

Briefing on Financial Statements for the Year Ended March 2013



May 10, 2013

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1. Business performance for Fiscal Year Ended March 31, 2013

(1) Changes in Financial Results



Overview of FY2012

Markets remained weak worldwide. Conditions tended to recover gradually from the end of the fiscal year.

Net sales rose sharply year on year, hitting an all-time high, mainly due to reconstruction demand after the Thai flooding and the entry into the smartphone market.

----- The sales result was slightly less than forecasted, reflecting the tardiness of recovery in general.-----

Income increased significantly year on year, reaching a new record level, bolstered by the effects of increased sales and a weaker yen.

----- The income result was less than forecasted, largely as a result of the impact of a stronger yen in the first half and the taxation of dividends received from a Chinese subsidiary.-----

Billion Yen

	FY2011 ('11/4-'12/3)			FY2012 ('12/4-'13/3)				
	H1	H2	Full-year	H1	H2	Full-year	Year-on-year	Difference from initial forecasts
Net sales	16.7	19.0	35.7	34.4	18.4	52.8	+17.1	-2.2
Gross profit	3.5	4.9	8.4	8.7	6.0	14.7	+6.3	--
(Gross profit margin)	(21.0%)	(25.4%)	(23.4%)	(25.2%)	(32.7%)	(27.8%)	(+4.5%)	(-)
Operating income	1.4	2.7	4.1	5.6	2.8	8.4	+4.3	-0.4
(Operating income margin)	(8.4%)	(14.1%)	(11.4%)	(16.4%)	(15.3%)	(16.0%)	(+4.6%)	(0.0%)
Ordinary income	1.2	2.7	3.9	5.0	1.8	6.8	+2.9	-1.6
(Ordinary income margin)	(7.3%)	(13.9%)	(10.8%)	(14.5%)	(9.9%)	(12.9%)	(+2.0%)	(- 2.4%)
Net income	0.9	1.4	2.3	3.1	1.1	4.2	+1.9	-1.0
(Net income margin)	(5.2%)	(7.4%)	(6.4%)	(9.1%)	(5.8%)	(8.0%)	(+1.6%)	(-1.5%)
Net income per share	13.2 yen	20.7 yen	33.9 yen	42.6 yen	14.6 yen	57.2 yen	+23.3 yen	-13.5 yen

(2) Changes in Financial Results - Quarterly -

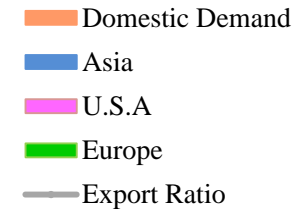


Billion Yen

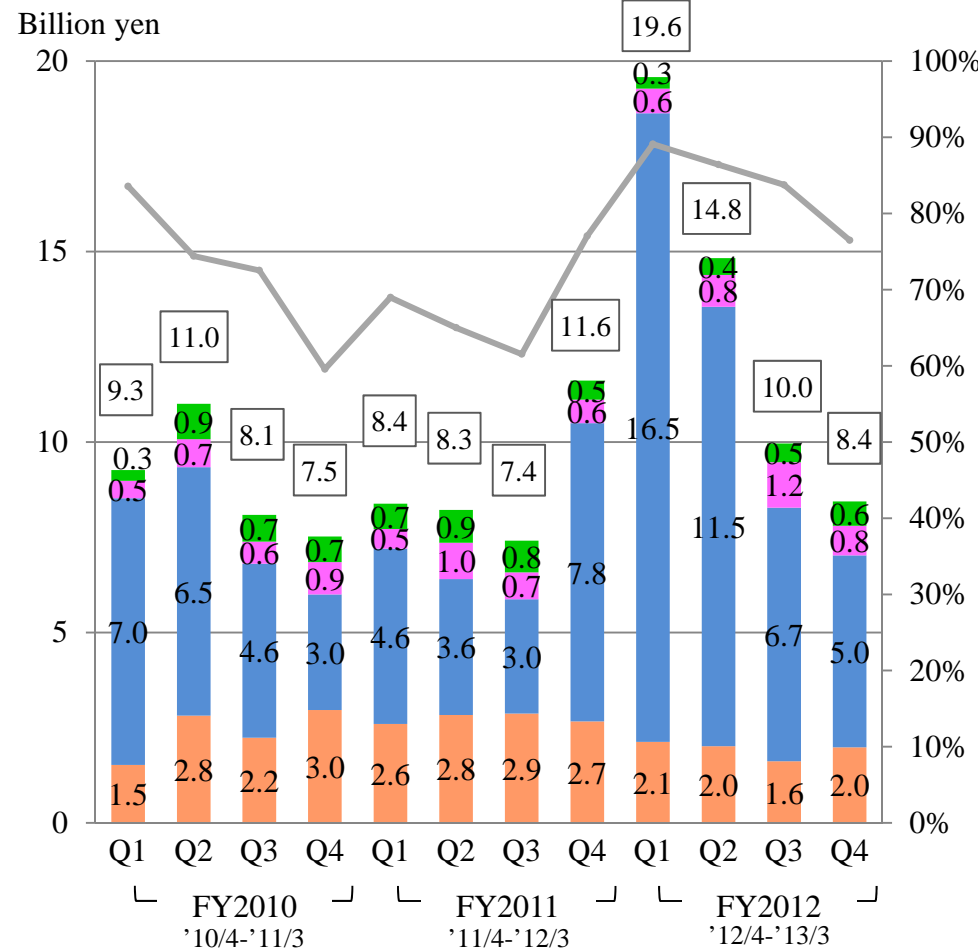
	FY2011 ('11/4-'12/3)				FY2012 ('12/4-'13/3)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	8.4	8.3	7.4	11.6	19.6	14.8	10.0	8.4
Gross profit	1.7	1.8	1.8	3.1	4.8	3.9	3.4	2.6
(Gross profit margin)	(20.0%)	(22.1%)	(24.1%)	(26.2%)	(24.3%)	(26.5%)	(33.9%)	(31.2%)
Operating income	0.6	0.8	0.7	2.0	3.3	2.3	1.8	1.0
(Operating income margin)	(7.6%)	(9.2%)	(9.8%)	(16.9%)	(16.9%)	(15.7%)	(17.3%)	(12.9%)
Ordinary income	0.6	0.6	0.7	2.0	2.8	2.2	1.6	0.2
(Ordinary income margin)	(6.7%)	(7.9%)	(9.8%)	(16.6%)	(14.5%)	(14.5%)	(16.3%)	(2.3%)
Net income	0.5	0.4	0.4	1.0	1.8	1.3	0.9	0.2
(Net income margin)	(5.5%)	(5.0%)	(5.1%)	(8.8%)	(9.3%)	(8.8%)	(9.0%)	(2.1%)

