Miura Co., Ltd. and its Consolidated Subsidiaries

Consolidated Financial Statements for the Year Ended March 31, 2013, and Independent Auditor's Report

Deloitte

Deloitte Touche Tohmatsu LLC
Hiroshima Business Tower
3-33, Hacchobori, Naka-ku
Hiroshima-shi, Hiroshima
730-0013, Japan

Tel: +81 (82) 222 7050
Fax: +81 (82) 222 7233
www.deloitte.com/jp

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 its consolidated subsidiaries as of March 31, 2013, 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 accordance 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 misstatement, 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 accordance 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 its consolidated subsidiaries as of March 31, 2013, and the consolidated results of their operations and their cash flows for the year then ended in accordance 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 accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 27, 2013

Miura Co., Ltd. and its Consolidated Subsidiaries

Consolidated Balance Sheet
March 31, 2013

ASSETS	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
CURRENT ASSETS:			
Cash and cash equivalents (Note 18)	¥ 13,257	¥ 14,317	$ 140,957
Short-term investments (Notes 4 and 18)	11,631	11,875	123,669
Receivables (Note 18):			
Trade notes	7,519	7,190	79,947
Trade accounts	13,945	13,936	148,272
Unconsolidated subsidiaries and associated companies (Note 6)	315	557	3,349
Other	191	103	2,031
Allowance for doubtful accounts	(78)	(164)	(829)
Inventories (Note 5)	9,651	9,120	102,616
Lease investment assets (Notes 17 and 18)	2,308	2,541	24,540
Deferred tax assets (Note 13)	2,159	2,169	22,956
Prepaid expenses and other	336	292	3,572
Total current assets	61,234	61,936	651,080
PROPERTY, PLANT AND EQUIPMENT:			
Land	11,221	10,088	119,309
Buildings and structures	27,578	25,706	293,227
Machinery and equipment (Note 17)	6,640	6,143	70,601
Tools, furniture and fixtures (Note 17)	6,493	6,296	69,038
Construction in progress	1,847	194	19,638
Total	53,779	48,427	571,813
Accumulated depreciation	(21,744)	(20,111)	(231,196)
Net property, plant and equipment	32,035	28,316	340,617
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 8 and 18)	9,480	8,502	100,797
Investments in unconsolidated subsidiaries and associated companies	1,341	1,594	14,258
Deposits	674	644	7,166
Prepaid pension costs (Note 10)	456	558	4,849
Deferred tax assets (Note 13)	16	284	170
Other	705	793	7,496
Total investments and other assets	12,672	12,375	134,736
TOTAL	¥ 105,941	¥ 102,627	$ 1,126,433

LIABILITIES AND EQUITY	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
CURRENT LIABILITIES:			
Short-term borrowings (Note 9)	¥ 35	¥ 33	$ 372
Payables (Note 18):			
Trade notes	381	313	4,051
Trade accounts	1,821	1,988	19,362
Unconsolidated subsidiaries and associated companies	48	52	510
Other	2,313	2,343	24,593
Income taxes payable (Note 18)	1,747	2,297	18,575
Advances received from customers	6,131	5,709	65,189
Accrued expenses	5,328	5,340	56,651
Product warranty provision	512	500	5,444
Provision for environmental measures	11	11	117
Asset retirement obligations	7	7	74
Other current liabilities	690	701	7,337
Total current liabilities	19,024	19,294	202,275
LONG-TERM LIABILITIES:			
Long-term borrowings (Note 9)	9	12	96
Liability for retirement benefits (Note 10)	234	650	2,488
Deferred tax liabilities (Note 13)	117	6	1,244
Other	527	34	5,603
Total long-term liabilities	887	702	9,431
Total liabilities	19,911	19,996	211,706
EQUITY (Notes 11, 12 and 22):			
Common stock—authorized, 100,000,000 shares; issued, 41,763,704 shares in 2013 and 2012	9,544	9,544	101,478
Capital surplus	10,088	10,088	107,262
Stock acquisition rights	53		564
Retained earnings	73,737	70,046	784,019
Treasury stock—at cost, 4,276,831 shares in 2013 and 3,324,290 shares in 2012	(7,057)	(5,055)	(75,035)
Accumulated other comprehensive gain (loss):			
Unrealized gain (loss) on available-for-sale securities	333	(233)	3,541
Foreign currency translation adjustments	(682)	(1,770)	(7,251)
Total	86,016	82,620	914,578
Minority interests	14	11	149
Total equity	86,030	82,631	914,727
TOTAL	¥ 105,941	¥ 102,627	$ 1,126,433

See notes to consolidated financial statements.

