>	<u>(1,533)</u>	<u>(18,688)</u>
Net cash used in financing activities	(1,532)	(1,371)	(18,640)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(46)	(79)	(560)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,397	(2,979)	65,665
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>8,830</u>	<u>11,514</u>	<u>107,434</u>
INCREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM CHANGE IN SCOPE OF CONSOLIDATION	90	295	1,095
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>¥ 14,317</u>	<u>¥ 8,830</u>	<u>\$ 174,194</u>

See notes to consolidated financial statements.

(Concluded)

Miura Co., Ltd. and Consolidated Subsidiaries

Notes to Consolidated Financial Statements Year Ended March 31, 2012

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Miura Co., Ltd. (the "Company") and consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2011 consolidated financial statements to conform to the classifications used in 2012.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥82.19 to U.S.\$1, the approximate rate of exchange at March 31, 2012. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. *Principles of Consolidation*—The consolidated financial statements as of March 31, 2012 include the accounts of the Company and its twelve significant (eleven in 2011) subsidiaries (collectively, the "Companies").

Miura Manufacturing America Co., Ltd. was included into the scope of consolidation at the beginning of the year ended March 31, 2012 due to increased materiality.

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Companies have the ability to exercise significant influence are accounted for by the equity method.

Investments in six (seven in 2011) unconsolidated subsidiaries and two associated companies are stated at cost. If the equity method had been applied to account for investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions among the Companies is eliminated.

Six consolidated subsidiaries use a fiscal year ending on December 31, which is different from the Company's fiscal year. The consolidated financial statements include the financial statements of these subsidiaries for their fiscal year after making appropriate adjustments for significant intercompany transactions during the period from their fiscal year-end to the date of the consolidated financial statements.

- b. *Cash Equivalents*—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.
Cash equivalents include time deposits and certificates of deposit, all of which mature or become due within three months of the date of acquisition.
- c. *Short-term Investments*—Short-term investments consist of time deposits which mature more than three months from the date of acquisition, negotiable CD and trust funds.

d. **Inventories**—Inventories are stated at cost, determined by the following method. (Balance sheet value are to be calculated using the devaluating book value method based on decreases in profitability.)

- Merchandise and raw materials — principally by the average method
- Finished products, semi-finished products and work-in-process
— principally by the specific identification method
- Supplies — principally by the last purchase cost method

e. **Marketable and Investment Securities**—Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

- (1) Held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost.
- (2) Available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

f. **Property, Plant and Equipment**—Property, plant and equipment are stated at cost. Depreciation is computed by the declining-balance method over the estimated useful lives of the assets, while the straight-line method is applied to buildings, excluding structures (e.g., facilities for water supply and drainage, air conditioning units and electricity), which were acquired after April 1, 1998. Machinery and equipment held for lease are depreciated by the straight-line method over the respective lease periods.

The estimated useful lives are principally as follows:

Buildings and structures	15 to 65 years
Machinery and equipment (excluding leases)	6 to 12 years

g. **Long-lived Assets**—The Companies review their long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

h. **Allowance for Doubtful Accounts**—The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.

i. **Provision for environmental measures**—Future expenditures required for environmental protection (disposal cost of waste of polychlorinated biphenyls) and for processing that can be reasonably estimated in the current fiscal year have been recorded in the amount which is expected to be required after the next fiscal year.

j. **Product warranty provision**—Product warranty provision is provided to cover the cost of all services anticipated to be incurred during the entire warranty period and based on past experience.

k. **Employees' Retirement and Pension Plans**—The Company and its domestic subsidiaries have non-contributory funded pension plans covering substantially all of their employees.

A foreign subsidiary has unfunded retirement plans covering substantially all of its employees.

The liability for employees' retirement benefits is based on the projected benefit obligations and plan assets at the balance sheet date. The net periodic benefit costs, based on an actuarial computation of current and future employee benefits, are charged to income.