(3) Net Sales by Geographic Segment

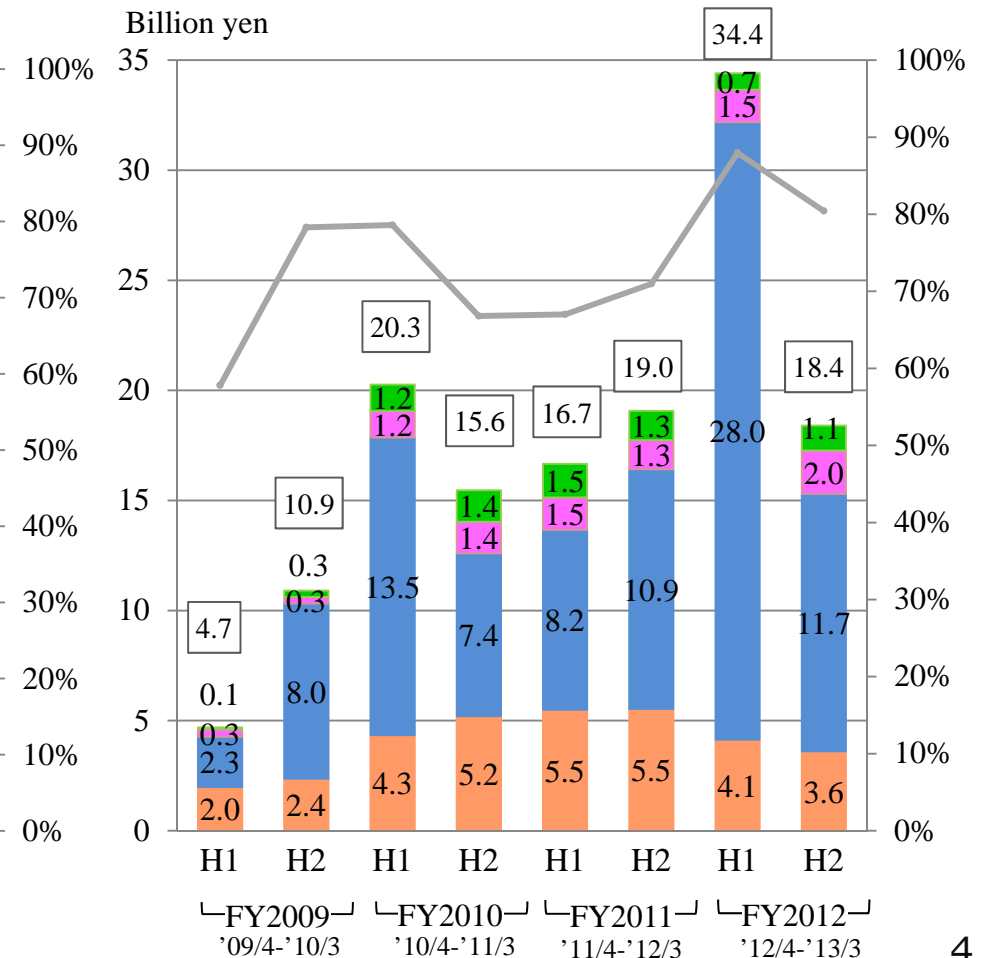
- FY2012/H1 saw strong sales, especially in Asia, but sales slowed from the summer and remained low despite a tendency towards recovery in both Japanese and European and U.S markets.
- Demand associated with reconstruction in Thailand came to a halt, and the Chinese market tended to pick up from the end of the fiscal year.