Miura Co., Ltd. and its Consolidated Subsidiaries

Consolidated Statement of Income
Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
NET SALES (Note 15)	¥ 78,157	¥ 74,594	$831,015
COST OF SALES (Notes 10 and 15)	45,950	44,830	488,570
Gross profit	32,207	29,764	342,445
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 10, 14 and 15)	24,765	23,751	263,317
Operating income	7,442	6,013	79,128
OTHER INCOME (EXPENSES):			
Interest and dividend income	293	285	3,115
Loss on sales of marketable and investment securities—net		(189)	
Rent on real estate (Note 15)	385	382	4,094
Foreign exchange gain (loss)—net	347	(134)	3,690
Settlement received		47	
Gain on abolishment of retirement benefit plan	302		3,211
Impairment loss of long-lived assets (Note 7)	(395)		(4,200)
Other—net (Note 16)	368	354	3,913
Other income—net	1,300	745	13,823
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	8,742	6,758	92,951
INCOME TAXES (Note 13):			
Current	3,446	3,605	36,640
Deferred	107	(422)	1,138
Total income taxes	3,553	3,183	37,778
NET INCOME BEFORE MINORITY INTERESTS	5,189	3,575	55,173
MINORITY INTERESTS IN NET LOSS (INCOME)	1	(2)	11
NET INCOME	¥ 5,188	¥ 3,577	$ 55,162
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 21):			
Basic net income	¥ 136.14	¥ 93.06	$ 1.45
Diluted net income	136.03		1.45
Cash dividends applicable to the year	41.00	40.00	0.44

See notes to consolidated financial statements.

Miura Co., Ltd. and its Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income
Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
NET INCOME BEFORE MINORITY INTERESTS	¥ 5,189	¥ 3,575	$ 55,173
OTHER COMPREHENSIVE INCOME (LOSS) (Note 19):			
Unrealized gain on available-for-sale securities	566	110	6,018
Foreign currency translation adjustments	1,091	(495)	11,600
Total other comprehensive income (loss)	1,657	(385)	17,618
COMPREHENSIVE INCOME	¥ 6,846	¥ 3,190	$ 72,791
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company	¥ 6,842	¥ 3,188	$ 72,748
Minority interests	4	2	43

See notes to consolidated financial statements.

Miura Co., Ltd. and its Consolidated Subsidiaries

Consolidated Statement of Changes in Equity
Year Ended March 31, 2013

	Thousands		Millions of Yen									
								Accumulated other comprehensive gain (loss)				
	Issued Number of Shares of Common Stock	Treasury Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-sale Securities	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 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							(1)			(1)		(1)
Exercise of stock options							1			1		1
Change in scope of consolidation						(451)				(451)		(451)
Transfer of loss on disposal of treasury stock												
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
Net income						5,188				5,188		5,188
Cash dividends, ¥40.00 per share						(1,538)				(1,538)		(1,538)
Purchase of treasury stock		(953)					(2,002)			(2,002)		(2,002)
Change in scope of consolidation						41				41		41
Net change in the year					¥ 53			566	1,088	1,707	3	1,710
BALANCE, MARCH 31, 2013	41,764	(4,277)	¥ 9,544	¥ 10,088	¥ 53	¥ 73,737	¥ (7,057)	¥ 333	¥ (682)	¥ 86,016	¥ 14	¥ 86,030

