Securities Report

(The 91st Term)

From: April 1, 2010

To: March 31, 2011

CKD Corporation

250, Ouji 2-chome, Komaki City, Aichi, 485-8551, Japan

(E01909)

1 [Consolidated Financial Statement, etc.]

(1) [Consolidated Financial Statement]

i) [Consolidated Balance Sheet]

(Unit: million yen)

	Previous Consolidated Accounting Year (as of March 31, 2010)	Current Consolidated Accounting Year (as of March 31, 2011)
ASSETS		
Current Assets:		
Cash and cash equivalents	5,682	7,849
Notes and accounts receivable	17,479	19,290
Accounts receivable	1,280	3,150
Products and goods	*1 2,828	*1 3,586
Work-in-process	*1 1,542	2,447
Raw materials and inventory goods	8,543	10,566
Deferred tax assets	1,123	1,302
Others	612	691
Allowance for doubtful debts	△48	△83
Total for current assets	39,044	48,801
Fixed Assets:		
Tangible fixed assets		
Buildings and structures (net)	9,033	8,308
Machines and delivery equipment (net)	4,522	4,746
Tools, equipment, furniture and fixtures (net)	726	645
Land	4,638	4,616
Leased assets (net)	202	133
Construction in progress	111	182
Total for tangible assets	*3 19,235	*3 18,633
Intangible fixed assets	333	262
Investment and other assets		
Investment securities	*2 3,624	*2 3,833
Deferred tax assets	60	122
Others	625	568
Allowance for doubtful debts	△55	△50
Total for Investment and Other Assets	4,255	4,474
Total for fixed assets	23,824	23,370
Total for ASSETS	62,869	72,171

(Unit: million yen)

	Previous Consolidated Accounting Year (as of March 31, 2010)	Current Consolidated Accounting Year (as of March 31, 2011)
LIABILITIES		
Current Liabilities		
Notes and accounts payable – trade	9,618	11,030
Short-term borrowings	3,312	2,851
Long-term borrowings to be repaid within 1 year	700	700
Lease liabilities	96	72
Accrued expenses	1,778	2,309
Accrued corporate taxes, etc.	509	2,666
Allowance for bonus	42	49
Allowance for compensation of goods	5	4
Allowance for loss due to receiving orders	*1 50	*1 32
Other allowances	-	10
Others	1,599	3,213
Total for Current Liabilities	17,712	22,939
Fixed Liabilities		
Long-term borrowings	2,000	2,299
Lease liabilities	101	63
Deferred tax liabilities	67	252
Allowance for retirement benefit	607	195
Asset retirement obligation	-	129
Others	899	955
Total for Fixed Liabilities	3,676	3,896
Total for LIABILITIES	21,388	26,836
Net Assets		
Owner's equity		
Capital	11,016	11,016
Capital surplus	12,610	12,735
Accumulated earnings	22,655	26,672
Treasury stocks	△4,938	△5,040
Total for Owner's Equity	41,343	45,383
Other Accumulated Total Earnings		
Valuation difference on available-for-sale securities	472	579
Foreign currency translation adjustment account	△334	△627
Total for other accumulated total earnings	137	△48
Total for Net Assets	41,480	45,335
Total Liabilities and Net Assets	62,869	72,171

ii) [Consolidated Profit/Loss Statement and Consolidated Total Profit Statement]

[Consolidated Profit/Loss Statement]

(Unit: million yen)

	Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
SALES	50,035	72,020
Cost of Sales	*1, *2 38,614	*1, *2 51,363
Gross Sales Profit	11,421	20,657
Selling, General and Administrative Expenses		
Labor expenses	5,025	5,870
Retirement benefit	427	391
Freightage and packing expenses	790	984
Rent	909	854
Outsourcing expense	313	500
Depreciation expense	268	247
Research and development expense	*3 1,731	*3 2,245
Enterprise tax	100	133
Allowance for doubtful debts	41	41
Others	1,478	1,883
Total for Selling, General and Administrative Expenses	11,087	13,154
Operating Profit	333	7,502
Non-operating Income		
Interest income	12	15
Dividends income	65	67
Cash purchase discount	26	46
Foreign exchange gain	104	-
Commission income	-	58
Subsidies income	170	3
Others	283	172
Total for Non-operating Income	662	364
Non-operating expenses		
Interest paid	108	75
Discounts	102	102
Foreign currency gain and loss	-	107
Others	73	53
Total for Non-operating expenses	285	338
Ordinary Profit	711	7,528
Special Profit		
Gain from the prior-term adjustments	*4 63	-
Gain on sales of fixed assets	*5 8	*4 11
Reversal of reserve for bonuses	290	-
Subsidy income	-	8
Others	18	0
Total for Special Profit	380	20

(Unit: million yen)

	Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
Special Loss		
Loss from the prior-term adjustments	*6 51	-
Loss on sales of fixed assets	*7 2	*5 6
Loss on disposal of fixed assets	*8 34	*6 47
Loss due to impairment	-	*7 82
Loss on devaluation of marketable securities	157	-
Amount from application of Accounting Standard for Asset Retirement Obligations	-	78
Others	22	28
Total for Special Loss	267	244
Net Income before Income Taxes	824	7,304
Corporate Tax, Resident Tax and Business Tax	479	2,868
Adjustment for Corporate Taxes, etc.	△1,149	△142
Total for Corporate Taxes, etc.	△670	2,726
Income before Minority Interests	-	4,577
Net Profit for the Current Term	1,494	4,577

[Consolidated Statement of Comprehensive Income]

(Unit: million yen)

	Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
Income before Minority Interests	-	4,577
Other Comprehensive Income		
Valuation difference on available-for-sale securities	-	107
Foreign currency translation adjustment account	-	△292
Total for Other Comprehensive Income	-	*2 △185
Comprehensive Income	-	*1 4,392
(Details)		
Comprehensive income related to shareholders of the parent company	-	4,392
Comprehensive income related to minority interest	-	-

iii) [Consolidated Statement of Changes in Net Assets]

(Unit: million yen)

	Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
Owners' Equity		
Capital		
Balance brought forward from the previous term	11,016	11,016
Changes for the current term		
Total for changes for the current term	-	-
Balance carried forward	11,016	11,016
Capital Surplus		
Balance brought forward from the previous term	12,612	12,610
Changes for the current term		
Issuance of new shares	△2	-
Disposal of treasury stocks	-	124
Total for changes for the current term	△2	124
Balance carried forward	12,610	12,735
Earned Surplus		
Balance brought forward from the previous term	21,657	22,655
Changes for the current term		
Dividends	△497	△559
Net profit for the current term	1,494	4,577
Employee Encouragement and Welfare Fund, etc.	-	△1
Total for changes for the current term	997	4,017
Balance carried forward	22,655	26,672
Treasury Stocks		
Balance brought forward from the previous term	△4,938	△4,938
Changes for the current term		
Acquisition of treasury stocks	△0	△1,000
Disposal of treasury stocks	-	898
Total for changes for the current term	△0	△101
Balance carried forward	△4,938	△5,040
Total for Owners' Equity		
Balance brought forward from the previous term	40,348	41,343
Changes for the current term		
Issuance of new shares	△2	-
Dividends	△497	△559
Net profit for the current term	1,494	4,577
Acquisition of treasury stocks	△0	△1,000
Disposal of treasury stocks	-	1,023
Employee Encouragement and Welfare Fund, etc.	-	△1
Total for changes for the current term	994	4,040
Balance carried forward	41,343	45,383

(Unit: million yen)

	Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
Other Accumulated Comprehensive Earnings		
Other valuation difference on available-for-sale securities		
Balance brought forward from the previous term	△359	472
Changes for the current term		
Changes for the current term for items other than owners' equity (Net)	831	107
Total for changes for the current term	831	107
Balance carried forward	472	579
Foreign Currency Translation Adjustment		
Balance brought forward from the previous term	△394	△334
Changes for the current term		
Changes for the current term for items other than owners' equity (Net)	59	△292
Total for changes for the current term	59	△292
Balance carried forward	△334	△627
Other Accumulated Comprehensive Earnings		
Balance brought forward from the previous term	△753	137
Changes for the current term		
Changes for the current term for items other than owners' equity (Net)	890	△185
Total for changes for the current term	890	△185
Balance carried forward	137	△48
Total for Net Assets		
Balance brought forward from the previous term	39,594	41,480
Changes for the current term		
Issuance of new shares	△2	-
Dividend	△497	△559
Net profit for the current term	1,494	4,577
Acquisition of treasury stocks	△0	△1,000
Disposal of treasury stocks	-	1,023
Employee Encouragement and Welfare Fund, etc.	-	△1
Changes for the current term for items other than owners' equity (Net)	890	△185
Total for changes for the current term	1,885	3,854
Balance carried forward	41,480	45,335

iv) [Consolidated Cash Flow Statement]

(Unit: million yen)

	Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
Net Cash Provided by Operating Activities		
Net profit before adjustment of taxes, etc.	824	7,304
Depreciation expense	2,918	2,639
Loss due to impairment	-	82
Increase/decrease in allowance for doubtful debt (△ refers to a decrease.)	△5	32
Increase/decrease in allowance for retirement benefit (△ refers to a decrease.)	779	△410
Increase/decrease in allowance for bonus (△ refers to a decrease.)	△1,338	9
Increase/decrease in reserves for accrued bonus (△ refers to a decrease.)	1,256	315
Interest and dividends earned	△78	△83
Interest paid	108	75
Valuation difference on available-for-sale securities (△ refers to a profit.)	157	-
Profit/loss due to sale of fixed assets (△ refers to a profit.)	△6	△4
Loss from retirement of fixed assets	34	47
Amount from application of Accounting Standard for Asset Retirement Obligations	-	78
Increase/decrease of trade receivables (△ refers to an increase.)	△2,627	△3,860
Increase/decrease of inventory assets (△ refers to an increase.)	1,340	△3,761
Increase/decrease of trade payables (△ refers to a decrease.)	2,732	1,603
Increase/decrease of advance payment (△ refers to a decrease.)	△133	109
Increase/decrease of accrued consumption tax, etc. (△refers to a decrease.)	88	△72
Others	537	652
Sub-total	6,589	4,760
Interest/dividends received	78	83
Interest paid	△112	△77
Corporate tax, etc. paid	△119	△720
Corporate tax, etc. returned	1,340	2
Net cash provided by operating activities	7,775	4,048
Net Cash Provided by Investing Activities		
Amount paid for acquisition of tangible fixed assets	△869	△944
Income from sale of tangible fixed assets	39	21
Amount paid for acquisition of intangible fixed assets	△48	△57
Amount paid for acquisition of marketable securities	△5	△25
Others	52	△42