Quarterly



Semi-Annually

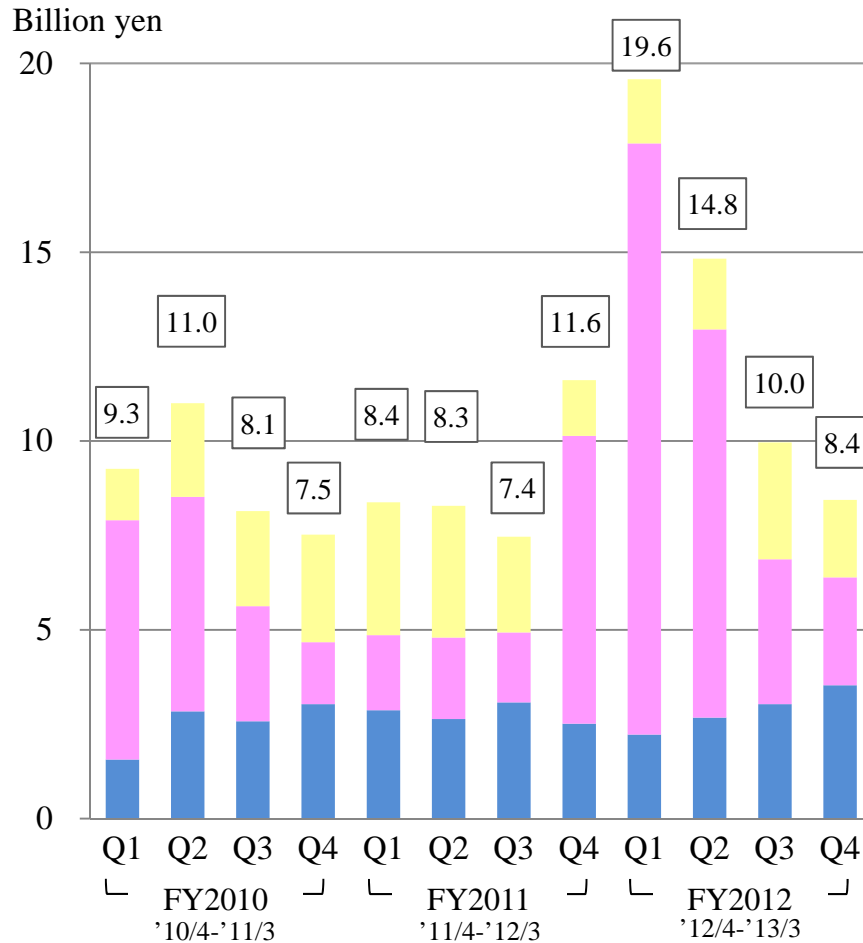


(4) Net Sales by Business Segment

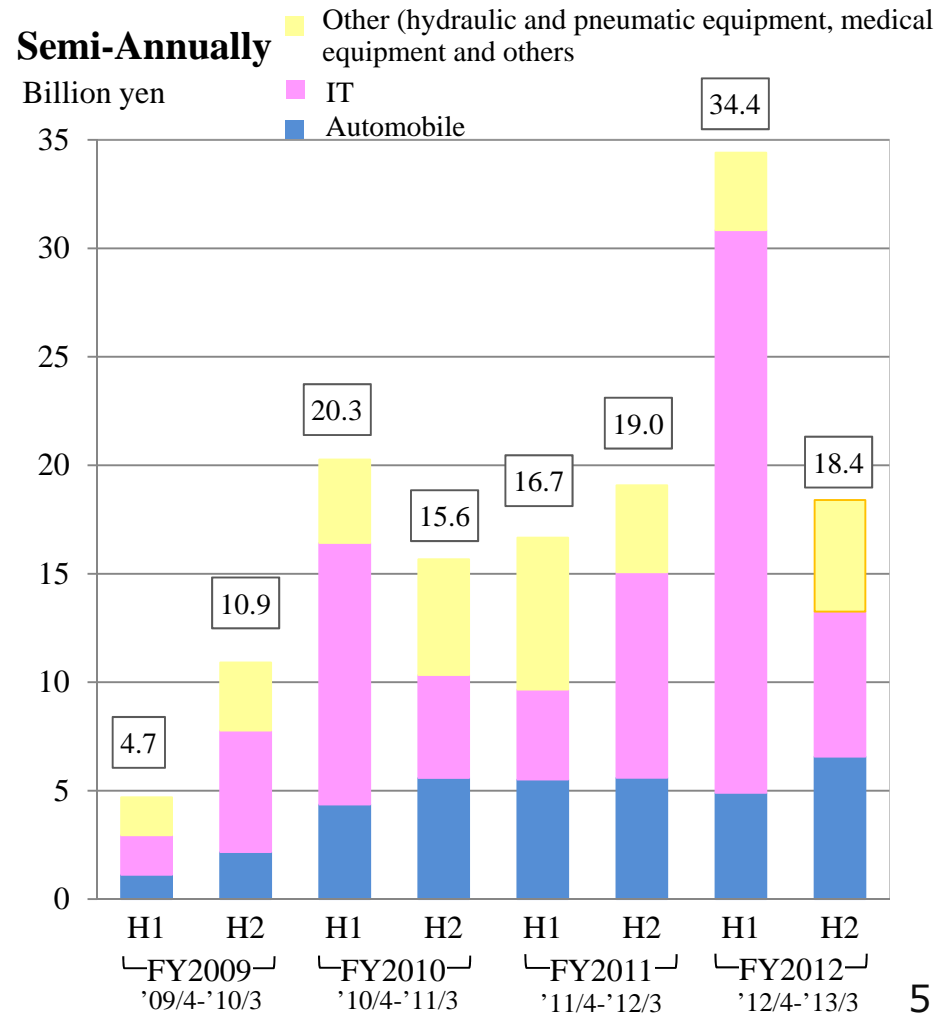
Automobile : Recovery underway since the end of the fiscal year but lacks momentum.

IT : Demand for HDD associated with reconstruction in Thailand came to a halt in FY2012/Q2.
Demand in the smartphone market came to an end in FY2012/Q2, and is expected to pick up again in FY2013 (ending March 31, 2014).