	Thousands of U.S. Dollars (Note 1)									
						Accumulated other comprehensive gain (loss)				
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-sale Securities	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2012	$ 101,478	$ 107,262		$ 744,774	$ (53,748)	$ (2,477)	$ (18,819)	$ 878,470	$ 117	$ 878,587
Net income				55,162				55,162		55,162
Cash dividends, $0.43 per share				(16,353)				(16,353)		(16,353)
Purchase of treasury stock					(21,287)			(21,287)		(21,287)
Change in scope of consolidation				436				436		436
Net change in the year			$ 564			6,018	11,568	18,150	32	18,182
BALANCE, MARCH 31, 2013	$ 101,478	$ 107,262	$ 564	$ 784,019	$ (75,035)	$ 3,541	$ (7,251)	$ 914,578	$ 149	$ 914,727

See notes to consolidated financial statements

Miura Co., Ltd. and its Consolidated Subsidiaries

Consolidated Statement of Cash Flows
Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 8,742	¥ 6,758	$ 92,951
Adjustments for:			
Income taxes—paid	(4,017)	(2,530)	(42,711)
Depreciation and amortization	2,013	2,041	21,404
Impairment loss of long-lived assets	395	231	4,200
Decrease in prepaid pension costs	404		4,296
(Decrease) increase in allowance for doubtful accounts	(100)	25	(1,063)
(Decrease) increase in provision for accrued bonuses to employees	(109)	778	(1,159)
Decrease in provision for environmental measures		(7)	
Stock based compensation expense	53		563
Loss on disposal and sale of property, plant and equipment	24	103	255
Gain on abolishment of retirement benefit plan	(302)		(3,211)
Foreign exchange (gain) loss	(98)	145	(1,042)
Loss on sales of investment securities		189	
Decrease (increase) in receivables	496	(3,220)	5,274
Increase in inventories	(153)	(22)	(1,627)
(Decrease) increase in payables	(574)	228	(6,103)
Other—net	417	1,449	4,433
Total adjustments	(1,551)	(590)	(16,491)
Net cash provided by operating activities	7,191	6,168	76,460
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	(5,386)	(1,965)	(57,267)
Proceeds from sales of property, plant and equipment	39	9	415
Purchase of marketable securities	(18,200)	(19,900)	(193,514)
Proceeds from sales and redemption of marketable securities	19,300	25,403	205,210
Purchase of investment securities	(1,422)	(2,099)	(15,120)
Proceeds from sales and redemption of investment securities	1,306	1,477	13,886
Payment for loans	(57)	(50)	(606)
Proceeds from collection of loans	50	50	532
Proceeds from cancellation of cash in trust		3	
Payment for investment in unconsolidated subsidiaries	(1,093)	(1,051)	(11,621)
Increase in short-term investments—net	(532)	(1,175)	(5,657)
Other—net	(118)	105	(1,255)
Net cash (used in) provided by investing activities	(6,113)	807	(64,997)
FORWARD	¥ 1,078	¥ 6,975	$ 11,463

(Continued)

Miura Co., Ltd. and its Consolidated Subsidiaries

Consolidated Statement of Cash Flows
Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
FORWARD	¥ 1,078	¥ 6,975	$ 11,463
FINANCING ACTIVITIES:			
Increase in short-term borrowings—net		10	
Repayments of lease obligations	(6)	(6)	(64)
Purchase of treasury stock	(2,002)	(1)	(21,287)
Proceeds from sale of treasury stock		1	
Cash dividends paid	(1,535)	(1,536)	(16,321)
Net cash used in financing activities	(3,543)	(1,532)	(37,672)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	233	(46)	2,477
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,232)	5,397	(23,732)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,317	8,830	152,228
INCREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM CHANGE IN SCOPE OF CONSOLIDATION	1,172	90	12,461
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 13,257	¥ 14,317	$140,957

See notes to consolidated financial statements.

(Concluded)

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 accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of 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 2012 consolidated financial statements to conform to the classifications used in 2013.

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 ¥94.05 to U.S.$1, the approximate rate of exchange at March 31, 2013. 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, 2013 include the accounts of the Company and its fourteen (twelve in 2012) significant subsidiaries (collectively, the "Companies").

Miura South East Asia Pte. Ltd. and PT. Miura Indonesia were included into the scope of consolidation at the beginning of the year ended March 31, 2013 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 five (six in 2012) unconsolidated subsidiaries and three (two in 2012) 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.

