

Financial Data Consolidated Financial Statements

Consolidated Balance Sheets

MANDOM CORPORATION and its Consolidated Subsidiaries
As of March 31, 2014

	Millions of Yen	
	2014	2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 13)	¥10,891	¥10,482
Short-term investments (Notes 3 and 13)	14,302	13,962
Receivables (Note 13):		
Trade notes and accounts	8,252	7,654
Unconsolidated subsidiary and associated company	110	92
Other	98	80
Allowance for doubtful accounts	(17)	(19)
Inventories (Note 4)	8,122	7,641
Deferred tax assets (Note 9)	780	822
Prepaid expenses and other current assets	1,128	595
Total current assets	43,666	41,309
PROPERTY, PLANT AND EQUIPMENT:		
Land	511	511
Buildings and structures	19,567	17,302
Machinery and equipment	14,582	13,165
Furniture and fixtures	4,577	4,259
Lease assets (Note 12)	56	45
Construction in progress	2,447	163
Total	41,740	35,445
Accumulated depreciation	(24,927)	(23,902)
Net property, plant and equipment	16,813	11,543
INVESTMENTS AND OTHER ASSETS:		
Investment securities (Notes 3 and 13)	4,842	5,034
Investments in unconsolidated subsidiary and associated company	299	210
Deferred tax assets (Note 9)	249	245
Other assets (Note 5)	1,990	1,823
Total investments and other assets	7,380	7,312
TOTAL	¥67,859	¥60,164

See notes to consolidated financial statements.

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MANDOM CORPORATION and its Consolidated Subsidiaries
As of March 31, 2014

	Millions of Yen	
	2014	2013
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Payables (Note 13):		
Trade notes and accounts	¥ 6,692	¥ 3,852
Unconsolidated subsidiary and associated company	5	8
Other	29	239
Accrued income taxes (Note 13)	1,237	995
Accrued expenses	1,718	1,531
Other current liabilities	563	570
Total current liabilities	10,244	7,195
LONG-TERM LIABILITIES:		
Liability for retirement benefits (Note 6)	1,188	1,073
Deferred tax liabilities (Note 9)	303	4
Other long-term liabilities (Note 7)	945	855
Total long-term liabilities	2,436	1,932
COMMITMENTS (Note 12)		
EQUITY (Notes 8 and 15):		
Common stock		
authorized, 81,969,700 shares		
issued, 24,134,606 shares in 2014 and 2013	11,395	11,395
Capital surplus	11,235	11,235
Retained earnings	33,406	30,834
Treasury stock - at cost 755,434 shares and 754,463 shares in 2014 and 2013, respectively	(1,854)	(1,850)
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	865	335
Foreign currency translation adjustments	(4,043)	(4,929)
Defined retirement benefit plans	34	
Total	51,038	47,020
Minority interests	4,141	4,017
Total equity	55,179	51,037
TOTAL	¥67,859	¥60,164

See notes to consolidated financial statements.

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Consolidated Statement of Income

MANDOM CORPORATION and its Consolidated Subsidiaries
For the Year Ended March 31, 2014

	Millions of Yen	
	2014	2013
NET SALES	¥68,216	¥60,427
COST OF SALES	30,890	27,568
Gross profit	37,326	32,859
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 10 and 11)	30,472	26,911
Operating income	6,854	5,948
OTHER INCOME (EXPENSES):		
Interest and dividend income	291	237
Foreign exchange gain (loss)	11	(26)
Loss on disposal of property, plant and equipment	(114)	(18)
Gain (loss) on sales of investment securities	109	(2)
Other - net	128	134
Other income - net	425	325
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	7,279	6,273
INCOME TAXES (Note 9):		
Current	2,584	2,208
Deferred	24	(33)
Total income taxes	2,608	2,175
NET INCOME BEFORE MINORITY INTERESTS	4,671	4,098
MINORITY INTERESTS IN NET INCOME OF CONSOLIDATED SUBSIDIARIES	579	491
NET INCOME	¥ 4,092	¥ 3,607
		Yen
	2014	2013
PER SHARE OF COMMON STOCK (Note 2.m):		
Basic net income	¥175.02	¥154.29
Cash dividends applicable to the year	70.00	62.00

Diluted net income per share is not presented because no dilutive securities exist.
See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

MANDOM CORPORATION and its Consolidated Subsidiaries
For the Year Ended March 31, 2014

	Millions of Yen	
	2014	2013
NET INCOME BEFORE MINORITY INTERESTS	¥ 4,671	¥ 4,098
OTHER COMPREHENSIVE INCOME (Note 14):		
Unrealized gain on available-for-sale securities	532	673
Foreign currency translation adjustments	750	794
Share of other comprehensive income in associate	58	28
Total other comprehensive income	1,340	1,495
COMPREHENSIVE INCOME	¥ 6,011	¥ 5,593
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	¥ 5,508	¥ 4,912
Minority interests	503	681

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

MANDOM CORPORATION and its Consolidated Subsidiaries
For the Year Ended March 31, 2014

	Thousands Outstanding Number of Shares of Common Stock	Millions of Yen			
		Common Stock	Capital Surplus	Retained Earnings	Treasury Stock
BALANCE, APRIL 1, 2012	23,381	¥11,395	¥11,235	¥28,629	¥(1,849)
Net income				3,607	
Cash dividends, ¥60 per share				(1,402)	
Purchase of treasury stock	(1)				(1)
Disposal of treasury stock	0			(0)	0
Net change in the year					
BALANCE, MARCH 31, 2013	23,380	11,395	11,235	30,834	(1,850)
Net income				4,092	
Cash dividends, ¥65 per share				(1,520)	
Purchase of treasury stock	(1)				(4)
Net change in the year					
BALANCE, MARCH 31, 2014	23,379	¥11,395	¥11,235	¥33,406	¥(1,854)

See notes to consolidated financial statements.

