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Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥94 = U.S.\$1.

2. Please refer to the separate publication “Annual Report 2013 (Financials)” for details of “Note XX” on pages 51 to 58.

# CONSOLIDATED BALANCE SHEETS

NEC Corporation and Subsidiaries  
March 31, 2012 and 2013

| ASSETS   | Millions of Yen   |                   | Thousands of U.S.<br>Dollars (Note 1) |
|--|-------------------|-------------------|---------------------------------------|
|  | 2012              | 2013              | 2013                                  |
| <b>CURRENT ASSETS:</b>   |                   |                   |                                       |
| Cash and cash equivalents (Note 20) . . . . .  | ¥ 251,843         | ¥ 197,132         | \$ 2,097,149                          |
| Short-term investments (Note 20) . . . . .   | 2,007             | 1,829             | 19,457                                |
| Trade notes and accounts receivable (Note 20) . . . . .                                    | 810,579           | 834,052           | 8,872,894                             |
| Inventories (Note 7) . . . . .   | 249,917           | 242,639           | 2,581,266                             |
| Deferred tax assets (Note 14) . . . . .  | 76,222            | 78,761            | 837,883                               |
| Other current assets (Notes 20 and 21) . . . . .   | 128,522           | 164,055           | 1,745,266                             |
| Allowance for doubtful accounts . . . . .  | (4,653)           | (4,662)           | (49,596)                              |
| Total current assets . . . . .   | 1,514,437         | 1,513,806         | 16,104,319                            |
| <b>PROPERTY, PLANT AND EQUIPMENT, NET OF<br/>ACCUMULATED DEPRECIATION (Notes 3 and 8):</b> |                   |                   |                                       |
| Land . . . . .   | 72,317            | 66,502            | 707,468                               |
| Buildings and structures . . . . .   | 134,618           | 124,283           | 1,322,160                             |
| Machinery and equipment . . . . .  | 35,445            | 25,586            | 272,191                               |
| Furniture and fixtures . . . . .   | 60,268            | 62,695            | 666,968                               |
| Construction in progress . . . . .   | 13,247            | 15,701            | 167,032                               |
| Total property, plant and equipment . . . . .  | 315,895           | 294,767           | 3,135,819                             |
| <b>INVESTMENTS AND OTHER ASSETS:</b>   |                   |                   |                                       |
| Investment securities (Notes 6 and 20) . . . . .   | 153,688           | 138,139           | 1,469,564                             |
| Investments in affiliated companies (Note 20) . . . . .                                    | 117,635           | 92,668            | 985,830                               |
| Goodwill (Note 18) . . . . .   | 75,969            | 93,895            | 998,883                               |
| Software . . . . .   | 121,541           | 114,088           | 1,213,702                             |
| Long-term loans receivable (Notes 5 and 20) . . . . .                                      | 836               | 44,019            | 468,287                               |
| Deferred tax assets (Note 14) . . . . .  | 96,476            | 97,570            | 1,037,979                             |
| Other assets (Notes 5 and 9) . . . . .   | 180,380           | 212,868           | 2,264,553                             |
| Allowance for doubtful accounts . . . . .  | (19,287)          | (20,854)          | (221,851)                             |
| Total investments and other assets . . . . .   | 727,238           | 772,393           | 8,216,947                             |
| <b>TOTAL ASSETS . . . . .</b>  | <b>¥2,557,570</b> | <b>¥2,580,966</b> | <b>\$27,457,085</b>                   |

See notes to consolidated financial statements.