Quarterly



Semi-Annually

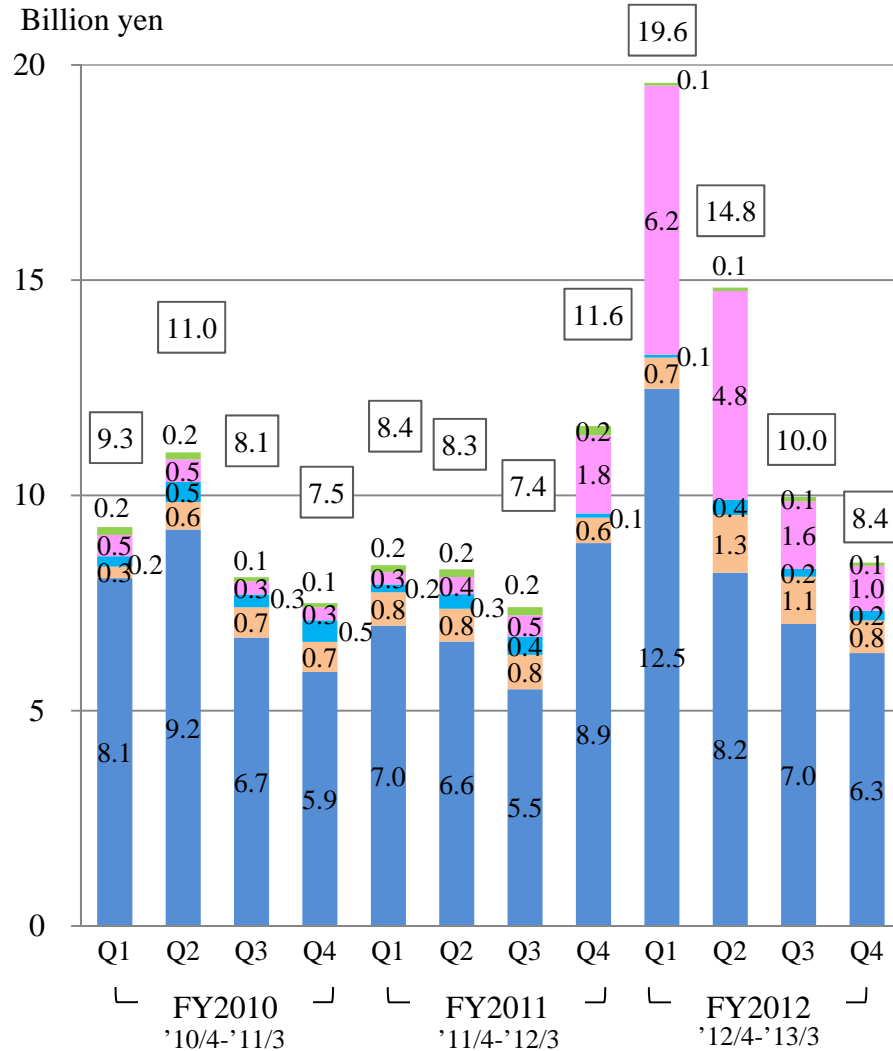


(5) Net Sales by Machinery Category

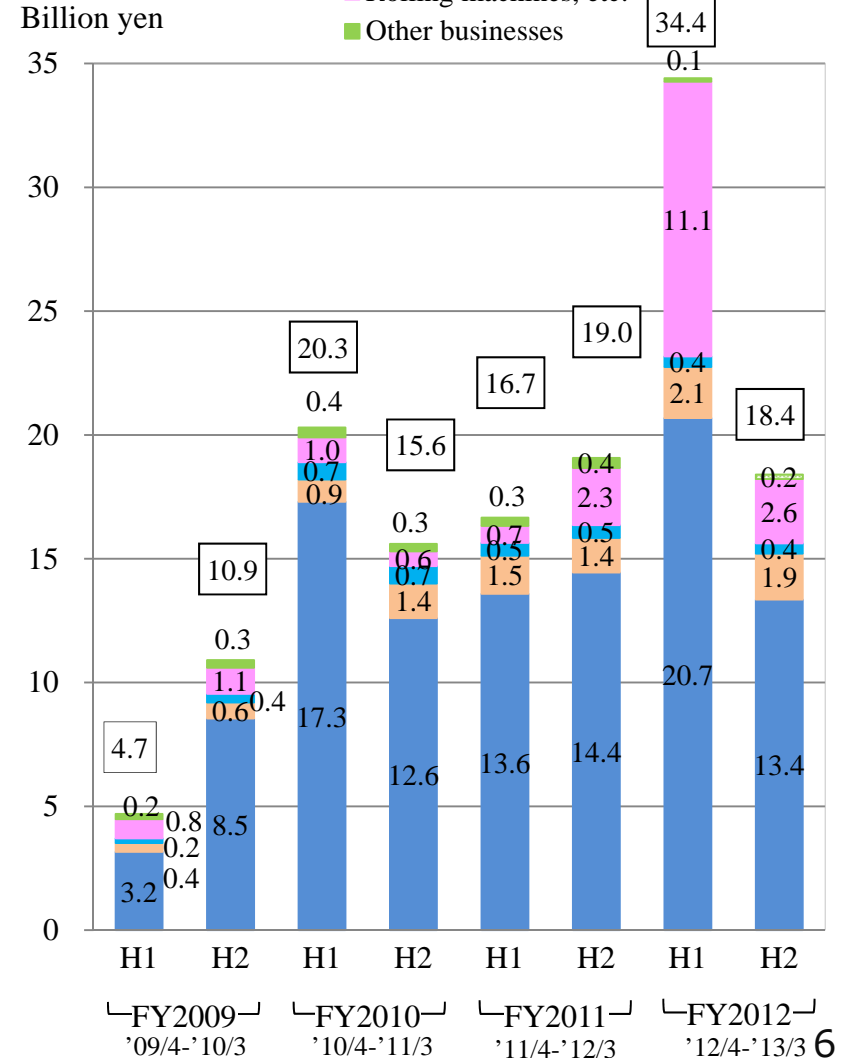
*With the entry into the smartphone market, Automatic lathes and tapping centers (in “Rolling machines and specialized machines”) grew in FY2012 (’12/4-’13/3).