Eight 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 in more than three months from the date of acquisition, negotiable certificate of deposit and trust funds.

d. ***Inventories—*** Inventories are stated at cost, determined by the following method. (Balance sheet value is 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

According to the revised Corporation Tax Law, the Company and domestic consolidated subsidiaries changed the depreciation method for tangible fixed assets which are acquired after April 1, 2012. As a result, the depreciation for the fiscal year end March 31, 2013, decreased by ¥25 million ($266 thousand), and operating income and income before income taxes and minority interests increased by ¥25 million ($266 thousand), as compared to the conventional method.

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—***To provide for the future expenditures on environmental protection (disposal cost of polychlorinated biphenyls waste), the estimated amount is recorded at the end of the 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.

Three foreign subsidiaries in Korea and Indonesia have unfunded retirement plans covering substantially all of their employees.

The liability for employees' retirement benefits is based on the projected benefit obligations and plan assets at the consolidated 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 consolidated 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. ***Stock Options***—The accounting standard for stock options requires companies to measure the cost of employee stock options based on the fair value at the date of grant and recognize compensation expense over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

o. ***Research and Development Costs***—Research and development costs are charged to income as incurred.

p. ***Leases***—The Company leases certain assets produced as a lessor and the Companies lease certain equipments as lessees.

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 are 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 are included in “Machinery and equipment” and “Tool, furniture and fixtures”, and lease obligations are included in “Short-term borrowings” and “Long-term borrowings”, as such amounts are considered immaterial.

q. ***Income Taxes***—The provision for income taxes is computed based on the pretax income included in the consolidated statement 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.

r. ***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 consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

s. ***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.

t. ***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 accompanying consolidated statement of income represent cash dividends, including semi-annual cash dividends, applicable to the income of the respective years.

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 an effective date of April 1, 2000, and the other related practical guidance, and followed by partial amendments from time to time through 2009.

Major changes are as follows:

(1) 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, is 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 any resulting deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(2) Treatment in the statement of income and the statement of comprehensive income

The revised accounting standard does 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 have not yet been 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.

(3) Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases

The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (1) and (2) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (3) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both 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 for (1) and (2) above from the end of the annual period beginning on April 1, 2013, and for (3) above from the beginning of the annual period beginning on April 1, 2014, and is in the process of measuring the effects of applying the revised accounting standard in future applicable periods.

3. CHANGE IN PRESENTATION

Prior to April 1, 2012, the increase/decrease in prepaid pension costs was included in "other—net" of the operating activities section of the consolidated statement of cash flows. Since the amount increased significantly during this fiscal year ended March 31, 2013, this amount is disclosed separately in the operating activities section of the consolidated statement of cash flows for the year ended of March 31, 2013. The amount included in "other—net" for the year ended March 31, 2012, was ¥231 million.

4. SHORT-TERM INVESTMENTS

Short-term investments at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Time deposit	¥ 5,528	¥ 4,673	$ 58,777
Negotiable certificate of deposit	6,102	7,202	64,881
Other	1		11
Total	¥ 11,631	¥ 11,875	$ 123,669

5. INVENTORIES

Inventories at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Finished products and merchandise	¥ 3,357	¥ 3,146	$ 35,694
Work-in-process	1,753	1,776	18,639
Raw materials and supplies	4,541	4,198	48,283
Total	¥ 9,651	¥ 9,120	$ 102,616

6. RECEIVABLES FROM UNCONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Receivables from unconsolidated subsidiaries at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Accounts receivable	¥ 258	¥ 507	$ 2,743
Short-term loans receivable	57	50	606
Total	¥ 315	¥ 557	$ 3,349

7. LONG-LIVED ASSETS

The Companies reviewed their long-lived assets for impairment as of March 31, 2013. As a result, the Companies recognized an impairment loss of ¥395 million ($4,200 thousand) as other expense for a certain asset group for manufacturing boilers in the United States due to a continuous operating loss. The carrying amounts of the relevant assets were written down to the recoverable amounts for the year ended March 31, 2013. The recoverable amounts of the machinery and equipment were measured at their value in use, and those of the buildings and land were measured at their net selling price based on a real estate appraisal. The discount rate used for computation of the present value of future cash flows was 4.5%. No impairment loss was recognized in 2012.

