

Consolidated Financial Statements

for the year ended March 31, 2014

Sansei Technologies, Inc.

Consolidated balance sheet

(Unit:1000Yen)

	2013/3/31	2014/3/31
Assets		
Current assets		
Cash and deposits	5,475,234	4,174,600
Notes and accounts receivable – trade	5,760,117	7,845,133
Securities	404,404	304,158
Work in process	362,325	273,231
Raw materials and supplies	634,302	750,071
Deferred tax assets	404,358	379,162
Other	239,969	581,018
Allowance for doubtful accounts	-5,482	-1,228
Total current assets	13,275,230	14,306,147
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,679,508	5,717,259
Accumulated depreciation	-2,050,045	-2,227,628
Buildings and structures, net	3,629,462	3,489,630
Machinery, equipment and vehicles	2,433,801	2,497,544
Accumulated depreciation	-1,807,325	-2,008,042
Machinery, equipment and vehicles, net	626,475	489,502
Land	3,708,986	3,821,986
Construction in progress	33,945	3,005
Other	708,131	795,024
Accumulated depreciation	-545,233	-604,474
Other, net	162,898	190,550
Total property, plant and equipment	8,161,768	7,994,675
Intangible assets		
Goodwill	3,310,621	3,232,066
Other	1,280,393	1,405,940
Total intangible assets	4,591,014	4,638,007
Investments and other assets		
Investment securities	5,204,981	5,542,579
Long-term loans receivable	50,195	57,644
Deferred tax assets	608,130	225,046
Other	889,283	1,000,418
Allowance for doubtful accounts	-8,997	-7,538
Total investments and other assets	6,743,593	6,818,151
Total non-current assets	19,496,377	19,450,833
Total assets	32,771,608	33,756,981

Consolidated balance sheet

(Unit:1000Yen)

	2013/3/31	2014/3/31
Liabilities		
Current liabilities		
Notes and accounts payable – trade	1,103,209	1,976,429
Short-term loans payable	868,398	958,055
Current portion of long-term loans payable	326,016	326,016
Income taxes payable	425,850	92,246
Accrued consumption taxes	63,439	64,612
Advances received	619,528	809,939
Provision for bonuses	348,216	376,094
Provision for directors' bonuses	30,000	15,000
Provision for loss on construction contracts	14,618	206,143
Deferred tax liabilities	9,369	–
Other	862,042	708,042
Total current liabilities	4,670,688	5,532,579
Non-current liabilities		
Long-term loans payable	2,088,144	1,762,128
Deferred tax liabilities	571,907	702,205
Provision for retirement benefits	1,081,093	–
Net defined benefit liability	–	1,217,741
Other	1,029,865	190,375
Total non-current liabilities	4,771,010	3,872,450
Total liabilities	9,441,699	9,405,029
Net assets		
Shareholders' equity		
Capital stock	3,251,279	3,251,279
Capital surplus	2,989,057	2,989,057
Retained earnings	16,762,036	17,103,813
Treasury shares	–466,739	–467,029
Total shareholders' equity	22,535,633	22,877,120
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	592,322	989,233
Foreign currency translation adjustment	132,554	450,745
Remeasurements of defined benefit plans	–	–12,027
Total accumulated other comprehensive income	724,877	1,427,951
Minority interests	69,397	46,878
Total net assets	23,329,908	24,351,951
Total liabilities and net assets	32,771,608	33,756,981

Consolidated statement of income

(Unit:1000Yen)

	As of March 31 2013	As of March 31 2014
Net sales	14,912,799	20,805,357
Cost of sales	10,573,849	16,029,142
Gross profit	4,338,950	4,776,215
Selling, general and administrative expenses	3,431,651	3,955,126
Operating income	907,299	821,088
Non-operating income		
Interest income	36,046	37,399
Dividend income	62,711	74,466
Dividend income of insurance	157,722	31,593
Other	62,516	63,299
Total non-operating income	318,997	206,758
Non-operating expenses		
Interest expenses	25,964	19,824
Commission fee	34,173	5,337
Other	14,723	1,790
Total non-operating expenses	74,861	26,952
Ordinary income	1,151,435	1,000,894
Extraordinary income		
Gain on sales of non-current assets	861	-
Gain on sales of investment securities	-	171,456
Total extraordinary income	861	171,456
Extraordinary losses		
Loss on abandonment of non-current assets	11,457	4,651
Loss on valuation of investment securities	79,520	-
Total extraordinary losses	90,977	4,651
Income before income taxes and minority interests	1,061,318	1,167,698
Income taxes - current	624,814	350,340
Income taxes - deferred	-72,853	235,498
Total income taxes	551,960	585,839
Income before minority interests	509,357	581,859
Minority interests in loss	5,735	17,558
Net income	515,093	599,417