- Automatic lathes
- Grinding machines
- Machining centers
- Rolling machines, etc.
- Other businesses

Quarterly



Semi-Annually



(6) Balance Sheets

Billion yen

	2012/3E	(China)	2013/3E	(China)	Year-on-year	(China)	
Total assets	50.8	(17.0)	45.9	(20.3)	-4.9	(+3.3)	
Current assets	37.1	(13.8)	30.5	(15.4)	-6.6	(+1.6)	
Cash and deposits	5.3		5.5		+0.2		
Trade notes and accounts receivable	10.5		5.3		-5.2		
Inventories	18.8		18.4		-0.4		
Fixed assets	13.6	(3.2)	15.4	(4.9)	+1.8	(+1.7)	
Tangible fixed assets	7.2		9.3		+ 2.1		New wing in the Niigata factory +0.3 China factory +0.2 Production machines +1.4 Newly consolidated subsidiaries +0.7 Depreciation and others -0.5
Investments and other assets	6.2		5.7		-0.5		Devaluation of investment securities -0.1 Investment in affiliates -0.4
Total liabilities	23.1	(12.2)	13.9	(12.1)	-9.2	(-0.1)	
Current liabilities	21.5	(11.8)	12.8	(11.7)	-8.7	(-0.1)	
Trade notes and accounts payable	16.5		6.8		-9.7		
Short-term borrowings	2.1		3.6		1.5		
Long-term liabilities	1.6		1.1		-0.5		
Total net assets	27.7	(4.8)	32.0	(8.2)	+4.3	(+3.4)	
Common stock, Capital surplus	18.2		18.2		0.0		
Retained earnings	8.5		12.0		+3.5		
Translation adjustments	-0.0		0.7		+0.7		Exchange rate (Yen-RMB) '12/3E: 13.06 yen '13/3E: 15.16 yen
Capital adequacy ratio	53.9%	(28.2%)	68.6%	(40.2%)	+14.7%	(+12.0%)	

(7) Statement of Cash flows



Billion yen

	FY2011 (¹¹ /4- ¹² /3)	FY2012 (¹² /4- ¹³ /3)	
Cash flows from operating activities	0.5	1.9	
Income before taxes, depreciation and amortization	4.5	7.6	Income before taxes and other adjustment 6.6 Depreciation and amortization 1.0
Gross working capital	-3.7	-2.6	Notes and accounts payable -9.7, Translation adjustments -1.6, Newly consolidated subsidiaries -0.4 : Sub total -11.7 Notes and accounts receivable 5.2, Translation adjustments 0.6, Newly consolidated subsidiaries 0.1 : Sub total 5.9 Inventories 0.4, Translation adjustments 1.4, Newly consolidated subsidiaries 0.2 : Sub total 2.0 Other current assets 1.2 : Sub total 1.2
Corporate and other taxes	-0.6	-3.1	
Cash flows from investing activities	-1.9	-2.4	
Capital investment in Japan factory	-0.2	-0.9	
Capital investment in China factory	-1.2	-1.3	
Incorporated overseas subsidiaries	-0.5	-0.1	FY'11: Manufacturing company in India FY'12: Sales company in Singapore, and others
Cash flows from financing activities	2.6	0.3	
Issuance of new shares	3.5	--	FY'11: Public offering and Third-party Allotment: 6.9 million shares
Short-term borrowings	--	1.4	
Redemption of corporate bonds	-0.3	-0.3	
Dividends paid	-0.7	-0.8	FY'11: Issuance of new shares 6.9 million shares (end of FY'11: 5yen, end of FY'12/H2: 6yen, per share)
Net increase (decrease) in cash and cash equivalents	1.2	0.0	
Cash and cash equivalents at the end of the term	5.3	5.3	

2. Business Conditions and Outlook

(1) Outlook for Fiscal Year Ending March 31, 2014



Outlook for FY2013

- <Net sales> • Chinese economy may not fully recover until the summer.
U.S. and Europe also remain weak, but show signs of a tentative recovery.
- Mass production of new Automatic lathe for automobile market is scheduled to start in the FY2013/Q2 and is expected to contribute to earnings from the FY2013/H2.
 - Demand in the smartphone market may pick up again in the FY2013/H2.
- <Income> Marginal profit ratio is expected to improve due to the effects of a weaker yen.