8. INVESTMENT SECURITIES

Investment securities at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Non-current:			
Equity securities	¥ 5,960	¥ 4,591	$ 63,370
Government and corporate bonds and other	3,444	3,841	36,619
Trust fund investments and other	76	70	808
Total	¥ 9,480	¥ 8,502	$ 100,797

The carrying amounts and aggregate fair value of investment securities at March 31, 2013 and 2012, were as follows:

	Millions of Yen			
March 31, 2013	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 5,265	¥ 747	¥ 250	¥ 5,762
Trust fund investments and other	62	15	3	74
Held-to-maturity	3,444	19	15	3,448

	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

	Thousands of U.S. Dollars			
March 31, 2013	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 55,981	$ 7,942	$ 2,658	$ 61,265
Trust fund investments and other	659	159	31	787
Held-to-maturity	36,619	202	160	36,661

9. SHORT-TERM AND LONG-TERM BORROWINGS

Short-term borrowings from an unconsolidated subsidiary at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Short-term borrowings with average interest rate of 0.025% (2013) and 0.03% (2012)	¥ 20	¥ 20	$ 213
Lease obligations	15	13	159
Total	¥ 35	¥ 33	$ 372

Long-term borrowings at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Lease obligations	¥ 9	¥ 12	$ 96
Total	¥ 9	¥ 12	$ 96

10. 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 Company and its domestic subsidiaries converted a portion of the existing defined benefit pension plan (qualified pension plan) to a defined contribution pension plan, and applied ASBJ Guidance No. 1 "Accounting for Transfer between Retirement Benefit Plans". The effect of this transfer increased income before income taxes and minority interests by ¥302 million ($3,211 thousand) in the consolidated statement of income for the year ended March 31, 2013.

The subsidiaries in Korea and Indonesia have defined benefit plans, and the foreign subsidiary in Canada has a defined contribution plan.

The net liability for employees' retirement benefits at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Projected benefit obligation	¥ 18,124	¥ 18,106	$ 192,706
Fair value of plan assets	(15,990)	(17,956)	(170,016)
Unrecognized prior service cost	(69)		(734)
Unrecognized actuarial loss	(2,374)	(587)	(25,242)
Prepaid pension costs	456	558	4,849
Net liability	¥ 147	¥ 121	$ 1,563

The components of net periodic benefit costs for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Service cost	¥ 835	¥ 1,031	$ 8,878
Interest cost	293	337	3,115
Expected return on plan assets	(224)	(239)	(2,382)
Amortization of prior service cost	8		85
Recognized actuarial loss	552	1,260	5,869
Payment to a defined contribution plan	234		2,488
Net periodic benefit costs	¥ 1,698	¥ 2,389	$ 18,053

Assumptions used for the years ended March 31, 2013 and 2012, are set forth as follows:

	2013	2012
Discount rate	1.016%	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, 2013 and 2012, includes the retirement allowance for directors and corporate auditors of ¥87 million ($925 thousand) and ¥529 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 ¥27 million ($287 thousand) and ¥63 million for the years ended March 31, 2013 and 2012, respectively.

At the general shareholders meeting held on June 28, 2012, the Company resolved to abolish the retirement benefits system and instead to make a lump-sum payment to each eligible director and auditor for duties performed up to the date of abolition, upon retirement. As a result, the remaining amount reserved for retirement allowance for directors and auditors, ¥490 million ($5,210 thousand), is included in other long-term liabilities at March 31, 2013.

11. 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 summarized 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 an Audit and Supervisory Board, 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 that was 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

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.