Consolidated statement of cash flows

(Unit:1000Yen)

	As of March 31 2013	As of March 31 2014
Cash flows from operating activities		
Income before income taxes and minority interests	1,061,318	1,167,698
Depreciation	593,976	710,498
Amortization of goodwill	141,237	244,603
Increase (decrease) in provision for bonuses	-47,887	27,877
Increase (decrease) in provision for loss on construction contracts	-38,169	191,524
Increase (decrease) in provision for retirement benefits	109,147	-1,081,093
Increase (decrease) in net defined benefit liability	-	1,217,741
Increase (decrease) in provision for directors' bonuses	-	-15,000
Increase (decrease) in allowance for doubtful accounts	-6,204	-5,713
Interest and dividend income	-98,757	-111,865
Interest expenses	25,964	19,824
Loss (gain) on sales of investment securities	-	-171,456
Loss (gain) on valuation of investment securities	79,520	-
Loss (gain) on sales of non-current assets	-861	-
Loss on abandonment of non-current assets	11,457	4,651
Decrease (increase) in notes and accounts receivable - trade	1,610,096	-1,928,471
Decrease (increase) in inventories	-44,658	55,865
Increase (decrease) in notes and accounts payable - trade	-495,214	813,024
Increase (decrease) in advances received	-94,739	99,238
Increase (decrease) in accrued consumption taxes	-49,618	1,172
Decrease (increase) in consumption taxes refund receivable	-	-36,774
Decrease (increase) in other assets	-53,785	-113,545
Increase (decrease) in other liabilities	-140,436	-1,050,272
Other, net	7,398	-55,445
Subtotal	2,569,784	-15,915
Interest and dividend income received	100,666	112,722
Interest expenses paid	-25,520	-19,813
Income taxes paid	-576,987	-852,424
Net cash provided by (used in) operating activities	2,067,943	-775,430

Consolidated statement of cash flows

(Unit:1000Yen)

	As of March 31 2013	As of March 31 2014
Cash flows from investing activities		
Payments into time deposits	-1,023,216	-30,000
Proceeds from withdrawal of time deposits	1,023,216	30,000
Purchase of securities	-232	-
Proceeds from sales and redemption of securities	104,120	-
Purchase of investment securities	-609,425	-230,132
Proceeds from sales and redemption of investment securities	759,870	771,209
Purchase of shares of subsidiaries	-	-63,219
Purchase of investments in subsidiaries resulting change in scope of consolidation	-2,576,667	-
Purchase of property, plant and equipment	-176,403	-265,634
Proceeds from sales of property, plant and equipment	1,266	-
Purchase of intangible assets	-51,216	-106,031
Payments of loans receivable	-13,230	-25,500
Collection of loans receivable	18,722	16,841
Other, net	1,817	-79,984
Net cash provided by (used in) investing activities	-2,541,378	17,548
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	695,238	31,408
Proceeds from long-term loans payable	2,550,000	-
Repayments of long-term loans payable	-2,130,369	-326,016
Redemption of bonds	-699,600	-
Repayments of lease obligations	-7,343	-13,554
Purchase of treasury shares	-93	-289
Cash dividends paid	-241,716	-257,349
Net cash provided by (used in) financing activities	166,115	-565,801
Effect of exchange rate change on cash and cash equivalents	144,196	23,049
Net increase (decrease) in cash and cash equivalents	-163,123	-1,300,633
Cash and cash equivalents at beginning of period	5,597,985	5,434,862
Cash and cash equivalents at end of period	5,434,862	4,134,229