- l. Retirement Allowances for Directors and Corporate Auditors*—Directors and corporate auditors are generally entitled to receive lump-sum payments based on their compensation at the time of retirement and years of service when they leave the Companies, subject to the approval by the shareholders. The annual provision for severance payments is calculated to state the severance liability at the amount that would be payable if all directors and corporate auditors were to retire at each balance sheet date. Accrued provisions are not funded.
- m. Advances Received from Customers*—The Companies provide various repair and maintenance services to their customers under three-year contracts. The Companies receive advances from customers for the full contract cost and recognize revenues on a straight-line basis over the contract period.
- n. Asset Retirement Obligations* — In March 2008, the ASBJ published ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.
- o. Leases*—The Company leases certain assets produced as a lessor and also leases certain equipment as a lessee.

Lessor;
All finance leases that are not deemed to transfer ownership of the leased property to the lessee are recognized as lease investment assets. Sales and cost of sales were recorded upon receipt of lease revenue.

Lessee;
All finance lease transactions are capitalized to recognize lease assets and lease obligations in the balance sheet. Lease assets were included in "Machinery and equipment" and "Tool, furniture and fixtures", and lease obligations were included in "Short-term borrowings" and "Long-term borrowings", as such amount are considered immaterial.
- p. Income Taxes*—The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently-enacted tax laws to the temporary differences.
- q. Foreign Currency Transactions*—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.
- r. Foreign Currency Financial Statements*—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

- s. **Per Share Information**—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if stock options were exercised. Diluted net income per share of common stock assumes full conversion of the outstanding stock options at the beginning of the year.

Cash dividends per share shown in the consolidated statements of income represent cash dividends, including semi-annual cash dividends, applicable to the income of the respective years.

- t. **Accounting Changes and Error Corrections** — In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions. (2) Changes in Presentations—When the presentation of consolidated financial statements is changed, prior-period consolidated financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period consolidated financial statements is discovered, those statements are restated. This accounting standard and the guidance are applicable to accounting changes and corrections of prior-period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

u. **New Accounting Pronouncements**

Accounting Standard for Retirement Benefits—On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with effective date of April 1, 2000 and the other related practical guidances, being followed by partial amendments from time to time through 2009.

Major changes are as follows:

(a) *Treatment in the balance sheet*

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, are recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and the deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) *Treatment in the statement of income and the statement of comprehensive income (or the statement of income and comprehensive income)*

The revised accounting standard would not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and yet to be recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

This accounting standard and the guidance are effective for the end of annual periods beginning on or after April 1, 2013 with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company expects to apply the revised accounting standard from the beginning of the annual period beginning on April 1, 2013 and is in the process of measuring the effects of applying the revised accounting standard for the year ending March 31, 2014.

3. SHORT-TERM INVESTMENTS

Short-term investments at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Time deposit	¥ 4,673	¥ 3,602	\$ 56,856
Negotiable CD	7,202	12,200	87,626
Funds in trust	0	3	0
Total	<u>¥ 11,875</u>	<u>¥ 15,805</u>	<u>\$ 144,482</u>

4. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Current:			
Government and corporate bonds	_____	¥ 504	_____
Total	_____	<u>¥ 504</u>	_____
Non-current:			
Marketable and investment securities	¥ 4,592	¥ 5,095	\$ 55,871
Government and corporate bonds and other	3,841	2,747	46,733
Trust fund investments and other	<u>70</u>	<u>71</u>	<u>852</u>
Total	<u>¥ 8,503</u>	<u>¥ 7,913</u>	<u>\$ 103,456</u>

The carrying amounts and aggregate fair value of marketable and investment securities at March 31, 2012 and 2011 were as follows:

	Millions of Yen			
March 31, 2012	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 4,759	¥ 275	¥ 641	¥ 4,393
Trust fund investments and other	62	14	9	67
Held-to-maturity	3,841	5	17	3,829

March 31, 2011

Securities classified as:

Available-for-sale:

Equity securities	¥ 5,500	¥ 295	¥ 877	¥ 4,918
Trust fund investments and other	62	16	10	68
Held-to-maturity	3,251	21	15	3,257

<u>March 31, 2012</u>	<u>Thousands of U.S. Dollars</u>			<u>Fair Value</u>
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 57,902	\$ 3,346	\$ 7,799	\$53,449
Trust fund investments and other	755	170	110	815
Held-to-maturity	46,733	61	207	46,587