Billion yen

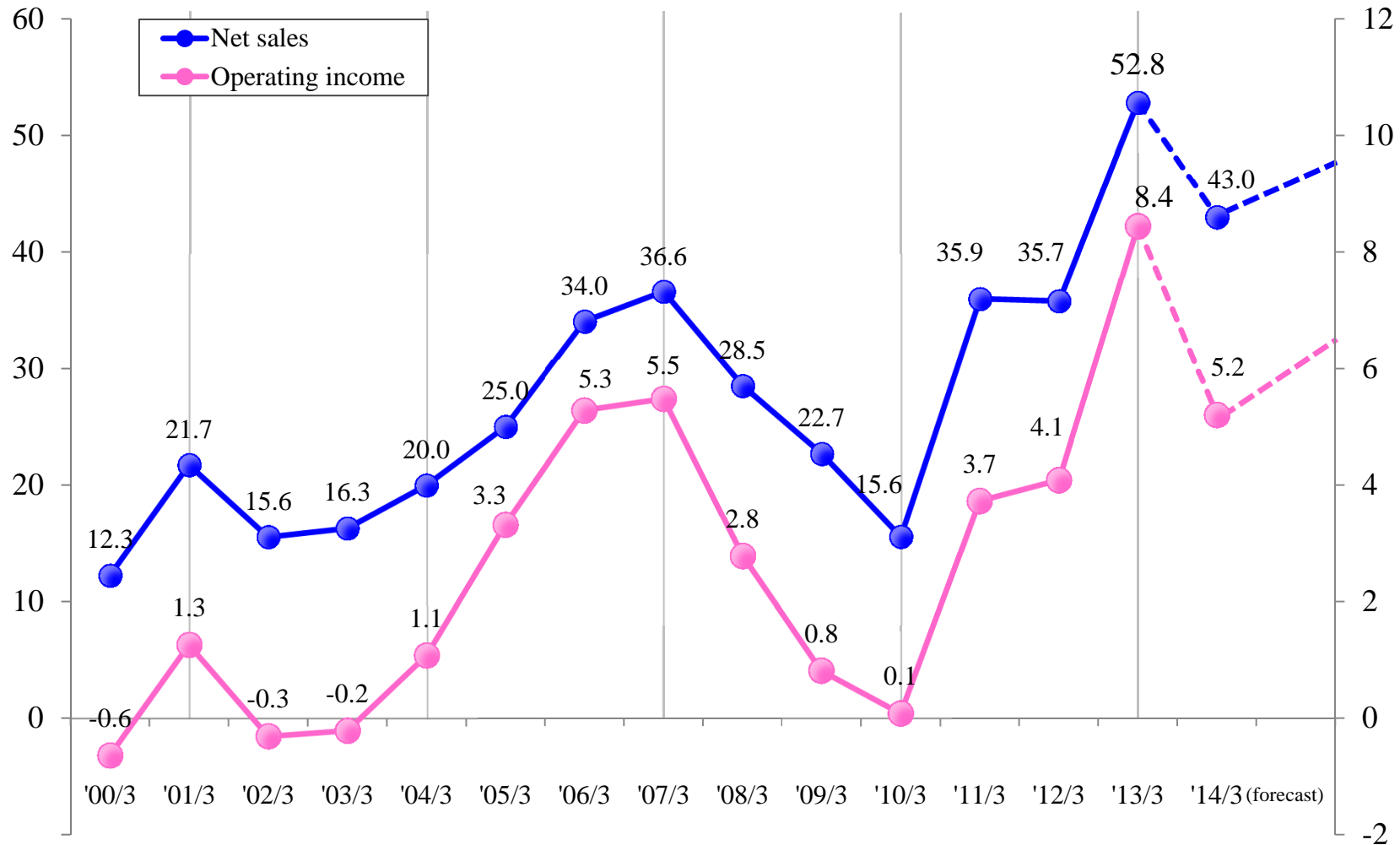
	FY2012 ('12/4-'13/3)			FY2013 ('13/4-'14/3) forecasts			
	H1	H2	Full-year	H1	H2	Full-year	Year-on-year
Net sales	34.4	18.4	52.8	19.0	24.0	43.0	-9.8
Operating income	5.6	2.8	8.4	1.9	3.3	5.2	-3.2
(Operating income margin)	(16.4%)	(15.3%)	(16.0%)	(10.0%)	(13.8%)	(12.1%)	(-3.9%)
Ordinary income	5.0	1.8	6.8	1.8	3.1	4.9	-1.9
(Ordinary income margin)	(14.5%)	(9.9%)	(12.9%)	(9.5%)	(12.9%)	(11.4%)	(-1.5%)
Net income	3.1	1.1	4.2	1.2	2.0	3.2	-1.0
(Net income margin)	(9.1%)	(5.8%)	(8.0%)	(6.3%)	(8.3%)	(7.4%)	(-0.6%)
Net income per share	42.6 yen	14.6 yen	57.2 yen	16.3 yen	27.2 yen	43.4 yen	-13.8 yen

(2) Increasing in Sales and Income (Ten years changes)

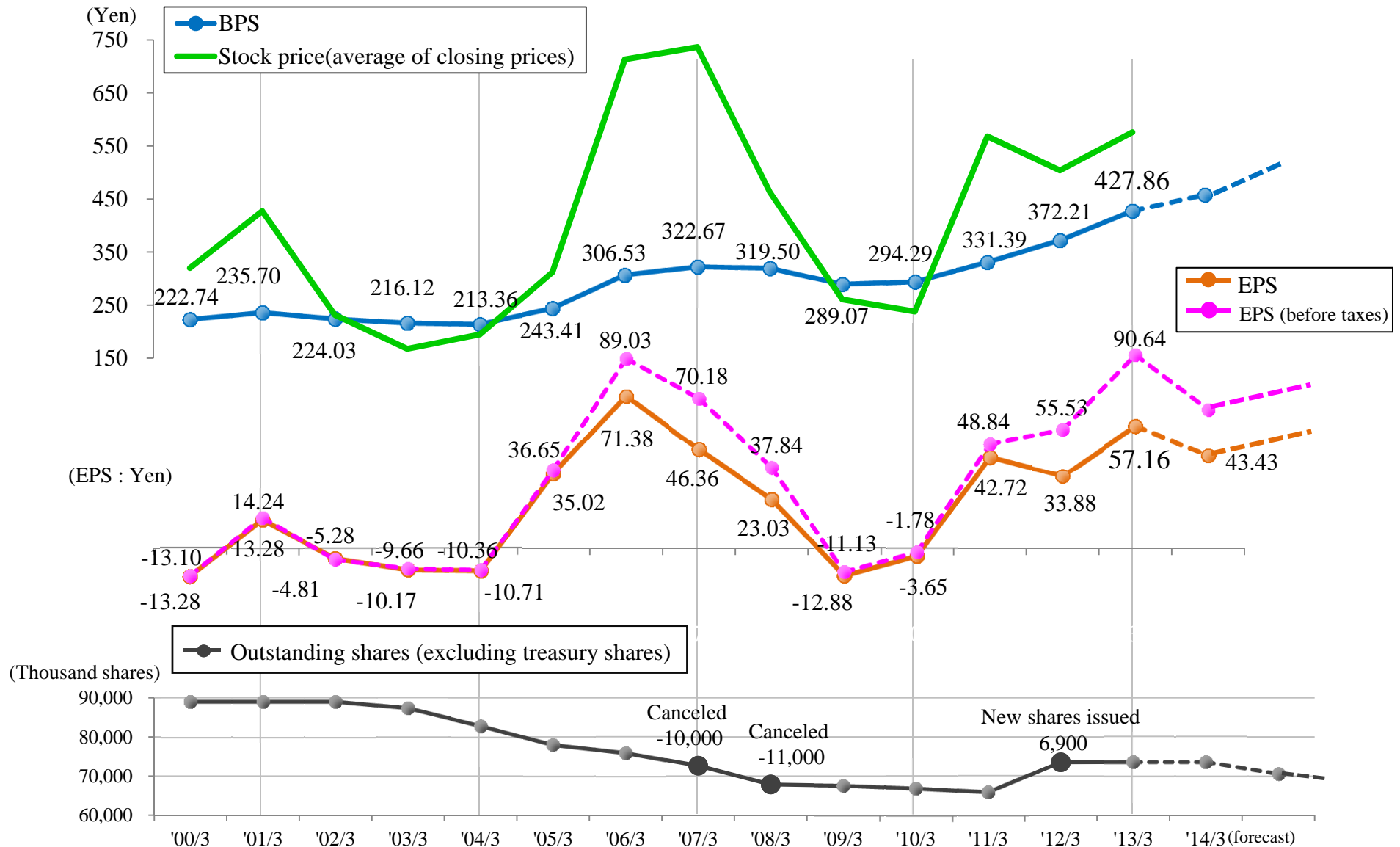


(Net sales: Billion yen)