12. STOCK OPTIONS

The stock options outstanding as of March 31, 2013, are as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2012 Stock Option	11 directors	38,000 shares	2012.7.17	¥ 1 ($ 0.01)	From July 18, 2012 to July 17, 2042

The stock option activity is as follows:

Year Ended March 31, 2013	
Non-vested	
March 31, 2012—Outstanding	
Granted	38,000
Canceled	
Vested	
March 31, 2013—Outstanding	38,000
Vested	
March 31, 2012—Outstanding	
Vested	
Exercised	
Canceled	
March 31, 2013—Outstanding	

	Exercised	Outstanding at March 31, 2013
Exercise price		¥ 1 ($ 0.01)
Average stock price at exercise		
Fair value price at grant date		¥ 1,857 ($ 19.74)

The Assumptions Used to Measure the Fair Value of the 2013 Stock Option

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	26.358%
Estimated remaining outstanding period:	4.2 years
Estimated dividend:	¥ 40 per share
Risk free interest rate:	0.131%

13. 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 37.8% for the year ended March 31, 2013 and 40.4% for the year ended March 31, 2012.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2013 and 2012, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Deferred tax assets:			
Accrued expenses	¥ 1,422	¥ 1,513	$ 15,120
Retirement allowances for directors and corporate auditors	92	243	978
Long-term liability — other	177		1,882
Enterprise tax	151	171	1,606
Accrued warranty costs	181	178	1,925
Unrealized loss on available-for-sale securities		128	
Allowance for doubtful accounts	21	40	223
Loss on revaluation of available-for-sale securities	85		904
Depreciation	176	146	1,871
Other	1,013	833	10,771
Less valuation allowance	(858)	(553)	(9,124)
Total	¥ 2,460	¥ 2,699	$ 26,156
Deferred tax liabilities:			
Long-term prepaid pension expenses	¥ 172	¥ 210	$ 1,829
Other	230	43	2,445
Total	402	253	4,274
Net deferred tax assets	¥ 2,058	¥ 2,446	$ 21,882

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2013 and 2012, is as follows:

	2013	2012
Normal effective statutory tax rate	37.8 %	40.4 %
Expenses not deductible for income tax purposes	1.3	1.4
Minimum inhabitant taxes	1.1	1.4
Change in valuation allowance	3.5	1.4
Tax credits on research and development costs	(1.4)	(1.4)
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	(1.7)	1.4
Actual effective tax rate	40.6 %	47.1 %

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.

14. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥1,909 million ($20,298 thousand) and ¥1,708 million for the years ended March 31, 2013 and 2012, respectively.

15. TRANSACTIONS WITH UNCONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Major transactions with unconsolidated subsidiaries for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen				
Year Ended	Sales	Purchases	Rent on real estate	Research and development costs	Fee expenses
March 31, 2013	¥ 885	¥ 87	¥ 7	¥ 2	¥ 271
March 31, 2012	1,309	84	7	3	267

	Thousands of U.S. Dollars				
Year Ended	Sales	Purchases	Rent on real estate	Research and development costs	Fee expenses
March 31, 2013	$ 9,410	$ 925	$ 74	$ 21	$ 2,881

16. OTHER INCOME (EXPENSES) — NET

Other income (expenses) — net for the years ended March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Loss on cash in trust		¥ (1)	
Gain on sale of property and equipment	¥ 5	5	$ 53
Loss on retirement of property and equipment	(24)	(107)	(255)
Other	387	457	4,115
Other income (expenses) — net	¥ 368	¥ 354	$ 3,913

17. 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
	2013	2012	2013
Gross lease receivables	¥ 4,910	¥ 5,302	$ 52,206
Unearned interest income	2,602	2,761	27,666
Lease investment assets, current	¥ 2,308	¥ 2,541	$ 24,540

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:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2014	¥ 550	$ 5,848
2015	483	5,136
2016	421	4,476
2017	383	4,072
2018	273	2,903
2019 and thereafter	198	2,105
Total	¥ 2,308	$ 24,540

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

18. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

a. 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 certificates of deposit and marketable debt securities. The Companies also invest in the stock of their business partners to maintain and enhance business relationships.

b. 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 certificates of deposit, 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.

c. 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.