	Millions of Yen					
	Accumulated Other Comprehensive Income			Total	Minority Interests	Total Equity
	Unrealized Gain (Loss) on Available-for- Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
BALANCE, APRIL 1, 2012	¥(336)	¥(5,562)		¥43,512	¥3,571	¥47,083
Net income				3,607		3,607
Cash dividends, ¥60 per share				(1,402)		(1,402)
Purchase of treasury stock				(1)		(1)
Disposal of treasury stock				0		0
Net change in the year	671	633		1,304	446	1,750
BALANCE, MARCH 31, 2013	335	(4,929)		47,020	4,017	51,037
Net income				4,092		4,092
Cash dividends, ¥65 per share				(1,520)		(1,520)
Purchase of treasury stock				(4)		(4)
Net change in the year	530	886	¥34	1,450	124	1,574
BALANCE, MARCH 31, 2014	¥865	¥(4,043)	¥34	¥51,038	¥4,141	¥55,179

See notes to consolidated financial statements.

Financial Data Consolidated Financial Statements

Consolidated Statement of Cash Flows

MANDOM CORPORATION and its Consolidated Subsidiaries
 For the Year Ended March 31, 2014

	Millions of Yen	
	2014	2013
OPERATING ACTIVITIES:		
Income before income taxes and minority interests	¥ 7,279	¥ 6,273
Adjustments for:		
Income taxes paid	(2,351)	(1,930)
Depreciation and amortization	2,143	2,203
Liability for retirement benefits	109	1
(Gain) loss on sales of investment securities	(109)	2
Loss on disposal of property, plant and equipment	114	15
Changes in assets and liabilities:		
Increase in receivables	(421)	(227)
(Increase) decrease in inventories	(398)	906
Increase in payables	1,492	88
Other - net	(555)	274
Total adjustments	24	1,332
Net cash provided by operating activities	7,303	7,605
INVESTING ACTIVITIES:		
Increase in time deposits other than cash equivalents	(1,790)	(2,083)
Decrease in time deposits other than cash equivalents	2,605	1,485
Acquisition of property, plant and equipment	(6,353)	(1,810)
Proceeds from sales and redemptions of investment securities	1,139	586
Payments for purchases of investment securities	(8)	(8)
Proceeds from sales and redemptions of short-term investment securities	44,300	33,600
Payments for purchases of short-term investment securities	(45,192)	(37,191)
Other - net	(298)	34
Net cash used in investing activities	(5,597)	(5,387)
FINANCING ACTIVITIES:		
Dividends paid	(1,818)	(1,637)
Other - net	(15)	(10)
Net cash used in financing activities	(1,833)	(1,647)
EFFECT OF FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	536	118
NET INCREASE IN CASH AND CASH EQUIVALENTS	409	689
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,482	9,793
CASH AND CASH EQUIVALENTS, END OF YEAR	¥10,891	¥10,482

See notes to consolidated financial statements.

Financial Data Notes to Consolidated Financial Statements

MANDOM CORPORATION and its Consolidated Subsidiaries As of and for the Year Ended March 31, 2014

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2013 consolidated financial statements to conform to the classifications used in 2014.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which MANDOM CORPORATION (the "Company") is incorporated and operates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation - The consolidated financial statements as of March 31, 2014, include the accounts of the Company and its eleven (eleven in 2013) significant subsidiaries (collectively, the "Group").

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

Investment in one (one in 2013) associated company is accounted for under the equity method.

Investment in the remaining one unconsolidated subsidiary (one in 2013) is stated at cost. If the equity method of accounting had been applied to the investment in this company, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is being amortized over a period of five years.

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

b. Cash Equivalents - Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits and bond funds, all of which mature or become due within three months of the date of acquisition.

c. Short-term Investments and Investment Securities - Securities included in short-term investments and investment securities are classified and accounted for, depending on management's intent, as follows: 1) trading securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value, with the related unrealized gains and losses included in earnings; 2) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost; and 3) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The Group's securities (included in "short-term investments" and

"investment securities") are all classified as available for sale.

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

d. Inventories - Inventories are stated at the lower of cost, determined by the average method, or net selling value.

e. Property, Plant and Equipment - Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiary is computed substantially by the declining-balance method, while the straight-line method is applied to buildings of the Company acquired after April 1, 1998, and lease assets of the Company and its consolidated domestic subsidiary. The straight-line method is principally applied to the property, plant and equipment of consolidated foreign subsidiaries. The range of useful lives is principally from 15 to 50 years for buildings and structures and from 4 to 12 years for machinery and equipment. The useful lives for lease assets are the terms of the respective leases.

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

g. Retirement Benefits and Pension Plans - The Company and certain consolidated subsidiaries have funded defined benefit pension plans, defined contribution pension plans, and advance payment systems which cover substantially all of their employees.

Effective April 1, 2000, the Group adopted a new accounting standard for retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses are mainly amortized by the declining-balance method over 7 years within the average remaining service period. Past service costs are amortized by the straight-line method over 7 years within the average remaining service period.

In May 2012, the Accounting Standards Board of Japan (ASBJ) issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

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