(Unit: million yen)

	Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
Net Cash Provided by Investing Activities	△831	△1,048
Net Cash Provided by Financial Activities		
Net increase/decrease of short-term borrowings (△ refers to a decrease.)	△4,231	△435
Income from long-term borrowings	-	999
Long-term borrowings repaid	△705	△700
Amount of corporate bonds redeemed	△360	-
Amount of treasury stocks acquired	△0	△0
Income from sale of treasury stocks	-	25
Amount of dividends paid	△499	△558
Others	△42	△96
Net cash provided by financial activities	△5,838	△766
Valuation of difference in translation of cash and cash equivalent	△17	△86
Increase/decrease of cash and cash equivalent (△ refers to a decrease.)	1,123	2,147
Balance of cash and cash equivalent brought forward from the previous term	4,458	5,581
Balance of cash and cash equivalent carried forward	*1 5,581	*1 7,728

[Important Matters as the basis of Creating Consolidated Financial Statement]

Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
1. Matters related to the Scope of Consolidation (1) Number of consolidated companies: 11 Name of consolidated companies (3 domestic subsidiaries) Shikoku Seiko K.K. Fukushima Honing Kogyo K.K. CKD Global Service LTD/ (8 overseas subsidiaries) CKD THAI CORPORATION LTD. CKD SINGAPORE PTE.LTD. CKD USA CORPORATION M-CKD PRECISION SDN.BHD. CKD (China) Corporation CKD (SHANGHAI) CORPORATION CKD KOREA CORPORATION Taiwan CKD Corporation (Reason for Exclusion from Consolidated Companies) Three Tech K.K, a consolidated subsidiary in the previous consolidated accounting year, was dissolved as of January 2010 and the company is excluded from CKD's consolidated subsidiaries. However, their business activities made up to the date of dissolution are included in the consolidated financial statement. (2) Non-Consolidated Subsidiaries CKD EUROPE B.V. CKD SALES THAI CORPORATION LTD. (Reason for Exclusion from Consolidated Companies) Gross assets, sales, net profit/loss for the current term and accumulated earnings of each of the above two companies are all small in amount and even their total sum doesn't impact significantly on the overall consolidated financial statement. This is the reason why these two companies are excluded from the scope of consolidation.	1. Matters related to the Scope of Consolidation (1) Number of consolidated companies: 11 Name of consolidated companies (3 domestic subsidiaries) Shikoku Seiko K.K. Fukushima Honing Kogyo K.K. CKD Global Service K.K. (8 overseas subsidiaries) CKD THAI CORPORATION LTD. CKD SINGAPORE PTE.LTD. CKD USA CORPORATION M-CKD PRECISION SDN.BHD. CKD (China) Corporation CKD (SHANGHAI) CORPORATION CKD KOREA CORPORATION Taiwan CKD Corporation ------------------------- (2) Non-Consolidated Subsidiaries Same as left (Reason for Exclusion from Consolidated Companies) Same as left
2. Matters Relating to Application of Equity Method Investment made to the following two non-consolidated companies and one affiliated company has quite a small impact on CKD's gross profit/loss for the current term, accumulated earnings and other accounting items and hence they are not significant. So they are valuated using a cost approach rather than equity method. Companies which equity method isn't applied: (Non-consolidated subsidiaries) CKD EUROPE B.V. CKD SALES THAI CORPORATION LTD. (Affiliated company) Pubot Giken K.K.	2. Matters Relating to Application of Equity Method Same as left

Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
3. Matters related to Business Year of Consolidated Subsidiaries (1) Date of closing account of consolidated subsidiaries is the same as that of the parent company, excluding that of overseas subsidiaries, which ends on December 31 every year. (2) The consolidated financial statement was formed using financial statements made by respective consolidated subsidiary. Important transactions, if any, made from the date of closing account of the subsidiaries and the date of consolidated account closing, were subject to necessary adjustment.	3. Matters related to Business Year of Consolidated Subsidiaries (1) Same as left (2) Same as left
4. Matters relating to the Accounting Standard (1) Criteria and Method of Valuating Important Assets i) Marketable Securities Other securities Marketable securities available for sale: …Market value method based on the market value as of the account closing date (The unrealized gains/losses on the marketable securities are recognized directly within "members' equity" and the cost of securities sold is pursuant to the moving average method.) Non-marketable securities available for sale: …Moving average method ii) Inventory Assets a. Products and Goods Automatic Machinery Products: …Cost method based on the actual cost method (The valuation amount in the balance sheet are stated after devaluing the book values based on lowered profitability.) Component Products and Goods: …Periodic average method based on actual cost method (The valuation amount in the balance sheet are stated after devaluing the book values based on lowered profitability.) b. Work-in-Process Goods: …Cost method based on the actual cost method (The valuation amount in the balance sheet are stated after devaluing the book values based on lowered profitability.) c. Raw Materials and Stored Items Raw Materials: …Periodic average method based on actual cost method (The valuation amount in the balance sheet are stated after devaluing the book values based on lowered profitability.) Stored Items: …Final purchase cost method based on actual cost method (The valuation amount in the balance sheet are stated after devaluing the book values based on lowered profitability.)	4. Matters relating to the Accounting Standard (1) Criteria and Method of Valuating Important Assets i) Marketable Securities Other securities Marketable securities available for sale: Same as left Non-marketable securities available for sale: Same as left ii) Inventory Assets a. Products and Goods Automatic Machinery Products: Same as left Component Products and Goods: Same as left b. Work-in-Process Goods: Same as left c. Raw Materials and Stored Items Raw Materials: Same as left Stored Items: Same as left

Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
(2) Depreciation of Important Depreciable Assets	(2) Depreciation of Important Depreciable Assets
i) Tangible Fixed Assets (excluding leased assets) Declining-balance method For buildings (excl. equipment attached to buildings) acquired after April 1, 1998, straight-line method was used. Main durable years: Buildings and structure: 3 to 50 years Machineries and carriers: 3 to 17 years	i) Tangible Fixed Assets (excluding leased assets) Same as left
ii) Intangible Assets (excl. leased assets) Straight-line method For software (used by CKD), straight-line method based on usable period in this company (i.e. 5 years) was used.	ii) Intangible Assets (excl. leased assets) Same as left
iii) Leased Assets Straight-line method with the durable year of leasing period and residual value of 0 was used. For leasing transactions in finance and leasing transaction other than transfer of ownership which leasing period started before March 31, 2008, depreciation was made by an accounting processing based on an ordinary leasing transaction.	iii) Leased Assets Same as left
(3) Criteria used for Accounting Important Allowances	(3) Criteria used for Accounting Important Allowances
i) Allowance for doubtful debts In order to prepare ourselves for trade receivables and loan receivable unable to be recollected, the amount of expected amount to become a bad debt is calculated by loan loss ratio, and for particular credits, including doubtful accounts receivable, examinations were made to each of them to identify the amount of possibility of recollection.	i) Allowance for doubtful debts Same as left
ii) Allowance for bonus Allowance for bonus was accounted based on the amount of expected payment, in order to pay bonus to our employees.	ii) Allowance for bonus Same as left
iii) Allowance for retirement benefits Allowance for retirement benefits was calculated based on the expected amount of retirement benefit obligations and pension assets as of the end of the current consolidated accounting year in order to prepare ourselves for payment of benefit to retiring employees. Prior service obligations were accounted as expenses using straight-line method, based on a certain number of years (12 years) within the average remaining years for employees as of when the obligations occurred. Any difference in calculations is accounted as expenses, from the consolidated accounting year subsequent to when the prior service obligation occurred, as the amount calculated on proportionally basis using the straight-line method, based on a certain number of years (12 years) within the average remaining years of service for employees.	iii) Allowance for retirement benefits Same as left
iv) Allowance for Product Compensation In order to reserve costs for responding to complaints of customers on products delivered to them, a reasonable amount that is expected to be required in the future is accounted as allowance.	iv) Allowance for Product Compensation Same as left

Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
v) Allowance for Loss Generated by Orders Received In order to prepare ourselves for possible losses generated in relation to contracts signed by this company and customers, expected losses due to contracts as of the end of the current accounting year was accounted.	v) Allowance for Loss Generated by Orders Received Same as left
(4) Accounting Standard for Important Profit and Expenses Percent of completion method is used for a construction contract of the portion for which payment by customers and costs for the progress made by the end of the current consolidated accounting year can be assured, and for others, completed contract method is used. In doing so, the progress of a construction work made as of the end of the current consolidated accounting year for which percent of completion method is applied is estimated by cost-to-cost method. (Change in Accounting Policy) Though conventionally, in CKD, completed contract method was used for accounting revenues generated from a construction contract, 'Accounting Standard related to Construction Contracts' (Corporate Accounting Standard No. 15 of December 27, 2007) and 'Guideline for Application of Accounting Standard related to Construction Contracts' (Corporate Accounting Standard Application Guideline No. 18 of December 27, 2007) have been applied from the current consolidated accounting year. The new method was applied to a construction contract during the start to the end of the current consolidated accounting year, for the portions of progress made, which payment and cost can be clearly accounted (estimation of the progress made using cost-to-cost method), and for others, completed contract method is used. Due to this, sales for the current consolidated accounting year increased by 862 million yen, while gross sales profit, operating profit, current profit and net profit before tax for the current consolidated accounting year showed an increase of 177 million yen each. Matters that will impact on the segment information are found at the respective section.	(4) Accounting Standard for Important Profit and Expenses Percent of completion method is used for a construction contract of the portion for which payment by customers and costs for the progress made by the end of the current consolidated accounting year can be assured, and for others, completed contract method is used. In doing so, the progress of a construction work made as of the end of the current consolidated accounting year for which percent of completion method is applied is estimated by cost-to-cost method. -------------------------

Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
(5) Translation Standard for Important Assets and Liabilities in Foreign Currency to Japanese Yen All monetary obligations in foreign currencies were translated into Japanese yen, using spot foreign exchange rate as of the account closing date, differences as a result of the translation were accounted as profit/loss. Assets and liabilities of overseas subsidiaries were translated in Japanese yen using spot foreign exchange rate, while income and expenses using the mid-term average rate. The difference in translation was accounted into foreign exchange adjustment account indicated in Net Asset in the financial statement. (6) ------------------------- (7) Other Important Matters for Creation of the Consolidated Financial Statement i) Financial statements of overseas subsidiaries were created pursuant to accounting standard that is generally regarded as fair and appropriate in the respective countries where such subsidiaries are situated. The followings show main accounting standard of overseas subsidiaries. Valuation Standard and Method of Inventory Assets Goods and products: lower-of-cost-or-market method based on weighted-average method Work-in-process goods: lower-of-cost-or-market method based on weighted-average method Raw materials and stored goods: lower-of-cost-or-market method based on weighted-average method Depreciation of Fixed Assets Tangible fixed assets: straight-line method (estimated use life) ii) Accounting of Consumption Tax, etc. The tax excluded method is used.	(5) Translation Standard for Important Assets in Foreign Currency to Japanese Yen Same as left (6) Scope of Funds in the Consolidated Cash Flow Statement Cash and cash equivalents in the Consolidated Cash Flow Statement include short-term investment, which is highly liquid, is easy to be realized and involves only a minute risks in terms of price fluctuation and which due date comes within 3 months from the date of acquisition. (7) Other Important Matters for Creation of the Consolidated Financial Statement i) Same as left ii) Accounting of Consumption Tax, etc. Same as left
5. Matters relating to Valuation of Assets and Liabilities of Consolidated Subsidiaries Full market value method is used for valuation of assets and liabilities of consolidated subsidiaries.	-------------------------
6. Matters relating to Depreciation of Goodwill Goodwill was depreciated using straight-line method for 5 years.	-------------------------
7. Scope of Funds in the Consolidated Cash Flow Statement The funds consist of petty cash, deposits cashable at anytime and short-term investments which is highly liquid, is easy to be realized and involves only a minute risks in terms of price fluctuation and which due date comes within 3 months from the date of acquisition.	-------------------------

[Changes in Important Matters as the Basis of Forming the Consolidated Financial Statement]

Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
-------------------------	(Accounting Standard, etc., related to Asset Retirement Obligation) 'Accounting Standard related to Asset Retirement Obligation' (Corporate Accounting Standard No. 18 of March 31, 2008) and 'Guideline for Application of Accounting Standard related to Asset Retirement Obligation' (Corporate Accounting Standard No. 21 of March 31, 2008) are applied from the current consolidated financial statement onward. Due to this, operating profit and current profit for the current consolidated accounting year showed a decrease by 5 million yen, while net profit before tax for the current term by 84 million yen.

[Changes in Accounting Items]

<table>
<tr><th>Previous Consolidated Accounting Year
(From April 1, 2009 to March 31, 2010)</th><th>Current Consolidated Accounting Year
(From April 1, 2010 to March 31, 2011)</th></tr>
<tr><td>(Consolidated Profit/Loss Statement)
1. As ‘Commission Income’ shown in the previous consolidated accounting year (58 million yen for the current consolidated accounting year’ decreased its monetary importance, the accounting item was transferred to ‘Others’ in ‘Non-Operating Profit’ of the current consolidated accounting year.
2. ‘Loss of Disposing Fixed Assets’ in ‘Special Loss’ that was shown as a separate item in the previous consolidated accounting year is further separated into ‘Loss on sales of fixed assets’ (13 million yen for the previous consolidated accounting year) and ‘Loss due to retirement of fixed assets’ (52 million yen for the previous consolidated accounting year), in order to make the details clear

(Consolidated Cash Flow Statement)
‘Profit/loss on disposal of fixed assets’ and ‘profit/loss on sale of fixed assets in ‘Cash flow from operation activities’ that were shown separately in the previous consolidated accounting year are further separated into ‘Profit/loss on sale of fixed assets’ (△160 million yen for the previous consolidated accounting year) and ‘Loss due to retirement of fixed assets’ (52 million yen for the previous consolidated accounting year) in order to clarify the details.</td><td>(Consolidated Profit/Loss Statement)
1. ‘Accounting Standard related to Consolidated Financial Statements’ (Corporate Accounting Standard No. 22 of December 26, 2008), ‘Cabinet Ordinance on Partial Amendment of the Rules on Terminology, Form and Creation Method of Financial Statements’ (Cabinet Ordinance No. 5 of March 24, 2009) are applied from the current consolidated accounting year on ward, pursuant to applied, which is shown in the accounting item of ‘Income before Minority Interests.’
2. ‘Commission income’ (58 million yen for the previous consolidated accounting year) that was included in ‘Others’ in the previous consolidated accounting year exceeded ten hundredth of non-operating profit and thus in the current consolidated accounting year, the accounting term is shown as a separate category.
3. ‘Profit from adjustment of profit/loss of the previous term’ (0 million yen for the current consolidated accounting year) is shifted to ‘Others’ in ‘Special Income’ in the current consolidated accounting year, as the amount became minute.
4. ‘Loss from adjustment of profit/loss of the previous term’ (0 million yen for the current consolidated accounting year) is shifted to ‘Others’ in ‘Special Loss’ in the current consolidated accounting year, as the amount became minute
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[Additional Information]

Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
------------------------	(Accounting Standard related to Comprehensive Income) 'Accounting Standard related to Presentation of Comprehensive Income' (Corporate Accounting Standard No. 25 of June 30, 2010) is applied from the current consolidated accounting year onward. The amounts in 'Other Accumulated Comprehensive Earnings' and 'Total for the Other Accumulated Comprehensive Earnings' of the previous consolidated accounting year show those for 'Valuation and translation differences, etc.' and 'Total for valuation and translation differences, etc.' (Accounting of 'ESOP in cooperation with Employee Shareholding Association') This Company introduced 'ESOP in cooperation with Employee Shareholding Association,' having a structure of Employee Stock Ownership Plan, in this consolidated accounting year. This ESOP structure aims at enhancing our corporate values by uplifting employees' motivation to work through providing the incentives and promoting welfare for upgrading our corporate values and enriching and reinforcing corporate governance by providing the employees a chance of participating in determining the direction of the company. In the plan, 'CKD Employee Shareholding Trust Account' is established (hereinafter referred to as the Account) for the purpose of transferring CKD shares to CKD employee shareholding association. The Trust Account acquires the number of shares estimated to be acquired by the association during the trust period from CKD beforehand and sells them to the association. This company already transferred its 1,287,000 treasury shares to the Trust Account as of February 21, 2011. As CKD is a guarantor of all liabilities involving the Trust Account, disposal of such shares to the Trust Account was accounted in a way that CKD and the Trust Account are one body, considering the importance of actual financial status. Due to such reasons, CKD's treasury shares, assets and liabilities and profits and costs held by the Trust Account are included in this company's consolidated balance sheet, consolidated profit/loss statement, consolidated statement of comprehensive income and consolidated statement of changes in net assets. The number of stocks held by the Trust Account as of the end of the current consolidated accounting year is 1,257.000 shares.

[Notes]

(Notes for Consolidated Profit/Loss Statement)

Previous Consolidated Accounting Year (as of March 31, 2010)	Current Consolidated Accounting Year (as of March 31, 2011)
*1: For inventory assets, that is assumed to show a loss, applicable allowance for loss generated by orders received of 16 million yen (including 13 million yen related to products and goods and 2 million yen related to work-in-process goods) were offset.	*1: For inventory assets, that is assumed to show a loss, applicable allowance for loss generated by orders received of 21 million yen (all related to products and goods) were offset.
*2: The following is related to non-consolidated subsidiaries and affiliated companies. Investment securities (shares) 47 million yen	*2: The following is related to non-consolidated subsidiaries and affiliated companies. Investment securities (shares) 47 million yen
*3: Accumulated depreciation costs, deducted from tangible fixed assets comes to 41,909 million yen.	*3: Accumulated depreciation costs, deducted from tangible fixed assets comes to 43,187 million yen.
4: CKD maintains a loan commitment contract to 2 banks in order to raise funds effectively for appropriate them to its operating funds. The balance of credit facility given to CKD as of the end of the current accounting year is as follows. Total amount of loan commitment 5,000 million yen Amount of loans executed: 1,300 million yen Credit facility balance: 3,700 million yen	4: CKD maintains a loan commitment contract to 2 banks in order to raise funds effectively for appropriate them to its operating funds. The balance of credit facility given to CKD as of the end of the current accounting year is as follows. Total amount of loan commitment 3,300 million yen Amount of loans executed: 600 million yen Credit facility balance: 2,700 million yen

(Notes for Consolidated Profit/Loss Statement)

Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
*1: Amount of book values reduced due to decreased profitability of inventory assets owned for the purpose of ordinary selling (after offsetting the amount reversed) Sales cost: 520 million yen	*1: Amount of book values reduced due to decreased profitability of inventory assets owned for the purpose of ordinary selling (after offsetting the amount reversed) Sales cost: △410 million yen
*2: Amount transferred to allowance for loss generated by orders received as a part of sales cost: 50 million yen	*2: Amount transferred to allowance for loss generated by orders received as a part of sales cost: 32 million yen
*3: Amount of R&D expense included in administrative expenses accounts for 1,731 million yen. No R&D expense is related to total manufacturing cost incurred.	*3: Amount of R&D expense included in administrative expenses accounts for 2,245 million yen. No R&D expense is related to total manufacturing cost incurred.
*4: Details of profit from adjustment of profit/loss of the previous term Reversal of labor insurance fees: 30 million yen Reversal of unpaid legal welfare expenses for bonus: 29 million yen Others: 2 million yen Total: 63 million yen	-------------------------
*5: Details of gain on sales of fixed assets Machineries and carriers: 8 million yen Tools, apparatus and fixtures: 0 million yen Construction in progress: 0 million yen Total: 8 million yen	*4: Details of gain on sales of fixed assets Machineries and carriers: 9 million yen Tools, apparatus and fixtures: 0 million yen Construction in progress: 1 million yen Total: 11 million yen
*6: Details of loss from adjustment of profit/loss of the previous term Appraisal loss on inventories: 41 million yen Appraisal loss on credits: 4 million yen Underdepreciation of the past years: 3 million yen Others: 1 million yen Total: 51 million yen	-------------------------