(Operating income: Billion yen)



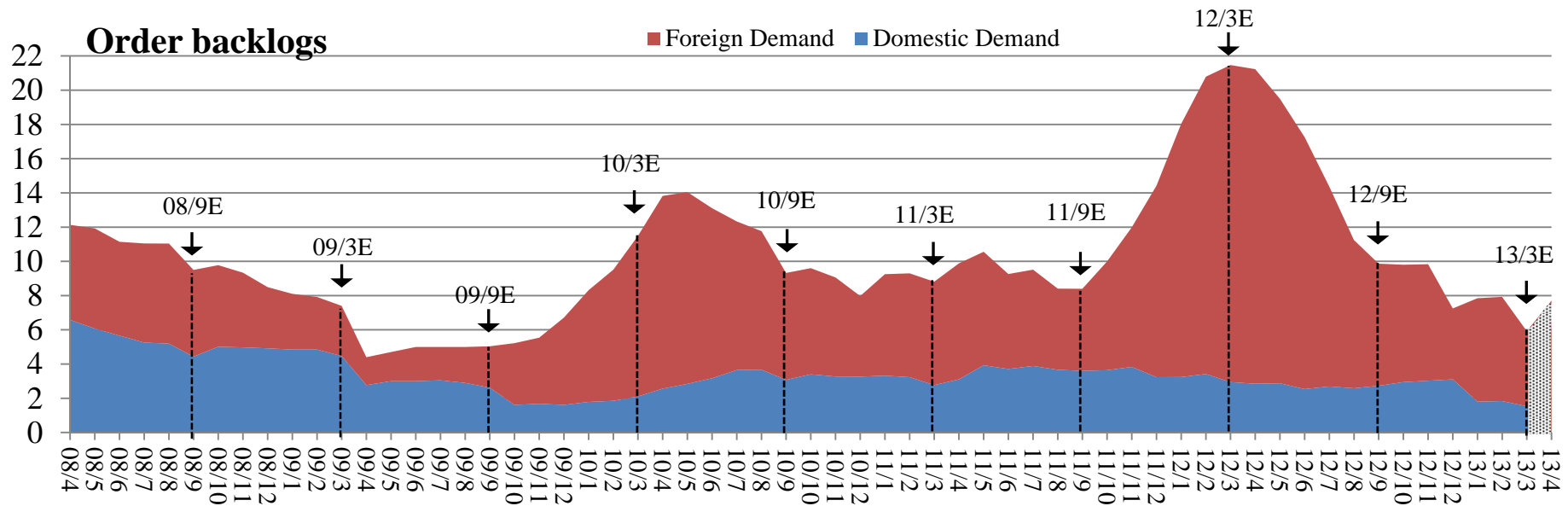
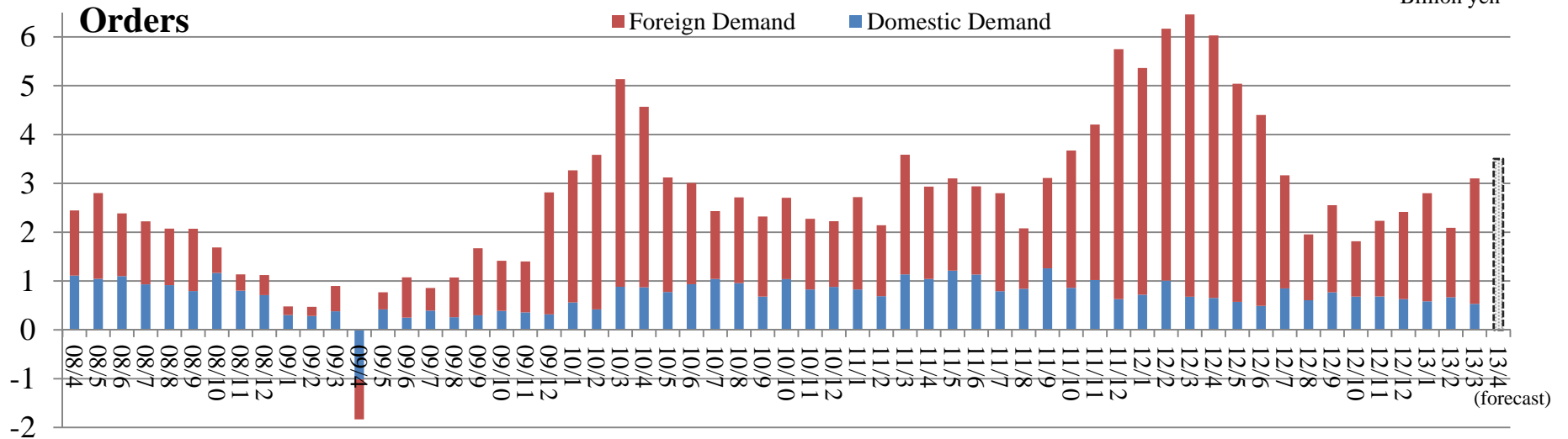
(3) Per-share indicators (Ten years changes)