5. INVENTORIES

Inventories at March 31, 2012 and 2011 consisted of the following:

	<u>Millions of Yen</u>		<u>Thousands of U.S. Dollars</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>
Finished products and merchandise	¥ 3,146	¥ 3,341	\$ 38,277
Work-in-process	1,776	1,657	21,609
Raw materials	3,780	3,416	45,991
Supplies	418	422	5,086
Total	¥ 9,120	¥ 8,836	\$ 110,963

6. RECEIVABLES FROM UNCONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Receivables from unconsolidated subsidiaries at March 31, 2012 and 2011 were as follows :

	<u>Millions of Yen</u>		<u>Thousands of U.S. Dollars</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>
Accounts receivable	¥ 507	¥ 346	\$ 6,169
Short-term loans receivable	50	282	608
Total	¥ 557	¥ 628	\$ 6,777

7. SHORT-TERM AND LONG-TERM BORROWINGS

Short-term borrowings from an unconsolidated subsidiary at March 31, 2012 and 2011 were as follows:

	<u>Millions of Yen</u>		<u>Thousands of U.S. Dollars</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>
Short-term borrowings with average interest rate of 0.03% (2012) and 0.1% (2011)	¥ 20	¥ 10	\$ 243
Lease obligations	13	9	158
Total	¥ 33	¥ 19	\$ 401

Long-term borrowings at March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2012</u>	<u>2011</u>	<u>2012</u>
Lease obligations	¥ 12	¥ 10	\$ 146
Total	<u>¥ 12</u>	<u>¥ 10</u>	<u>\$ 146</u>

8. RETIREMENT BENEFITS

The Company and its domestic subsidiaries have severance payment plans for employees, directors and corporate auditors. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The net liability for employees' retirement benefits at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2012</u>	<u>2011</u>	<u>2012</u>
Projected benefit obligation	¥ 18,106	¥ 17,120	\$ 220,294
Fair value of plan assets	(17,956)	(16,086)	(218,469)
Unrecognized actuarial loss	(587)	(1,732)	(7,142)
Prepaid pension costs	<u>558</u>	<u>790</u>	<u>6,789</u>
Net liability	<u>¥ 121</u>	<u>¥ 92</u>	<u>\$ 1,472</u>

The components of net periodic benefit costs for the years ended March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2012</u>	<u>2011</u>	<u>2012</u>
Service cost	¥ 1,031	¥ 997	\$ 12,544
Interest cost	337	316	4,100
Expected return on plan assets	(239)	(229)	(2,908)
Recognized actuarial loss	<u>1,260</u>	<u>1,076</u>	<u>15,331</u>
Net periodic benefit costs	<u>¥ 2,389</u>	<u>¥ 2,160</u>	<u>\$ 29,067</u>

Assumptions used for the years ended March 31, 2012 and 2011 are set forth as follows:

	<u>2012</u>	<u>2011</u>
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	1.5%	1.5%
Recognition period of actuarial gain/loss	4 years	4 years

Liability for retirement benefits recorded in the accompanying consolidated balance sheets at March 31, 2012 and 2011 includes the retirement allowance for directors and corporate auditors of ¥529 million (\$6,436 thousand) and ¥471 million, respectively. The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

The provisions for retirement benefits to directors and corporate auditors charged to income were ¥63 million (\$767 thousand) and ¥67 million for the years ended March 31, 2012 and 2011, respectively.

9. EQUITY

Japanese companies are subject to the Companies Act of Japan (the “Companies Act”). The significant provisions in the Companies Act that affect financial and accounting matters are summarised below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

Semi-annual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total aggregate amount of legal reserve and additional paid-in capital equals 25% of the amount of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

10. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.4% for the years ended March 31, 2012 and 2011.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2012</u>	<u>2011</u>	<u>2012</u>
Deferred tax assets:			
Accrued expenses	¥ 1,513	¥ 1,244	\$ 18,408
Retirement allowances for directors and corporate auditors	243	232	2,957
Enterprise tax	171	106	2,081
Accrued warranty costs	178	164	2,166
Unrealized loss on available-for-sale securities	128	233	1,557
Allowance for doubtful accounts	40	48	487
Depreciation	146	130	1,776
Other	833	759	10,135
Less valuation allowance	(553)	(461)	(6,728)
Total	<u>¥ 2,699</u>	<u>¥ 2,455</u>	<u>\$ 32,839</u>
Deferred tax liabilities:			
Long-term prepaid pension expenses	¥ 210	¥ 319	\$ 2,555
Other	43	3	523
Total	<u>253</u>	<u>322</u>	<u>3,078</u>
Net deferred tax assets	<u>¥ 2,446</u>	<u>¥ 2,133</u>	<u>\$ 29,761</u>

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2012 and 2011 are as follows:

	2012	2011
Normal effective statutory tax rate	40.4 %	40.4 %
Expenses not deductible for income tax purposes	1.4	1.8
Minimum inhabitant taxes	1.4	1.8
Change in valuation allowance	1.4	1.6
Tax credits on research and development costs	(1.4)	(1.5)
Downward revision to deferred tax assets as of the end of the period due to the change in corporate tax rates	2.5	
Other — net	1.4	(1.5)
Actual effective tax rate	<u>47.1 %</u>	<u>42.6 %</u>

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 40.4% to 37.8% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 35.4% afterwards. The effect of this change was to decrease deferred taxes in the consolidated balance sheet as of March 31, 2012 by ¥188 million (\$2,287 thousand) and to increase income taxes—deferred in the consolidated statement of income for the year then ended by ¥169 million (\$2,056 thousand).

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥1,708 million (\$20,781 thousand) and ¥1,467 million for the years ended March 31, 2012 and 2011, respectively.

12. TRANSACTIONS WITH UNCONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Major transactions with unconsolidated subsidiaries for the years ended March 31, 2012 and 2011 were as follows:

<u>Year Ended</u>	Millions of Yen				
	<u>Sales</u>	<u>Purchases</u>	<u>Rent on real estate</u>	<u>Research and development costs</u>	<u>Fee expenses</u>
March 31, 2012	¥ 1,309	¥ 84	¥ 7	¥ 3	¥ 267
March 31, 2011	687	760	9	8	268

<u>Year Ended</u>	Thousands of U.S. Dollars				
	<u>Sales</u>	<u>Purchases</u>	<u>Rent on real estate</u>	<u>Research and development costs</u>	<u>Fee expenses</u>
March 31, 2012	\$ 15,927	\$ 1,022	\$ 85	\$ 37	\$ 3,249

13. OTHER INCOME (EXPENSES) — NET

Other income (expenses) — net for the years ended March 31, 2012 and 2011 consisted of the following :

	Millions of Yen		Thousands of U.S. Dollars
	<u>2012</u>	<u>2011</u>	<u>2012</u>
Loss on cash in trust	¥ (1)		\$ (12)
Gain on sale of property and equipment	5	¥ 3	61
Loss on retirement of property and equipment	(107)	(18)	(1,302)
Loss on valuation of investment securities — net		(459)	
Other	<u>457</u>	<u>243</u>	<u>5,560</u>
Other income (expenses) — net	<u>¥ 354</u>	<u>¥ (231)</u>	<u>\$ 4,307</u>

14. LEASES

As a lessor, the Company recognized the leased assets as lease investment assets. The net lease investment assets are summarized as follows.

	Millions of Yen		Thousands of U.S. Dollars
	<u>2012</u>	<u>2011</u>	<u>2012</u>
Gross lease receivables	¥ 5,302	¥ 5,745	\$ 64,509
Unearned interest income	<u>2,761</u>	<u>3,004</u>	<u>33,593</u>
Lease investment assets, current	<u>¥ 2,541</u>	<u>¥ 2,741</u>	<u>\$ 30,916</u>

Maturities of lease investment assets for finance leases that are not deemed to transfer ownership of the leased property to the lessee are as follows:

<u>Years Ending March 31</u>	<u>Millions of Yen</u>	<u>Thousands of U.S. Dollars</u>
2013	¥ 629	\$ 7,653
2014	532	6,473
2015	450	5,475
2016	369	4,489
2017	300	3,650
2018 and thereafter	<u>261</u>	<u>3,176</u>
Total	<u>¥ 2,541</u>	<u>\$ 30,916</u>

As a lessee, the Company and some subsidiaries lease certain machinery, equipment, tools, furniture and fixtures.

15. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group policy for financial instruments

The capital expenditures of the Companies are financed by their own funds. Cash surpluses, if any, are invested in low-risk financial instruments such as negotiable CD and marketable debt securities. The Companies also invest in the stock of their business partners to maintain and enhance business relationships.

(2) Nature and extent of risks arising from financial instruments

Receivables, such as trade notes and trade accounts, and lease investment assets are exposed to customer credit risk. Receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates. Marketable and investment securities, mainly negotiable CD, held-to-maturity securities, and equity instruments of customers and suppliers of the Companies, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are generally less than one month.

(3) Risk management for financial instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Company manages its credit risk from receivables and lease investment assets on the basis of internal guidelines, which include monitoring of payment terms and balances of major customers by each division to identify the default risk of customers in the early stages.

Certain consolidated subsidiaries hedge their credit risk by collecting advance payments before shipment of products.

Market risk management (foreign exchange risk and interest rate risk)

Marketable and investment securities are managed by putting limits on investment amounts in accordance with internal guidelines, and monitoring market value and financial position of issuers on a regular basis.

Liquidity risk management

Liquidity risk comprises the risk that the Company cannot meet its contractual obligations in full on maturity dates. The Companies manage their liquidity risk by developing cash management plans based on reports from each division, and holding adequate balances of liquid assets.

(4) Fair value of financial instruments

Fair value of financial instruments are based on quoted price in active markets. If quoted price is not available, other rational valuation techniques are used instead.

a. Fair value of financial instruments

March 31, 2012	Millions of yen		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 14,317	¥ 14,317	
Receivables	21,622	21,622	
Lease investment assets	2,541	5,052	¥ 2,511
Investment securities	8,300	8,288	(12)
Total	¥ 46,780	¥ 49,279	¥ 2,499
Payables	¥ 4,696	¥ 4,696	
Income taxes payable	2,297	2,297	
Total	¥ 6,993	¥ 6,993	

March 31, 2011	Millions of yen		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 8,830	¥ 8,830	
Marketable securities	504	505	¥ 1
Receivables	18,702	18,702	
Lease investment assets	2,741	5,468	2,727
Investment securities	7,732	7,737	5
Total	¥ 38,509	¥ 41,242	¥ 2,733
Payables	¥ 4,281	¥ 4,281	
Income taxes payable	1,226	1,226	
Total	¥ 5,507	¥ 5,507	

March 31, 2012	Thousands of U.S. Dollars		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	\$ 174,194	\$ 174,194	
Receivables	263,073	263,073	
Lease investment assets	30,916	61,467	\$ 30,551
Investment securities	100,986	100,840	(146)
Total	\$ 569,169	\$ 599,574	\$ 30,405
Payables	\$ 57,136	\$ 57,136	
Income taxes payable	27,948	27,948	
Total	\$ 85,084	\$ 85,084	

Cash and cash equivalents, receivables, payables, and income taxes payable

The carrying value of cash and cash equivalents, receivables, payables and income taxes payable approximate fair value because of their short maturities.

Lease investment assets

The fair value of lease investment assets are determined by discounting the cash flows related to the lease investment assets at the Companies' assumed corporate discount rate, based upon consideration of risk-free interest rates and credit risk.

Marketable and investment securities

The fair value of marketable and investment securities are measured at the quoted market price of the stock exchange for equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. The information of the fair value for marketable and investment securities by classification is included in Note 5.

b. Carrying amount of financial instruments whose fair value cannot be reliably determined

	Carrying amount		Thousands of
	Millions of Yen		U.S. Dollars
	2012	2011	2012
Investments in equity instruments that do not have a quoted market price in an active market	¥ 1,779	¥ 2,675	\$ 21,645

(5) Maturity analysis for financial assets and securities with contractual maturities

March 31, 2012	Millions of Yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	¥ 14,266			
Receivables	21,512	¥ 102	¥ 8	
Lease investment assets	629	1,651	257	¥ 4
Investment securities:				
Held-to-maturity securities		2	3,800	
Available-for-sale securities with contractual maturities		25		
Total	¥ 36,407	¥ 1,780	¥ 4,065	¥ 4