<table>
<tr><th>Previous Consolidated Accounting Year
(From April 1, 2009 to March 31, 2010)</th><th>Current Consolidated Accounting Year
(From April 1, 2010 to March 31, 2011)</th></tr>
<tr><td>*7: Details of loss on sales of fixed assets
Buildings and structures: 0 million yen
Machineries and carriers: 1 million yen
Tools, apparatus and fixtures: 0 million yen
Construction in progress: 0 million yen
Total: 2 million yen</td><td>*5: Details of loss on sales of fixed assets
Machineries and carriers: 6 million yen
Tools, apparatus and fixtures: 0 million yen
Total: 6 million yen</td></tr>
<tr><td>*8: Details of loss due to retirement of fixed assets
Buildings and structures: 3 million yen
Machineries and carriers: 15 million yen
Tools, apparatus and fixtures: 14 million yen
Total: 34 million yen</td><td>*6: Details of loss due to retirement of fixed assets
Buildings and structures: 18 million yen
Machineries and carriers: 25 million yen
Tools, apparatus and fixtures: 4 million yen
Total: 47 million yen
*7: Loss due to impairment
The CKD Group accounted the loss due to impairment for the following asset groups for the current consolidated accounting year.
<table>
<tr><th>Location</th><th>Application</th><th>Type</th><th>Amount</th></tr>
<tr><td rowspan="4">Fukushima Honing Kogyo K.K.</td><td>Assets to be disposed</td><td>Buildings and structures</td><td>62 million yen</td></tr>
<tr><td>Assets to be disposed</td><td>Machineries and carriers</td><td>0 million yen</td></tr>
<tr><td>Assets to be disposed</td><td>Tools, apparatus and fixtures:</td><td>0 million yen</td></tr>
<tr><td>Assets to be disposed</td><td>Land</td><td>20 million yen</td></tr>
</table>
Resolution for dissolution of Fukushima Honing Kogyo K.K. (Suminoe-Ku, Osaka City) a consolidated subsidiary was passed as of March 31, 2011. As the assets of the company won’t be used any more, the book value was decreased to the salable value for each asset and the difference was accounted as loss due to impairment.
(Grouping Method)
The CKD Group makes a group of assets for business purposes mainly by office, based on the categorization under managerial accounting.
(Calculation Method of Salable Value)
Salable values are measured using net sale prices and calculated based on the market price calculated reasonably by a third party. Salable values for assets that cannot be sold or cannot be used for other purposes are accounted as 0.</td></tr>
</table>

(Consolidated Statement of Comprehensive Income)

Current Consolidated Accounting Year (April 1, 2010 to March 31, 2011)

*1: Comprehensive income of the consolidated accounting year immediately before

Comprehensive income related to shareholders of the parent company:	2,261 million yen
Comprehensive income related to minority interest:	-
Total:	2,261 million yen

*2: Other comprehensive income of the consolidated accounting year immediately before

Valuation difference on available-for-sale securities:	707 million yen
Foreign currency translation adjustment account:	59 million yen
Total:	766 million yen

(Consolidated Statement of Changes in Net Assets)

Previous consolidated accounting year (April 1, 2009 to March 31, 2010)

1. Matters relating to Type and Total Number of Outstanding Shares and Type and Number of Treasury Shares

	Number of shares at the end of the previous consolidated accounting year (thousand shares)	Increase of shares for the current consolidated accounting year (thousand shares)	Decrease of shares for the current consolidated accounting year (thousand shares)	Number of shares at the end of the current consolidated accounting year (thousand shares)
Outstanding shares				
Ordinary shares	69,429	-	-	69,429
Total	69,429	-	-	69,429
Treasury shares				
Ordinary shares (Note)	7,260	0	-	7,261
Total	7,260	0	-	7,261

Note: Increase by 0 thousand ordinary shares of treasury shares derives from acquisition of odd shares.

2. Matters related to Dividends

(1) Amount of Dividends Paid

(Resolution)	Type of shares	Total of dividends (million yen)	Dividend per share (yen)	Record date	Effective on
Board of Directors held on May 12, 2009	Ordinary shares	310	5	Mar. 31, 2009	Jun 4, 2009
Board of Directors held on Oct 29, 2009	Ordinary shares	186	3	Sep. 30, 2009	Dec.8, 2009

(2) Dividends which record date belongs to the current accounting year, but the effective date for the dividend belongs to the next accounting year.

(Resolution)	Type of shares	Increase of dividends (million yen)	Dividend resource	Dividend per share (yen)	Record date	Effective on:
Board of Directors held on May 12, 2010	Ordinary shares	186	Accumulated earnings	3	Mar. 31, 2010	Jun 4, 2010

Current Consolidated Accounting Year (April 1, 2010 to March 31, 2011)

1. Matters relating to Type and Total Number of Outstanding Shares and Type and Number of Treasury Shares

	Number of shares at the end of the previous consolidated accounting year (thousand shares)	Increase of shares for the current consolidated accounting year (thousand shares)	Decrease of shares for the current consolidated accounting year (thousand shares)	Number of shares at the end of the current consolidated accounting year (thousand shares)
Outstanding shares				
Ordinary shares	69,429	-	-	69,429
Total	69,429	-	-	69,429
Treasury shares				
Ordinary shares (Note:1, 2)	7,261	0	1,287	5,975
Ordinary shares (held in Trust Account) (Note 3, 4)	-	1,287	30	1,257
Total	7,261	1,287	1,317	7,232

Note 1: Increase by 0 thousand ordinary shares of treasury shares derives from acquisition of odd shares.

Note 2: Decrease by 1,287 thousand ordinary shares of treasury shares derives from transfer of 1,287 thousand shares and sales of odd shares of 0 thousand shares to ‘CKD Employee Shareholding Association Trust Account’ with the Sumitomo Mitsui Banking Corporation (hereinafter referred to as the Trust Account).

Note 3: Increase by 1,287 thousand ordinary shares (held by Trust Account) of treasury shares derives from acceptance by Trust Account of the treasury shares.

Note 4: Decrease by 30 thousand ordinary shares (held by Trust Account) of treasury shares derives from sales by Trust Account to CKD Employee Shareholding Association.

2. Matters related to Dividends

(1) Amount of Dividends Paid

(Resolution)	Type of shares	Total of dividends (million yen)	Dividend per share (yen)	Record date	Effective on
Board of Directors held on May 12, 2010	Ordinary shares	186	3	Mar. 31, 2010	Jun 4, 2010
Board of Directors held on Oct. 29, 2010	Ordinary shares	373	6	Sep. 30, 2010	Dec. 8, 2010

(2) Dividends which record date belongs to the current accounting year, but the effective date for the dividend belongs to the next accounting year.

(Resolution)	Type of shares	Total of dividends (million yen)	Dividend resource	Dividend per share (yen)	Record date	Effective on:
Board of Directors held on May 12, 2011	Ordinary shares	507	Accumulated earnings	8	Mar. 31, 2011	Jun.6, 2011

(Consolidated Cash Flow Statement)

Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
*1: Relationship between the balance of cash and cash equivalents as of the end of the current term and amount of the following accounting items shown in the consolidated balance sheet Cash and deposits: 5,682 million yen Time deposit with the deposit term of over and above 3 months: △ 101 million yen Cash and cash equivalents: 5,581 million yen 2. Details of important non-fund transactions The amount of assets and liabilities related to financing and lease transactions that was newly accounted for the current consolidated accounting year came to 50 million yen each.	*1: Relationship between the balance of cash and cash equivalents as of the end of the current term and amount of the following accounting items shown in the consolidated balance sheet Cash and deposits: 7,849 million yen Time deposit with the deposit term of over and above 3 months: △ 121 million yen Cash and cash equivalents: 7,728 million yen 2. Details of important non-fund transactions (1)The amount of assets and liabilities related to financing and lease transactions that was newly accounted for the current consolidated accounting year came to 44 million yen each. (2) The amount of assets and liabilities related to asset retirement obligation that was newly accounted for the current consolidated accounting year: Buildings and structures 48 million yen Asset retirement obligation 129 million yen

(Lease Transactions)

Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
1. Finance and Lease Transactions (Lessee Side) Finance and lease transactions without transfer of ownership i) Lease assets Tangible fixed assets These include production facilities (machineries and carriers) and dies (tools, apparatus and fixtures). ii) Depreciation of leased assets Important matters as the basis of creating the consolidated financial statement: See '(2) Depreciation of Important Depreciable Assets' in '4. Matters relating to the Accounting Standard.' Of those finance and leasing transactions without transfer of ownership, leasing transactions started on or before March 31, 2008 was treated based on the accounting for normal leasing and lending transactions, which includes the followings. (1) Amount equivalent to acquisition price of leased estates, amount equivalent to accumulated depreciation expenses, amount equivalent to accumulated loss due to impairment and amount equivalent to the balance as of the term end	1. Finance and Lease Transactions (Lessee Side) Finance and lease transactions without transfer of ownership i) Lease assets Same as left ii) Depreciation of leased assets Same as left (1) Amount equivalent to acquisition price of leased estates, amount equivalent to accumulated depreciation expenses, amount equivalent to accumulated loss due to impairment and amount equivalent to the balance as of the term end

Previous Consolidated Accounting Year:

	Amount equivalent to acquisition price (million yen)	Amount equivalent to accumulated depreciation expenses (million yen)	Amount equivalent to the balance as of the term end (million yen)
Machineries and carriers	5	4	1
Tools, apparatus and fixtures	410	334	75
Intangible fixed assets	42	33	8
Total	458	372	85

Current Consolidated Accounting Year:

	Amount equivalent to acquisition price (million yen)	Amount equivalent to accumulated depreciation expenses (million yen)	Amount equivalent to the balance as of the term end (million yen)
Machineries and carriers	5	5	0
Tools, apparatus and fixtures	410	311	98
Intangible fixed assets	21	18	2
Total	437	336	101

Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
(2) Amount equivalent to the balance of accrued leasing fees Amount equivalent to the balance of accrued leasing fees Within a year: 77 million yen Over and above a year: 12 million yen Total: 89 million yen	(2) Amount equivalent to the balance of accrued leasing fees Amount equivalent to the balance of accrued leasing fees Within a year: 71 million yen Over and above a year: 31 million yen Total: 102 million yen
(3) Leasing fees paid, amount withdrawn from lease asset impairment account, amount equivalent to depreciation expenses, amount equivalent to interest paid and loss due to impairment Leasing fees paid: 142 million yen Amount equivalent to depreciation expenses: 135 million Amount equivalent to interest paid: 3 million yen	(3) Leasing fees paid, amount withdrawn from lease asset impairment account, amount equivalent to depreciation expenses, amount equivalent to interest paid and loss due to impairment Leasing fees paid: 180 million yen Amount equivalent to depreciation expenses: 176 million Amount equivalent to interest paid: 1 million yen
(4) How to calculate the amount equivalent to depreciation expenses With the leasing period as useable period, straight-line method is used with the balance amount set as 0.	(4) How to calculate the amount equivalent to depreciation expenses Same as left

Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
(5) How to calculate the amount equivalent to interest The difference between the total leasing fees and the amount equivalent to acquisition price of each lease estate set as the amount equivalent to interest, interest method is used to allocate the interest to each accounting term.	(5) How to calculate the amount equivalent to interest Same as left
2. Operating Lease Transactions (Lessee Side) Accrued leasing fees of operating lease transactions of the portion that cannot be cancelled: Within 1 year: 4 million yen Over and above 1 year: 0 million yen Total: 5 million yen	2. Operating Lease Transactions (Lessee Side) Accrued leasing fees of operating lease transactions of the portion that cannot be cancelled: Within 1 year: 2 million yen Over and above 1 year: 1 million yen Total: 3 million yen
(Loss due to Impairment) No loss due to impairment was allocated to lease assets.	(Loss due to Impairment) Same as left

(Financial Products)
Previous consolidated accounting year (From April 1, 2009 to March 31, 2010)

(Additional Information)
'Accounting Standard related to Financial Products' (Corporate Accounting Standard No. 10 of March 10, 2008) and 'Guideline for Presentation of Market Prices of Financial Products' (Corporate Accounting Standard Guideline No. 19 of March 10, 2008) are applied from this current accounting year onward.

1. Matters relating to the Status of Financial Instruments
(1) Policies for Handling Financial Instruments
The CKD Group has a policy that investment should be restricted to short-term deposits and safe financial commodities, and that funds should be raised through bank loans and issuance of corporate bonds. Derivatives are used for avoidance of foreign exchange fluctuation risks and interest fluctuation risks of borrowings only and no speculative investment will be made to derivatives.

(2) Financial Instruments and their Risks
Note receivables and trade account receivables, as well as accrued income from operations are operation receivables which are exposed to credit risks of customers. Operation receivables in foreign currency, generated by the Group's global business activities are exposed to foreign exchange fluctuation risks, but a part of them is hedged by borrowings in foreign currency.

The Group's investment securities are stocks mainly related to expand business relationships with suppliers and are exposed to market price fluctuation risks.

All due dates for operation payables, including note payables and trade account payables, arrive within one year. A part of them is in foreign currency, related to importing raw materials, which is exposed to foreign exchange fluctuation risks. They, however, are constantly within the balance of trade account receivables for the same foreign currency.

Lease liabilities related to long-term borrowings and financial leasing mainly aim at raising funds necessary for plant investment. As the fixed interest rate is used, they won't be exposed to any interest rate fluctuation risks.

(3) Risk Management System on Financial Instruments
i) Credit Risk Control (risk of default to a contract by suppliers)
CKD regularly monitors the operation receivables from major suppliers by sales control function of each sales sites, pursuant to credit control guideline to detect any potential bad debts at their early stage due to deteriorated business condition of such suppliers and to alleviate such bad debts. CKD's consolidated subsidiaries are also under the similar risk control, pursuant to the credit control guideline.
ii) Market Risk Control (risk of foreign exchange/interest rate fluctuations)
CKD hedges a part of foreign exchange fluctuation risks of operating receivables in foreign currency by borrowing in foreign currency. Conditions of the foreign exchange markets and of its operation receivables are monitored regularly to revise the amount of funds to be raised in foreign currency.
As to investment securities, brands' market prices and financial conditions are regularly checked and the volume of holding

securities of each brand are continuously revised by considering the business relationship between us and the brand.

iii) Fund Raising Fluidity Risk Management (risks that repayment cannot be done on due date)

CKD Accounting Department forms a funding plan based on reporting made by each department and fund raising is managed using a comparison table of a monthly funding statement and a funding plan, and other methods.

(4) Supplemental explanation on market price, etc. of financial instruments

Prevailing prices of financial instruments include those determined by the market, and where no market price exists, prices calculated in a reasonable manner. As calculation of the prevailing prices includes a certain fluctuation element, it is subject to vary depending on premises used for calculation.

2. Matters relating to Prevailing Prices, etc. of Financial Instruments

The following table shows the amount of each accounting items shown in this company's consolidated balance sheet, prevailing prices and difference between them as of the end of the current consolidated accounting year. Items which it is quite difficult to grasp their prevailing rate are not shown in the table. (See Note 2.)

	Amount shown in the consolidated balance sheet (*) (million yen)	Prevailing price (*) (million yen)	Difference (million yen)
(1) Cash and deposits	5,682	5,682	-
(2) Note receivables and trade account receivables	17,479	17,479	-
(3) Accrued operating income	1,280	1,280	-
(4) Investment securities Other securities	3,514	3,514	-
(5) Note payables and trade account payables	(9,618)	(9,618)	-
(6) Short-term borrowings	(3,312)	(3,312)	-
(7) Long-term borrowings (including those to be repaid within one year)	(2,700)	(2,729)	29
(8) Derivative transactions	-	-	-

(*) Figures in the parenthesis ( ) shows those items listed as liabilities.

Note 1: Method of calculating prevailing prices for financial instruments and matters related to marketable securities and derivative transactions

(1) Cash and deposits, (2) Notes receivables and trade account receivables and (3) Accrued operating income:
As these will be settled within a short time, and their prevailing value is almost equal to their book values, they are calculated using the respective book value.

(4) Investment securities:
For determining the prevailing rate of investment securities, share prices are those transacted in stock exchanges while bonds prices appraised by securities companies.
Cautions on securities for each investment objectives, refer to 'Marketable Securities.'

(5) Note payables and trade account payables and (6) Short-term borrowings
As these will be settled within a short time, and their prevailing value is almost equal to their book values, they are calculated using the respective book value.

(7) Long-term borrowings (including those to be repaid within a year)
Prevailing value for long-term borrowings is calculated by the total principal amount discounted by interest rate to be applied for a new borrowings of such principal amount.

(8) Derivative transactions
Not applicable.

2. Financial Instruments which it may be Extremely Difficult to determine their Prevailing Values

Category	Amount shown in the consolidated balance sheet (million yen)
Non-listed stocks	110

As stocks not listed don't have any market price and it is extremely difficult to determine their prevailing values, they are not included in '(4) Investment Securities.'

3. Amount to be Redeemed on or after Closing of the Current Consolidated Accounting Year for Monetary Credits and Marketable Securities with Due Dates

Category	Redeemed within a year (million yen)	Redeemed within one year to 5 years (million yen)	Redeemed within 5 years to 10 years (million yen)	Redeemed within more than 10 years (million yen)
Cash and deposits	5,682	-	-	-
Note receivables and trade account receivables	17,479	-	-	-
Accrued operating income	1,280	-	-	-
Other marketable securities with due dates				
(1) Bonds (corporate bonds)	-	-	100	-
(2) Others	-	-	-	-

4. Repayment Schedules for Long-Term Borrowings, Lease liabilities and other Debts with Interests on or after Closing of the Current Consolidated Accounting Year

	Repaid within a year (million yen)	Repaid within one year to 2 years (million yen)	Within 2 years to 3 years (million yen)	Repaid within 3 years to 4 years (million yen)	Repaid within 4 years to 5 years (million yen)	Repaid within more than 5 years (million yen)
Long-term borrowings	700	700	700	600	-	-
Lease liabilities	96	64	16	12	7	0
Total	796	764	716	612	7	0

Current Consolidated Accounting Year (from April 1, 2010 to March 31, 2011)

1. Matters relating to the Status of Financial Instruments

(1) Policies for Handling Financial Instruments

The CKD Group has a policy that investment should be restricted to short-term deposits and safe financial commodities, and that funds should be raised through bank loans and issuance of corporate bonds. Derivatives are used for avoidance of foreign exchange fluctuation risks and interest fluctuation risks of borrowings only and no speculative investment will be made to derivatives.

(2) Financial Instruments and their Risks

Note receivables and trade account receivables, as well as accrued income from operations are operation receivables which are exposed to credit risks of customers. Operation receivables in foreign currency, generated by the Group’s global business activities are exposed to foreign exchange fluctuation risks, but a part of them is hedged by borrowings in foreign currency.

The Group’s investment securities are stocks mainly related to expand business relationships with suppliers and are exposed to market price fluctuation risks.

All due dates for operation payables, including note payables and trade account payables, arrive within one year. A part of them is in foreign currency, related to importing raw materials, which is exposed to foreign exchange fluctuation risks. They, however, are constantly within the balance of trade account receivables for the same foreign currency.

Lease liabilities related to long-term borrowings and financial leasing mainly aim at raising funds necessary for plant investment. As the fixed interest rate is used, they won’t be exposed to any interest rate fluctuation risks.

(3) Risk Management System on Financial Instruments

i) Credit Risk Control (risk of default to a contract by suppliers)

CKD regularly monitors the operation receivables from major suppliers by sales control function of each sales sites, pursuant to credit control guideline to detect any potential bad debts at their early stage due to deteriorated business condition of such suppliers and to alleviate such bad debts. CKD’s consolidated subsidiaries are also under the similar risk control, pursuant to the credit control guideline.

ii) Market Risk Control (risk of foreign exchange/interest rate fluctuations)

CKD hedges a part of foreign exchange fluctuation risks of operating receivables in foreign currency by borrowing in foreign currency. Conditions of the foreign exchange markets and of its operation receivables are monitored regularly to revise the amount of funds to be raised in foreign currency.