(4) Orders Received and Order Backlogs



Billion yen



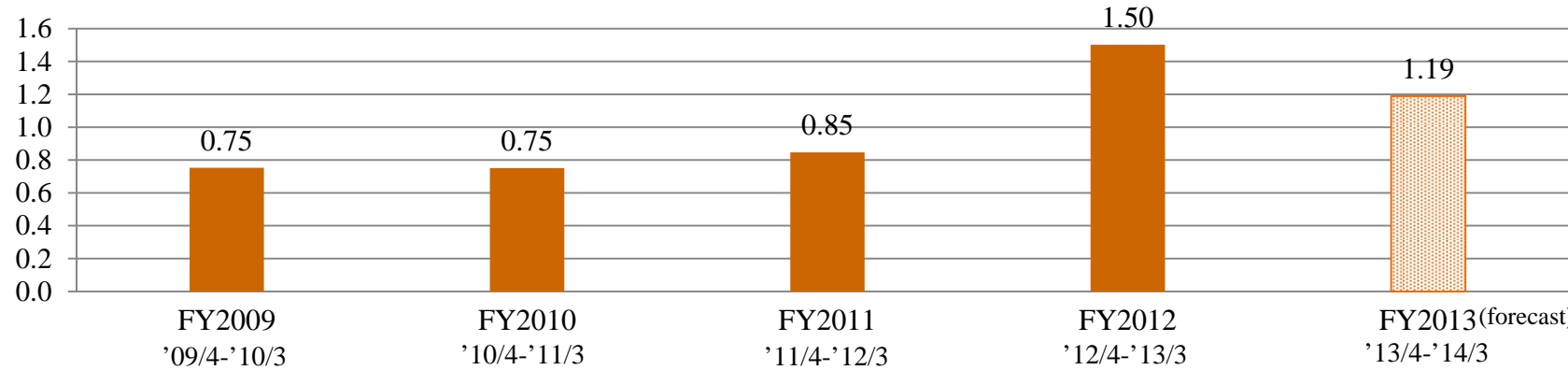
(5) New Products

			Orders start	Main target
Released in FY2012	Manufactured in Japan	SS20M-5AX	November 2012	IT, Automobile small size parts and Others
		SS267	January 2013	Automobile small size parts and Others
		SS327	December 2012	Automobile small size parts and Others
	Manufactured in China	B0126- II	January 2013	IT
		B0206- II	November 2012	IT, Automobile small size parts and Others
Scheduled for release in FY2013	Manufactured in Japan	Automatic lathes 2 models	Q3	IT, Automobile small size parts and Others
		Grinding machines 2 models	Q3	Automobile small size parts and Others
	Manufactured in China	B020M	Q2	IT, Automobile small size parts and Others
		B026M	Q3	IT, Automobile small size parts and Others
		M06,08 (8 types)	Q1	Automobile small size parts and Others

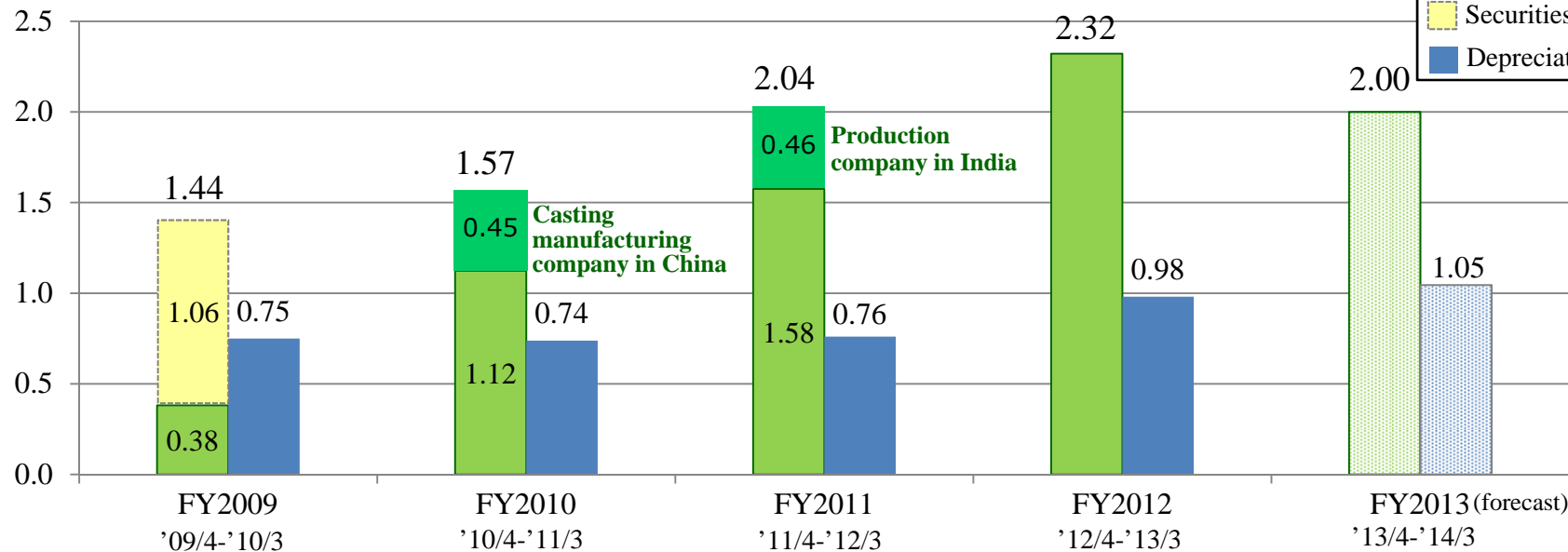
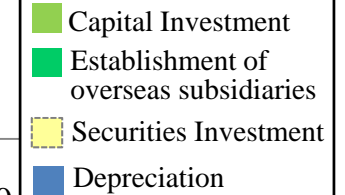
(6) R&D Expenditures, Capital Investment and Depreciation

R&D Expenditures

Billion yen



Capital Investment and Depreciation



The content in this material is premised on various assumptions and does not ensure or guarantee the realization of the planned figures and/or future policies stated herein.