March 31, 2011	Millions of Yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	¥ 8,777			
Marketable securities	500			
Receivables	18,678	¥ 13	¥ 11	
Lease investment assets	680	1,756	290	¥ 15
Investment securities:				
Held-to-maturity securities		3	2,700	
Available-for-sale securities with contractual maturities		28		
Total	¥ 28,635	¥ 1,800	¥ 3,001	¥ 15

March 31, 2012	Thousands of U.S. Dollars			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	\$ 173,573			
Receivables	261,735	\$ 1,241	\$ 97	
Lease investment assets	7,653	20,088	3,127	\$ 48
Investment securities:				
Held-to-maturity securities		24	46,234	
Available-for-sale securities with contractual maturities		304		
Total	<u>\$ 442,961</u>	<u>\$ 21,657</u>	<u>\$ 49,458</u>	<u>\$ 48</u>

16. COMPREHENSIVE LOSS

For the year ended March 31, 2012

The components of other comprehensive income for the year ended March 31, 2012 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Unrealized gain on available-for-sale securities		
Gains arising during the year	¥ 44	\$ 535
Reclassification adjustments to profit or loss	171	2,081
Amount before income tax effect	215	2,616
Income tax effect	(105)	(1,278)
Total	<u>110</u>	<u>1,338</u>
Foreign currency translation adjustments		
Adjustments arising during the year	¥ (495)	(6,022)
Reclassification adjustments to profit or loss	(495)	(6,022)
Amount before income tax effect	(495)	(6,022)
Income tax effect		
Total	<u>(495)</u>	<u>(6,022)</u>
Total other comprehensive loss	<u>¥ (385)</u>	<u>\$ (4,684)</u>

The corresponding information for the year ended March 31, 2011 was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

17. RELATED PARTY TRANSACTION

Information on related party transactions for the year ended March 31, 2012 were as follows:

Type	Name	Location	Capital	Business line	Equity ownership (%)	Relationship	Transaction	Amount of transaction	
			Millions of Rupiah					Millions of Yen	Thousands of Dollars
Unconsolidated subsidiary	PT. Miura Indonesia	Indonesia	161,165	Manufacturing and sales of boilers	Direct 89.70 Indirect 10.30	-Sales of materials -The directors are appointed by the Company's management.	Underwriting of capital increase	1,036	12,605

There are no related party transactions for the year ended March 31, 2011.

18. SEGMENT INFORMATION

For the years ended March 31, 2012 and 2011

(1) Description of reportable segments

The Companies' reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Companies. Therefore, the Companies consist of the segments of Manufacturing & sales of boilers, Manufacturing & sales of water tube boilers and cooling equipment, and Maintenance.

The Company operates in the following segments:

Manufacturing & sales of boilers	Small once-through boiler, Simple once-through boiler, Hot water boiler, Hot water heater, Filtration equipment, Pure water generator, Water softener, Oxygen remover, Central Management System, Chemicals for boiler, Lease of Miura products
Manufacturing & sales of water tube boilers and cooling equipment	Thermal oil heater, Marine auxiliary boiler, Composite boiler, Waste heat boiler, Sterilizer, Water cooler, Vacuum cooler, Transfer pump, Water desalination unit, Steam cooker, Waste oil incinerator, Steel, Measurement analysis of dioxins
Maintenance	Maintenance contract, Paid maintenance, Technical guidance, Maintenance lease

(2) Methods of measurement for the amounts of sales, profit, assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies".

Profit of reportable segments are calculated as operating income. The Companies account for intersegment sales and transfers on the basis of arm's length price.

(3) Information about sales, profit, assets, liabilities and other items is as follows.