As to investment securities, brands' market prices and financial conditions are regularly checked and the volume of holding securities of each brand are continuously revised by considering the business relationship between us and the brand.

iii) Fund Raising Fluidity Risk Management (risks that repayment cannot be done on due date)

CKD Accounting Department forms a funding plan based on reporting made by each department and fund raising is managed using a comparison table of a monthly funding statement and a funding plan, and other methods.

(4) Supplemental explanation on market price, etc. of financial instruments

Prevailing prices of financial instruments include those determined by the market, and where no market price exists, prices calculated in a reasonable manner. As calculation of the prevailing prices includes a certain fluctuation element, it is subject to vary depending on premises used for calculation.

2. Matters relating to Prevailing Prices, etc. of Financial Instruments

The following table shows the amount of each accounting items shown in this company's consolidated balance sheet, prevailing prices and difference between them as of the end of the current consolidated accounting year. Items which it is quite difficult to grasp their prevailing rate are not shown in the table. (See Note 2.)

	Amount shown in the consolidated balance sheet (*) (million yen)	Prevailing price (*) (million yen)	Difference (million yen)
(1) Cash and deposits	7,849	7,849	-
(2) Note receivables and trade account receivables	19,290	19,290	-
(3) Accrued operating income	3,150	3,150	-
(4) Investment securities Other securities	3,723	3,723	-
(5) Note payables and trade account payables	(11,030)	(11,030)	-
(6) Short-term borrowings	(2,851)	(2,851)	-
(7) Long-term borrowings (including those to be repaid within one year)	(2,999)	(3,014)	14
(8) Derivative transactions	-	-	-

(*) Figures in the parenthesis ( ) shows those items listed as liabilities.

Note 1: Method of calculating prevailing prices for financial instruments and matters related to marketable securities and derivative transactions

(1) Cash and deposits, (2) Notes receivables and trade account receivables and (3) Accrued operating income:
As these will be settled within a short time, and their prevailing value is almost equal to their book values, they are calculated using the respective book value.

(4) Investment securities:
For determining the prevailing rate of investment securities, share prices are those transacted in stock exchanges while bonds prices appraised by securities companies.
Cautions on securities for each investment objectives, refer to 'Marketable Securities.'

(5) Note payables and trade account payables and (6) Short-term borrowings
As these will be settled within a short time, and their prevailing value is almost equal to their book values, they are calculated using the respective book value.

(7) Long-term borrowings (including those to be repaid within a year)
Prevailing value for long-term borrowings is calculated by the total principal amount discounted by interest rate to be applied for a new borrowings of such principal amount.

(8) Derivative transactions
Not applicable.

2. Financial Instruments which it may be Extremely Difficult to determine their Prevailing Values

Category	Amount shown in the consolidated balance sheet (million yen)
Non-listed stocks	110

As stocks not listed don't have any market price and it is extremely difficult to determine their prevailing values, they are not included in '(4) Investment Securities.'

3. Amount to be Redeemed on or after Closing of the Current Consolidated Accounting Year for Monetary Credits and Marketable Securities with Due Dates

Category	Redeemed within a year (million yen)	Redeemed within one year to 5 years (million yen)	Redeemed within 5 years to 10 years (million yen)	Redeemed within more than 10 years (million yen)
Cash and deposits	7,849	-	-	-
Note receivables and trade account receivables	19,290	-	-	-
Accrued operating income	3,150	-	-	-
Other marketable securities with due dates				
(1) Bonds (corporate bonds)	-	-	100	-
(2) Others	-	-	-	-

4. Repayment Schedules for Long-Term Borrowings, Lease liabilities and other Debts with Interests on or after Closing of the Current Consolidated Accounting Year

	Within a year (million yen)	Within one year to 2 years (million yen)	Within 2 years to 3 years (million yen)	Within 3 years to 4 years (million yen)	Within 4 years to 5 years (million yen)	Within more than 5 years (million yen)
Long-term borrowings	700	700	600	-	999	-
Lease liabilities	72	24	20	14	3	0
Total	772	724	620	14	1,003	0

(Marketable Securities)

Previous Consolidated Accounting Year (as of March 31, 2010)

1. Other Marketable Securities

Categories	Amount shown in the consolidated balance sheet (million yen)	Acquisition cost (million yen)	Difference (million yen)
(1) Items whose amount in the consolidated balance sheet is over and above the acquisition cost			
i) Shares	2,823	2,093	729
ii) Bonds			
a. Central and local government bonds, etc.	-	-	-
b. Corporate bonds	101	100	1
c. others	-	-	-
iii) Others	-	-	-
Sub total	2,925	2,193	731
(2) Items whose amount in the consolidated balance sheet is within the acquisition cost			
i) Shares	588	626	△37
ii) Bonds			
a. Central and local government bonds, etc.	-	-	-
b. Corporate bonds	-	-	-
c. others	-	-	-
iii) Others	-	-	-
Sub total	588	626	△37
Total	3,514	2,820	693

Note: Non-listed stocks (i.e. 63 million yen in the consolidated balance sheet) don’t have any market values and it is extremely difficult to set a prevailing rate. As such they aren’t included in ‘Other marketable securities’ in the above table.

2. Other Marketable Securities Sold during the Current Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)

Not applicable

3. Marketable Securities subject to Booking of Impairment Loss

For the current consolidated accounting year, 157 million yen of marketable securities were booked as impairment loss. For ‘Other Marketable Securities,’ when prevailing rate comes below the acquisition cost of them by 50% or more, we consider it ‘a significant down’ and book such securities as impairment loss. For downing of 30% to 50%, such marketable securities are booked as impairment loss so far as we determine it ‘a significant lows’ after checking the prevailing price during the current accounting year of each brand and financial statements of each issuing company.

Current Consolidated Accounting Year (as of March 31, 2011)

1. Other Marketable Securities

Categories	Amount shown in the consolidated balance sheet (million yen)	Acquisition cost (million yen)	Difference (million yen)
(1) Items whose amount in the consolidated balance sheet is over and above the acquisition cost			
i) Shares	3,356	2,408	947
ii) Bonds			
a. Central and local government bonds, etc.	-	-	-
b. Corporate bonds	100	100	0
c. others	-	-	-
iii) Others	-	-	-
Sub total	3,456	2,508	948
(2) Items whose amount in the consolidated balance sheet is within the acquisition cost			
i) Shares	266	334	△67
ii) Bonds			
a. Central and local government bonds, etc.	-	-	-
b. Corporate bonds	-	-	-
c. others	-	-	-
iii) Others	-	-	-
Sub total	266	334	△67
Total	3,723	2,842	880

Note: Non-listed stocks (i.e. 63 million yen in the consolidated balance sheet) don’t have any market values and it is extremely difficult to set a prevailing rate. As such they aren’t included in ‘Other marketable securities’ in the above table.

2. Other Marketable Securities Sold during the Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)

Not applicable

3. Marketable Securities subject to Booking of Impairment Loss

Not applicable

(Derivative Transactions)

Previous consolidated accounting year (As of March 31, 2010)

Not applicable

Current consolidated accounting year (As of March 31, 2011)

Not applicable

(Retirement Benefits)

Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
1. Retirement Benefit System CKD Corporation and CKD Global Service Co., Ltd. have a retirement benefit system pursuant to the respective Retirement Benefit Regulations, and combined use of defined contribution type corporate pension fund system and defined contribution pension system. The defined contribution type corporate pension fund system was modified to a system similar to a cash balance system on April 1, 2010. CKD Corporation has an employee pension trust. Fukushima Honing Kogyo K.K. has its own qualified retirement pension plan, while Shikoku Seiko K.K. and some consolidated subsidiaries in overseas use a retirement lump sum grants system. Other consolidated subsidiaries in overseas use a defined contribution pension system	1. Retirement Benefit System CKD Corporation and CKD Global Service Co., Ltd. have a retirement benefit system pursuant to the respective Retirement Benefit Regulations, and combined use of defined contribution type corporate pension fund system and defined contribution pension system. CKD Corporation has an employee pension trust. While Shikoku Seiko K.K. and some consolidated subsidiaries in overseas use a retirement lump sum grants system. Other consolidated subsidiaries in overseas use a defined contribution pension system.
2. Matters relating to Retirement Benefit Obligations (1) Retirement benefit obligations: △15,184 million yen (2) Retirement benefit trust: 822 million yen (3) Pension assets 11,278 million yen (4) Unfunded retirement benefit obligations (1)+(2)+(3): △3,082 million yen (5) Actual differences not recognized: 5,546 million yen (6) Prior service obligations not recognized: △3,070 million yen (7) Net amount shown in the balance sheet (4)+(5)+(6): △607 million yen (8) Cost of pension paid in advance: - (9) Allowance for retirement benefit (7)-(8): △607 million yen Note 1: Some subsidiaries calculate their retirement benefit obligations using a simple method. Note 2: After changing their defined contribution type corporate pension fund system was modified to a system similar to a cash balance system, both CKD Corporation and CKD Global Service Co., Ltd. showed △362 million yen as their past service obligations (decreased obligation).	2. Matters relating to Retirement Benefit Obligations (1) Retirement benefit obligations: △14,902 million yen (2) Retirement benefit trust: 766 million yen (3) Pension assets 11,467 million yen (4) Unfunded retirement benefit obligations (1)+(2)+(3): △2,669 million yen (5) Actual differences not recognized: 5,042 million yen (6) Prior service obligations not recognized: △2,569 million yen (7) Net amount shown in the balance sheet (4)+(5)+(6): △195 million yen (8) Cost of pension paid in advance: - (9) Allowance for retirement benefit (7)-(8): △195 million yen Note 1: Some subsidiaries calculate their retirement benefit obligations using a simple method.
3. Matters relating to Cost of Retirement Benefits (1) Service cost: 649 million yen (2) Interest cost: 312 million yen (3) Expected operation gain: △272 million yen (4) Actual differences accounted as cost: 1,061 million yen (5) Past service obligations accounted as cost: △470 million yen (6) Cost of retirement benefit (1)+(2)+(3)+(4)+(5): 1,279 million yen (7) Premiums paid to the defined contribution payment system: 146 million yen Total 1,425 million yen Note: Costs of retirement benefit for consolidated subsidiaries employing a simple calculation method and a retirement lump sum grants system are accounted in (1) Service cost.	3. Matters relating to Cost of Retirement Benefits (1) Service cost: 629 million yen (2) Interest cost: 298 million yen (3) Expected operation gain: △224 million yen (4) Actual differences accounted as cost: 972 million yen (5) Past service obligations accounted as cost: △501 million yen (6) Cost of retirement benefit (1)+(2)+(3)+(4)+(5): 1,174 million yen (7) Premiums paid to the defined contribution payment system: 141 million yen Total 1,316 million yen Note: The above includes costs of retirement benefit for consolidated subsidiaries employing a simple calculation method and a retirement lump sum grants system.

Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
4. Matters relating to the Basis of Calculating Retirement Benefit Obligations, etc. (1) Method of attributing projected of retirement benefit payment: Straight line attribution (2) Discount ratio: 2.0% (3) Earning ratio: 2.5% (4) Years applicable to the calculation of the amount of past service obligations: 12 years (5) Years applicable to actual difference: 12 years Note: Actual differences in retirement benefit obligations for each year are depreciated as cost, in a way that the amount within a certain number of years up to the average remaining service years of employees hired for each consolidated accounting year is prorated using the straight line method.	4. Matters relating to the Basis of Calculating Retirement Benefit Obligations, etc. (1) Method of attributing projected of retirement benefit payment: Straight line attribution (2) Discount ratio: 2.0% (3) Earning ratio: 2.0% (4) Years applicable to the calculation of the amount of past service obligations: 12 years (5) Years applicable to actual difference: 12 years Note: Actual differences in retirement benefit obligations for each year are depreciated as cost, in a way that the amount within a certain number of years up to the average remaining service years of employees hired for each consolidated accounting year is prorated using the straight line method.

(Tax Effect Accounting)

Previous Consolidated Accounting Year (as of March 31, 2010)		Current Consolidated Accounting Year (as of March 31, 2011)	
1. Details by Case of Deferred tax Assets and Deferred Tax Liabilities		1. Details by Case of Deferred tax Assets and Deferred Tax Liabilities	
Deferred Tax Assets		Deferred Tax Assets	
Amount set as employee retirement benefit trust:	798 million yen	Amount set as employee retirement benefit trust:	798 million yen
Inventory assets:	527 million yen	Inventory assets:	330 million yen
Accrued bonus:	511 million yen	Accrued bonus:	639 million yen
Tax loss:	369 million yen	Tax loss:	340 million yen
Allowance for retirement benefit:	238 million yen	Accrued business tax, etc.	212 million yen
Appraisal loss of investment securities:	150 million yen	Accrued expenses:	162 million yen
Accrued expenses:	124 million yen	Appraisal loss of investment securities:	149 million yen
Others:	267 million yen	Allowance for retirement benefit:	74 million yen
Sub-total for deferred tax assets:	2,989 million yen	Others:	330 million yen
Valuation reserve:	△1,315 million yen	Sub-total for deferred tax assets:	3,039 million yen
Total for deferred tax assets:	1,673 million yen	Valuation reserve:	△1,182 million yen
		Total for deferred tax assets:	1,856 million yen
Deferred Tax Liabilities		Deferred Tax Liabilities	
Gain on contribution of securities to retirement benefit trust:	△329 million yen	Gain on contribution of securities to retirement benefit trust:	△329 million yen
Valuation difference on available-for-sale securities:	△221 million yen	Valuation difference on available-for-sale securities:	△301 million yen
Others	△6 million yen	Others	△53 million yen
Total for deferred tax liabilities:	△557 million yen	Total for deferred tax liabilities:	△684 million yen
Net deferred tax liabilities:	1,116 million yen	Net deferred tax liabilities:	1,172 million yen
Net deferred tax assets and net deferred tax liabilities are included in the following accounting items in the consolidated balance sheet.		Net deferred tax assets and net deferred tax liabilities are included in the following accounting items in the consolidated balance sheet.	
Current Assets-Deferred Tax Assets:	1,123 million yen	Current Assets-Deferred Tax Assets:	1,302 million yen
Fixed Assets-Deferred Tax Assets:	60 million yen	Fixed Assets-Deferred Tax Assets:	122 million yen
Fixed Liabilities-Deferred Tax Liabilities:	△67 million yen	Fixed Liabilities-Deferred Tax Liabilities:	△252 million yen

Previous Consolidated Accounting Year (as of March 31, 2010)		Current Consolidated Accounting Year (as of March 31, 2011)	
2. Burden Ratio of Corporate Tax, etc. after Application of the Normal Effective Statutory Tax Rate and Tax Effect Accounting and Details of Major Accounting Items that Caused a Difference		2. Burden Ratio of Corporate Tax, etc. after Application of the Normal Effective Statutory Tax Rate and Tax Effect Accounting and Details of Major Accounting Items that Caused a Difference	
Normal effective statutory tax rate:	40.6%	Normal effective statutory tax rate:	40.6%
(Adjustment)		(Adjustment)	
Inhabitant tax on per capita basis:	6.8%	Inhabitant tax on per capita basis:	0.8%
Accounting items that will never be calculated as loss (such as entertainment expenses):	3.0%	Accounting items that will never be calculated as loss (such as entertainment expenses):	0.5%
Increase/decrease of valuation reserve:	△118.0%	Difference in the normal effective statutory tax rates of consolidated subsidiaries:	△2.2%
Tax deduction for R&D expenses:	△8.5%	Increase/decrease of valuation reserve:	△1.8%
Accounting items that will never be calculated as gain (such as dividends received):	△4.1%	Special deduction for R&D expenses:	△1.2%
Others:	1.2%	Accounting items that will never be calculated as gain (such as dividends received):	△0.5%
Burden ratio of corporate tax, etc., after application of tax effect accounting:	△81.4%	Others:	1.1%
		Burden ratio of corporate tax, etc., after application of tax effect accounting:	37.3%

(Asset Retirement Obligations)
As of the closing date for the current consolidated accounting year (March 31, 2011)

Asset retirement obligations accounted in the consolidated balance sheet:

(1) Outline of the asset retirement obligations

The CKD Group accounts asbestos removal expenses for demolishing company-owned buildings as an asset retirement obligation.

In addition, some branch offices have an obligation for returning the office space back to its original condition upon vacating the space, pursuant to the relevant lease agreements with the owner. The fees required for it is accounted as an asset retirement obligation.

(2) Calculation of the Asset Retirement Obligations

Asset retirement obligations accounted as liabilities are calculated by estimating the expected use period as 16 to 50 years with the discount ratio of 1.929 to 2.293%.

(3) Increase/Decrease of Total Asset Retirement Obligations for the Current Consolidated Accounting Year

Balance brought forward from the previous term (See Note.):	127 million yen
Increase due to acquisition of tangible fixed assets:	-million yen
Time course adjustment:	2 million yen
Decrease due to execution of asset retirement obligations:	-million yen
Balance carried forward to the next term:	129 million yen

Note: The balance brought forward from the previous term is derived from our application of ‘Accounting Standard for Asset Retirement Obligations’ (Corporate Accounting Standard No. 18 of March 31, 2008) and ‘Guideline for Application of Accounting Standard for Asset Retirement Obligations’ (Corporate Accounting Standard Application Guideline No. 21 of March 31, 2008).

(Segment Information, etc.)

[Segment Information by Business Category]

Previous Consolidated Accounting Year (April 1, 2009 to March 31, 2010)

	Automatic Machinery Products (million yen)	Component Products (million yen)	Total (million yen)	Elimination or corporate (million yen)	Consolidated amount (million yen)
I. Sales and Operating Profit/Loss					
Sales					
(1) Sales to external customers	11,967	38,068	50,035	-	50,035
(2) Internal sales amount or amount transferred among segments	7	160	168	(168)	-
Total	11,974	38,229	50,204	(168)	50,035
Operating expenses	10,534	37,315	47,849	1,852	49,702
Operating profits	1,440	914	2,354	(2,020)	333
II. Assets, Depreciation Expenses and Capital Expenditure					
Assets	10,007	44,505	54,512	8,356	62,869
Depreciation expenses	389	2,302	2,692	226	2,918
Capital expenditure	52	478	531	65	597

Note 1: Segmentation Method

CKD's businesses are segmented into Automatic Machineries Products and Component Products considering the analogy of the type, properties and sales method of products.

Note 2: Major Products for each Business

Business Segment	Type
Automatic Machinery Products	Automatic machineries
Component Products	Energy saving units, air pressure control devices, driving devices, air pressure-related devices, fluid control devices and control devices

Note 3: Of the operating expenses, the amount that cannot be allocated that is shown in the 'elimination or corporate' column accounts for 2,473 million yen and 2,051 million yen for the previous and the current consolidated accounting year respectively. These expenses mainly include expenses related to administration of CKD, long-term R&D expenses and costs related to CKD Global Service Co., Ltd.

Note 4: Of assets, the amount for corporate assets shown in the 'elimination or corporate' column includes 7,542 million yen and 8,356 million yen for the previous and the current consolidated accounting year respectively. These assets mainly consist of working surplus funds (cash and deposits) and long-term investment funds (investment securities).

[Segment Information by Location]
Previous Consolidated Accounting Year (April 1, 2009 to March 31, 2010)

	Japan (million yen)	Asia (million yen)	Others (million yen)	Total (million yen)	Elimination or corporate (million yen)	Consolidated amount (million yen)
I. Sales and Operating Profit/Loss						
Sales						
(1) Sales to external customers	43,455	6,048	532	50,035	-	50,035
(2) Internal sales amount or amount transferred among segments	4,827	836	-	5,664	(5,664)	-
Total	48,282	6,885	532	55,700	(5,664)	50,035
Operating expenses	46,901	6,962	596	54,461	(4,759)	49,702
Operating profit/loss (△)	1,380	△77	△64	1,239	(905)	333
II. Assets	55,272	6,628	286	62,187	681	62,869

Note 1: Nations and areas are categorized based on geological proximity.
Note 2: Major Nations and Areas (other than Japan)
(1) Asia: Malaysia, Thailand, Singapore, China, South Korea and Taiwan
(2) Others: U.S.A. and Canada
Note 3: Of the operating expenses, the amount that cannot be allocated that is shown in the 'elimination or corporate' column accounts for 2,473 million yen and 2,051 million yen for the previous and the current consolidated accounting year respectively. These expenses mainly include expenses related to administration of CKD, long-term R&D expenses and costs related to CKD Global Service Co., Ltd.
Note 4: Of assets, the amount for corporate assets shown in the 'elimination or corporate' column includes 7,542 million yen and 8,356 million yen for the previous and the current consolidated accounting year respectively. These assets mainly consist of working surplus funds (cash and deposits) and long-term investment funds (investment securities).