d. Fair value of financial instruments

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

(1) Fair value of financial instruments

	Millions of yen		
March 31, 2013	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 13,257	¥ 13,257	
Short-term investments	11,630	11,630	
Receivables	21,892	21,892	
Lease investment assets	2,308	4,787	¥ 2,479
Investment securities	9,280	9,285	5
Total	¥ 58,367	¥ 60,851	¥ 2,484
Payables	¥ 4,563	¥ 4,563	
Income taxes payable	1,747	1,747	
Total	¥ 6,310	¥ 6,310	

	Millions of yen		
March 31, 2012	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 14,317	¥ 14,317	
Short-term investments	11,875	11,875	
Receivables	21,622	21,622	
Lease investment assets	2,541	5,052	¥ 2,511
Investment securities	8,300	8,288	(12)
Total	¥ 58,655	¥ 61,154	¥ 2,499
Payables	¥ 4,696	¥ 4,696	
Income taxes payable	2,297	2,297	
Total	¥ 6,993	¥ 6,993	

	Thousands of U.S. Dollars		
March 31, 2013	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	$ 140,957	$ 140,957	
Short-term investments	123,658	123,658	
Receivables	232,770	232,770	
Lease investment assets	24,540	50,898	$ 26,358
Investment securities	98,671	98,724	53
Total	$ 620,596	$ 647,007	$ 26,411
Payables	$ 48,516	$ 48,516	
Income taxes payable	18,575	18,575	
Total	$ 67,091	$ 67,091	

Cash and cash equivalents, short-term investments, receivables, payables, and income taxes payable

The carrying value of cash and cash equivalents, short-term investments, 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 considerations of risk-free interest rates and credit risk.

Investment securities

The fair value of investment securities is 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. Fair value information for investment securities by classification is included in Note 5.

(2) Carrying amount of financial instruments whose fair value cannot be reliably determined

Investments in equity instruments and debt instruments that do not have a quoted market price in an active market

	Carrying amount		
	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Investments in unconsolidated subsidiaries and associated companies	¥ 1,341	¥ 1,594	$ 14,258
Other	201	201	2,137
Total	¥ 1,542	¥ 1,795	$ 16,395

e. Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen			
March 31, 2013	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	¥ 13,209			
Short-term investments	11,631			
Receivables	21,873	¥ 14	¥ 5	
Lease investment assets	550	1,560	197	¥ 1
Investment securities:				
Held-to-maturity securities		502	2,900	
Available-for-sale securities with contractual maturities			27	
Total	¥ 47,263	¥ 2,076	¥ 3,129	¥ 1

	Millions of Yen			
March 31, 2012	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			
Short-term investments	11,875			
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	¥ 48,282	¥ 1,780	¥ 4,065	¥ 4

March 31, 2013	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	$ 140,446			
Short-term investments	123,669			
Receivables	232,568	$ 149	$ 53	
Lease investment assets	5,848	16,587	2,094	$ 11
Investment securities:				
Held-to-maturity securities		5,337	30,835	
Available-for-sale securities with contractual maturities			287	
Total	$ 502,531	$ 22,073	$ 33,269	$ 11

19. COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars 2013
Unrealized gain on available-for-sale securities			
Gains arising during the year	¥ 870	¥ 44	$ 9,250
Reclassification adjustments to profit or loss		171	
Amount before income tax effect	870	215	9,250
Income tax effect	(304)	(105)	(3,232)
Total	¥ 566	¥ 110	$ 6,018
Foreign currency translation adjustments			
Adjustments arising during the year	¥ 1,091	¥ (495)	$ 11,600
Total other comprehensive income (loss)	¥ 1,657	¥ (385)	$ 17,618

20. SEGMENT INFORMATION

For the years ended March 31, 2013 and 2012

a. 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 Companies operate in the following segments:

Manufacturing & sales of boilers	Small once-through boilers, Simple once-through boilers, Hot water boilers, Hot water heaters, Steam driven air-compressors, Filtration equipment, Pure water generators, Water softeners, Oxygen removers, Central Management System, Chemicals for boilers, Lease of Miura products
Manufacturing & sales of water tube boilers and cooling equipment	Thermal oil heaters, Marine auxiliary boilers, Composite boilers, Waste heat boilers, Sterilizers, Vacuum boiling washers, Water coolers, Vacuum coolers, Vacuum thawing equipment, Transfer pumps, Water desalination units, Steam cookers, Waste oil incinerators, Structure made of steel, Measurement analysis of dioxins
Maintenance	Maintenance contracts, Paid maintenance, Technical guidance, Maintenance leases

b. 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 with those disclosed in Note 2, "Summary of Significant Accounting Policies".
Profit of reportable segments is calculated as operating income. The Companies account for intersegment sales and transfers on the basis of arm's length price.