Millions of Yen						
2012						
Reportable segment						
	Manufacturing & sales of boilers	Manufacturing & sales of water tube boilers and cooling equipment	Maintenance	Total	Reconciliations	Consolidated
Sales:						
Sales to external customers	¥ 37,314	¥ 11,824	¥ 25,456	¥ 74,594		¥ 74,594
Intersegment sales or transfers	2,098	549		2,647	¥ (2,647)	
Total	39,412	12,373	25,456	77,241	(2,647)	74,594
Segment profit	1,215	1,174	6,978	9,367	(3,354)	6,013
Segment assets	32,802	10,039	16,729	59,570	43,057	102,627
Other:						
Depreciation	1,102	324	294	1,720	321	2,041
Increase in property, plant and equipment and intangible assets	¥ 929	¥ 358	¥ 627	¥ 1,914	¥ 245	¥ 2,159

Millions of Yen						
2011						
Reportable segment						
	Manufacturing & sales of boilers	Manufacturing & sales of water tube boilers and cooling equipment	Maintenance	Total	Reconciliations	Consolidated
Sales:						
Sales to external customers	¥ 32,260	¥ 11,067	¥ 24,578	¥ 67,905		¥ 67,905
Intersegment sales or transfers	1,993	546		2,539	¥ (2,539)	
Total	34,253	11,613	24,578	70,444	(2,539)	67,905
Segment profit	412	1,324	6,944	8,680	(3,583)	5,097
Segment assets	27,269	8,205	15,450	50,924	47,148	98,072
Other:						
Depreciation	1,123	336	320	1,779	374	2,153
Increase in property, plant and equipment and intangible assets	¥ 596	¥ 180	¥ 386	¥ 1,162	¥ 315	¥ 1,477

Thousands of U.S. Dollars						
2012						
Reportable segment						
	Manufacturing & sales of boilers	Manufacturing & sales of water tube boilers and cooling equipment	Maintenance	Total	Reconciliations	Consolidated
Sales:						
Sales to external customers	\$ 453,997	\$ 143,862	\$ 309,721	\$ 907,580		\$ 907,580
Intersegment sales or transfers	25,526	6,680		32,206	\$ (32,206)	
Total	479,523	150,542	309,721	939,786	(32,206)	907,580
Segment profit	14,783	14,284	84,901	113,968	(40,808)	73,160
Segment assets	399,100	122,144	203,540	724,784	523,871	1,248,655
Other:						
Depreciation	13,408	3,942	3,577	20,927	3,906	24,833
Increase in property, plant and equipment and intangible assets	\$ 11,303	\$ 4,356	\$ 7,629	\$ 23,288	\$ 2,980	\$ 26,268

Notes:

1. Reconciliations of segment profit mainly represent corporate expenses, including administrative expenses, which are not attributable to specific reportable segments.
Reconciliations of segment assets mainly represent the surplus assets of the Company, which include cash and marketable securities, long-term investment funds, including investment securities, and also respectively related to assets of management department.
2. Segment profit is reconciled to operating profit of the consolidated financial statements.

19. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2012 and 2011 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2012	Net Income	Weighted- average Shares	EPS	
Basic EPS—Net income available to common shareholders	¥ 3,577	38,440	¥ 93.06	\$ 1.13

Diluted EPS is not disclosed because there is no outstanding potential common stock for the year ended March 31, 2012.

Year Ended March 31, 2011				
Basic EPS—Net income available to common shareholders	¥ 3,065	38,359	¥ 79.91	
Effect of dilutive securities—Stock options		36		
Diluted EPS—Net income for computation	¥ 3,065	38,395	¥ 79.84	

20. SUBSEQUENT EVENTS

Retirement and Pension Plan

The Company and domestic subsidiaries shifted a portion of the existing defined benefit pension plan (qualified pension plan) to a defined contribution pension plan. The Company and domestic subsidiaries applied the accounting treatments specified in the guidance issued by the ASBJ. The effect of this transfer will be to increase income before income taxes by ¥302 million (\$3,674 thousand) in the consolidated statement of income for the year ended March 31, 2013.

Appropriations of Retained Earnings

At the general shareholders meeting held on June 28, 2012, the Company's shareholders approved the following appropriations of retained earnings as of March 31, 2012:

	<u>Millions of Yen</u>	<u>Thousands of U.S. Dollars</u>
Appropriations—Cash dividends, ordinary dividend of ¥20.00 (\$0.24)	<u>¥ 769</u>	<u>\$ 9,356</u>

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