[Overseas Sales]
Previous Consolidated Accounting Year (April 1, 2009 to March 31, 2010)

	Asia	Others	Total
I. Overseas sales (million yen)	6,907	1,006	7,913
II. Consolidated sales (million yen)			50,035
III. Ratio of overseas sales to consolidated sales (%)	13.8	2.0	15.8

Note 1: Nations and areas are categorized based on geological proximity.
Note 2: Major Nations and Areas (other than Japan)
(1) Asia: Malaysia, Thailand, Singapore, Taiwan, China and South Korea, etc.
(2) Others: U.S.A., Canada, Latin America and Europe, etc.
Note 3: The overseas sales refers to the sales generated by CKD and its consolidated subsidiaries other than in Japan.

[Segment Information]
Current Consolidated Accounting Year (April 1, 2010 to March 31, 2011)

1. Outline of Reporting Segments

The reporting segments of the CKD Group refers to the constituents of CKD and its subsidiaries that financial statements separated from consolidated one is available and that are the scope of regular discussion by the Board of Directors of CKD to determine how corporate resources are to be allocated and to evaluate business performance.

The constituents of the CKD Group consist of product segments, which include two reporting segments of 'Automatic Machinery Products' and 'Component Products' separated based on the type, properties and sales method of products.

In Automatic Machinery Products, automatic packaging system, lithium ion battery manufacturing system and other large-scale facilities are manufactured and sold. They are produced upon receiving an order.

In Component Products, functional parts that can be applied to semiconductor-related businesses, automobile-related industries and other markets of diversified kinds are manufactured and sold. They are produced by forecasting demands of each items.

2. Calculation Methods of Sales, Profit/Loss, Assets, Liabilities and other Accounting Items for each Reporting Segment

The business segments reported are accounted almost in the same way as these shown in the section of [Important Matters as the basis of Creating Consolidated Financial Statement].

The profits in each reporting segment are based on operating profit. Internal gains and amount of transfer among segments are based on current market prices.

3. Information on Reporting-Segment-Wise Sales, Profit/Loss, Assets, Liabilities and other Accounting Items

Previous Consolidated Accounting Year (April 1, 2009 to March 31, 2010)

(Unit: million yen)

	Reporting segment			Amount adjusted	Amount shown in the consolidated financial statement
	Automatic Machineries Products	Component Products	Total		
Sales					
Sales to external customers	11,967	38,068	50,035	-	50,035
Internal sales amount or amount transferred among segments	7	160	168	△168	-
Total	11,974	38,229	50,204	△168	50,035
Profit for segment	1,440	914	2,354	△2,020	333
Asset of segment	10,007	44,505	54,512	8,356	62,869
Other items					
Depreciation expenses	389	2,302	2,692	226	2,918
Increase of tangible and intangible fixed assets	52	478	531	65	597

Note 1: Details of the amount adjusted

(1) The amount of adjustment for 'Sales' i.e. △168 million yen is derived from elimination of transactions among segments.

(2) The amount of adjustment for 'Profit for segment' i.e. △2,020 million yen includes 30 million yen for elimination of transactions among segments and△2,051 million yen as the total company expenses that aren't allocated to each reporting segment. The total company expenses mainly refers to expenses related to administration of CKD, long-term R&D expenses and costs related to CKD Global Service Co., Ltd.

(3) The amount of adjustment for 'Assets of segments' i.e. 8,356 million yen is the total company assets not allocated to each reporting segment. This mainly consists of working surplus funds (cash and deposits) and long-term investment funds (investment securities).

(4) The amount adjusted for depreciation expenses i.e. 226 million yen mainly consists of depreciation amounts related to

head office building.

(5) The amount adjusted for increase of tangible/intangible fixed assets, i.e. 65 million yen mainly consists of the amount of system investment for the entire company.

Note 2: 'Profits for segment' has already been adjusted with operating profits shown in the consolidated profit/loss statement.

Current Consolidated Accounting Year (April 1, 2010 to March 31, 2011)

(Unit: million yen)

	Reporting segment			Amount adjusted (Note 1)	Amount shown in the consolidated financial statement (Note 2)
	Automatic Machineries Products	Component Products	Total		
Sales					
Sales to external customers	13,061	58,959	72,020	-	72,020
Internal sales amount or amount transferred among segments	0	223	224	△224	-
Total	13,062	59,182	72,245	△224	72,020
Profit for segment	2,016	7,762	9,778	△2,275	7,502
Asset of segment	12,150	49,674	61,825	10,346	72,171
Other items					
Depreciation expenses	273	2,168	2,441	197	2,639
Increase of tangible and intangible fixed assets	238	1,899	2,138	42	2,180

[Related Information]

Current Consolidated Accounting Year (April 1, 2010 to March 31 2011)

1. Information by Product and by Service

Omitted as the same information is shown in the relevant places in Segment Information.

2. Information by Area

(1) Sales

(Unit: million yen)

Japan	Asia	Others	Total
57,155	13,080	1,785	72,020

Note: Sales by nation and by area are based on the customer locations.

(2) Tangible Fixed Assets

Omitted, as the total tangible assets in Japan exceeds 90% of the amount of tangible assets shown in the consolidated financial statement.

3. Customer Information

N/A, as we don’t have external customers, sales of whom exceeds 10% of the sales shown in the consolidated profit/loss statement.

[Information on Loss due to Impairment of Fixed Assets by Reporting Segment]

Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)

(Unit: million yen)

	Reporting segment			Corporate/ Elimination	Amount shown in the consolidated financial statement
	Automatic Machineries Products	Component Products	Total		
Loss due to impairment	-	82	82	-	82

[Information on Amount of Depreciation and Undepreciated Balance of Goodwill by Reporting Segment]

Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)

N/A.

[Information on Gain on Negative Goodwill by Reporting Segment]

Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)

N/A.

(Additional Information)

The CKD Group applies ‘Accounting Standard on Disclosure of Segment Information, etc.’ (Corporate Accounting Standard No. 17 of March 27, 2009) and ‘Guideline for Application of Accounting Standard on Disclosure of Segment Information, etc.’ (Corporate Accounting Standard Guideline No. 20 of March 21, 2008) from the current consolidated accounting year onward.

[Information on Related Parties]

Previous Consolidated Accounting Year (April 1, 2009 to March 31, 2010)

N/A.

Current Consolidated Accounting Year (April 1, 2010 to March 31, 2011)

N/A.

[Per stock Information]

Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010)		Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)	
Net asset per share:	667.24 yen	Net asset per share:	714.46 yen
Net profit per share for the term:	24.04 yen	Net profit per share for the term:	73.40 yen
As we have no diluted shares, net income per share for the term fully diluted is omitted.		As we have no diluted shares, net income per share for the term fully diluted is omitted.	

Note: The basis for calculating net profit per share for the term is shown as follows.

	Previous Consolidated Accounting Year (From April 1, 2009 to March 31, 2010))	Current Consolidated Accounting Year (From April 1, 2010 to March 31, 2011)
Net profit per share for the term:		
Net profit for the term (million yen)	1,494	4,577
Amount not attributable to ordinary shareholders (million yen)	-	-
Net profit for the term relate to ordinary shares (million yen)	1,494	4,577
Mid-term average shares (thousand shares)	62,167	62,365

Number of ordinary shares at the end of the current consolidated accounting year used for calculation of per share net asset as well as mid-term average ordinary shares used for calculating per share net profit includes treasury shares held by ‘CKD Employee Shareholding Trust Account.’

(Important Events occurred after the Date of this Report)

N/A.

v) [Consolidated Detailed Statement]

[Statement on Corporate Bonds]

N/A.

[Statement of Borrowings]

Category	Balance brought forward (million yen)	Balance carried forward (million yen)	Ave. interest (%)	Repayment periods
Short-term borrowings	3,312	2,851	1.4	-
Long-term borrowings to be repaid within a year	700	700	1.5	-
Lease obligations to be repaid within a year	96	72	-	-
Long-term borrowings (excl. those to be repaid within a year)	2,000	2,299	1.0	2012 through 2016
Lease obligations (excl. those to be repaid within a year)	101	63	-	2012 through 2018
Other debts with interest	-	-	-	-
Total	6,209	5,987	-	-

Note 1: The average interest rate is a weighted average interest against the balance outstanding as of the end of the term.

Note 2: The average interest rate for lease receivables is omitted, as lease obligations are accounted in the consolidated balance sheet before deduction of the amount equivalent to interest included in total leasing fees.

Note 3: See the following table, for the repayment schedule for 5 years after the date of closing consolidated account for long-term borrowings and lease obligations (excl. those to be repaid within a year).

	Repaid within one year to 2 years (million yen)	Repaid within 2 years to 3 years (million yen)	Repaid within 3 years to 4 years (million yen)	Repaid within 4 years to 5 years (million yen)
Long-term borrowings	700	600	-	999
Lease liabilities	24	20	14	3

[Statement of Asset Retirement Obligations]

Omitted as the amount of asset retirement obligations as of the end of the current consolidated accounting year is one hundredth or less of the sum of liabilities and net assets as of the end of the current consolidated accounting year.

(2) [Others]

Quarterly Information during the Current Consolidated Accounting Year

		Q1 (From April 1 to June 30, 2010)	Q2 (From July 1 to September 30, 2010)	Q3 (From October 1 to December 31, 2010)	Q4 (From January 1 to March 31, 2011)
Sales	(million yen)	16,029	18,877	18,748	18,364
Net quarterly profit before tax	(million yen)	1,405	2,176	2,089	1,632
Net quarterly profit	(million yen)	858	1,335	1,283	1,100
Per share net quarterly profit	(yen)	13.81	21.48	20.65	17.52