c. Information about sales, profit, assets, liabilities and other items

	Millions of Yen					
	2013					
	Reportable segment					
	Manufacturing & sales of boilers	Manufacturing & sales of water tube boilers and cooling equipment	Maintenance	Total	Reconciliations	Consolidated
Sales:						
Sales to external customers	¥ 37,748	¥ 13,972	¥ 26,437	¥ 78,157		¥ 78,157
Intersegment sales or transfers	2,142	559		2,701	¥ (2,701)	
Total	39,890	14,531	26,437	80,858	(2,701)	78,157
Segment profit	2,449	1,245	7,444	11,138	(3,696)	7,442
Segment assets	35,178	11,970	17,689	64,837	41,104	105,941
Other:						
Depreciation	1,032	343	262	1,637	376	2,013
Increase in property, plant and equipment and intangible assets	¥ 2,915	¥ 1,022	¥ 681	¥ 4,618	¥ 963	¥ 5,581
Impairment loss of long-lived assets	¥ (395)			¥ (395)		¥ (395)

	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

	Thousands of U.S. Dollars					
	2013					
	Reportable segment					
	Manufacturing & sales of boilers	Manufacturing & sales of water tube boilers and cooling equipment	Maintenance	Total	Reconciliations	Consolidated
Sales:						
Sales to external customers	$ 401,361	$ 148,559	$ 281,095	$ 831,015		$ 831,015
Intersegment sales or transfers	22,775	5,944		28,719	$ (28,719)	
Total	424,136	154,503	281,095	859,734	(28,719)	831,015
Segment profit	26,040	13,238	79,149	118,427	(39,299)	79,128
Segment assets	374,035	127,273	188,081	689,389	437,044	1,126,433
Other:						
Depreciation	10,973	3,647	2,786	17,406	3,998	21,404
Increase in property, plant and equipment and intangible assets	$ 30,994	$ 10,867	$ 7,241	$ 49,102	$ 10,239	$ 59,341
Impairment loss of long-lived assets	$ (4,200)			$ (4,200)		$ (4,200)

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.

3. No impairment loss of long-lived assets was recognized for the year-ended March 31, 2012.

d. Related Information

Information about Geographical Areas

(1) Sales

	Millions of Yen 2013	Thousands of U.S. Dollars 2013
Japan	¥ 68,119	$ 724,285
Asia	7,615	80,968
North and South America	2,369	25,189
Other	54	573
Total	¥ 78,157	$ 831,015

(2) Property, plant and equipment

	Millions of Yen 2013	Thousands of U.S. Dollars 2013
Japan	¥ 27,828	$ 295,885
Asia	3,095	32,908
North and South America	1,112	11,824
Total	¥ 32,035	$ 340,617

21. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2013 and 2012, are as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2013	Net Income	Weighted-average Shares	EPS	
Basic EPS—Net income available to common shareholders	¥ 5,188	38,106	¥ 136.14	$ 1.45
Effect of dilutive securities—Stock options		29		
Diluted EPS—Net income for computation	¥ 5,188	38,135	¥ 136.03	$ 1.45

	Millions of Yen	Thousands of Shares	Yen
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

Diluted EPS is not disclosed due to no dilutive shares for the year ended March 31, 2012.

22. SUBSEQUENT EVENTS

Appropriations of Retained Earnings

At the general shareholders meeting held on June 27, 2013, the Company's shareholders approved the following appropriations of retained earnings as of March 31, 2013:

	Millions of Yen	Thousands of U.S. Dollars
Appropriations—Cash dividends, ordinary dividend of ¥21.00 ($0.22)	¥ 787	$ 8,368

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