| LIABILITIES AND NET ASSETS   | Millions of Yen   |                   | Thousands of U.S.<br>Dollars (Note 1) |
|--|-------------------|-------------------|---------------------------------------|
|  | 2012              | 2013              | 2013                                  |
| <b>CURRENT LIABILITIES:</b>  |                   |                   |                                       |
| Short-term borrowings (Notes 8 and 20) . . . . .                       | ¥ 126,981         | ¥ 56,587          | \$ 601,989                            |
| Current portion of long-term debt (Notes 8 and 20) . . . . .           | 68,046            | 145,883           | 1,551,947                             |
| Trade notes and accounts payable (Note 20) . . . . .                   | 466,177           | 458,724           | 4,880,043                             |
| Accrued expenses (Note 20) . . . . .                                   | 156,175           | 169,221           | 1,800,223                             |
| Other current liabilities (Notes 10, 14, 20 and 21) . . . . .          | 241,233           | 293,241           | 3,119,585                             |
| Total current liabilities . . . . .                                    | 1,058,612         | 1,123,656         | 11,953,787                            |
| <b>LONG-TERM LIABILITIES:</b>  |                   |                   |                                       |
| Long-term debt (Notes 8 and 20) . . . . .                              | 497,707           | 400,981           | 4,265,755                             |
| Liabilities for retirement benefits (Note 9) . . . . .                 | 182,735           | 178,868           | 1,902,851                             |
| Deferred tax liabilities (Note 14) . . . . .                           | 3,040             | 2,231             | 23,734                                |
| Other long-term liabilities (Note 11) . . . . .                        | 37,862            | 39,083            | 415,777                               |
| Total long-term liabilities . . . . .                                  | 721,344           | 621,163           | 6,608,117                             |
| <b>COMMITMENTS AND CONTINGENT LIABILITIES</b><br>(Notes 19, 21 and 22) |                   |                   |                                       |
| <b>NET ASSETS (Notes 12 and 25):</b>                                   |                   |                   |                                       |
| <b>SHAREHOLDERS' EQUITY:</b>   |                   |                   |                                       |
| Common stock:  |                   |                   |                                       |
| Authorized – 7,500,000 thousand shares                                 |                   |                   |                                       |
| Issued – 2,604,733 thousand shares                                     |                   |                   |                                       |
| in 2012 and 2013 . . . . .   | 397,199           | 397,199           | 4,225,521                             |
| Capital surplus . . . . .  | 192,834           | 148,405           | 1,578,776                             |
| Retained earnings . . . . .  | 82,659            | 157,771           | 1,678,415                             |
| Treasury stock – at cost:  |                   |                   |                                       |
| 6,321 thousand shares in 2012 and                                      |                   |                   |                                       |
| 6,381 thousand shares in 2013 . . . . .                                |                   |                   |                                       |
|  | (2,939)           | (2,946)           | (31,340)                              |
| Total shareholders' equity . . . . .                                   | 669,753           | 700,429           | 7,451,372                             |
| <b>ACCUMULATED OTHER COMPREHENSIVE INCOME:</b>                         |                   |                   |                                       |
| Valuation difference on available-for-sale securities . . . . .        | 16,273            | 18,333            | 195,032                               |
| Deferred gains or losses on hedges . . . . .                           | (142)             | (1,076)           | (11,447)                              |
| Foreign currency translation adjustments . . . . .                     | (28,928)          | (7,020)           | (74,681)                              |
| Total accumulated other comprehensive income . . . . .                 | (12,797)          | 10,237            | 108,904                               |
| STOCK SUBSCRIPTION RIGHTS (Note 13) . . . . .                          | 24                | —                 | —                                     |
| MINORITY INTERESTS . . . . .   | 120,634           | 125,481           | 1,334,905                             |
| Total net assets . . . . .   | 777,614           | 836,147           | 8,895,181                             |
| <b>TOTAL LIABILITIES AND NET ASSETS . . . . .</b>                      | <b>¥2,557,570</b> | <b>¥2,580,966</b> | <b>\$27,457,085</b>                   |

# CONSOLIDATED STATEMENTS OF OPERATIONS

NEC Corporation and Subsidiaries  
Years Ended March 31, 2011, 2012 and 2013

|   | Millions of Yen |             |                   | Thousands of U.S.<br>Dollars (Note 1) |
|---|-----------------|-------------|-------------------|---------------------------------------|
|   | 2011            | 2012        | 2013              | 2013                                  |
| NET SALES . . . . .   | ¥3,115,424      | ¥3,036,836  | <b>¥3,071,609</b> | <b>\$32,676,691</b>                   |
| COST OF SALES (Notes 3 and 9) . . . . .                                       | 2,199,973       | 2,128,920   | <b>2,142,243</b>  | <b>22,789,819</b>                     |
| Gross profit . . . . .  | 915,451         | 907,916     | <b>929,366</b>    | <b>9,886,872</b>                      |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES<br>(Notes 3, 9 and 15) . . . . . | 857,631         | 834,174     | <b>814,719</b>    | <b>8,667,223</b>                      |
| Operating income . . . . .  | 57,820          | 73,742      | <b>114,647</b>    | <b>1,219,649</b>                      |
| NON-OPERATING INCOME:   |                 |             |                   |                                       |
| Interest and dividends income . . . . .                                       | 5,445           | 6,108       | <b>5,247</b>      | <b>55,819</b>                         |
| Reversal of provision for contingent loss (Note 5) . . . . .                  | 1,668           | 1,188       | <b>2,971</b>      | <b>31,606</b>                         |
| Foreign exchange gain, net . . . . .  | —               | —           | <b>446</b>        | <b>4,745</b>                          |
| Equity in earnings of affiliated companies, net . . . . .                     | —               | —           | <b>409</b>        | <b>4,351</b>                          |
| Other non-operating income (Note 5) . . . . .                                 | 9,840           | 11,320      | <b>6,504</b>      | <b>69,192</b>                         |
| Total non-operating income . . . . .  | 16,953          | 18,616      | <b>15,577</b>     | <b>165,713</b>                        |
| NON-OPERATING EXPENSES:   |                 |             |                   |                                       |
| Interest expense . . . . .  | 6,614           | 5,446       | <b>5,979</b>      | <b>63,606</b>                         |
| Retirement benefit expenses (Note 9) . . . . .                                | 12,057          | 11,867      | <b>11,631</b>     | <b>123,734</b>                        |
| Equity in losses of affiliated companies, net . . . . .                       | 38,533          | 12,705      | —                 | —                                     |
| Foreign exchange loss, net . . . . .  | 1,488           | 2,672       | —                 | —                                     |
| Other non-operating expenses . . . . .  | 16,040          | 17,618      | <b>20,590</b>     | <b>219,043</b>                        |
| Total non-operating expenses . . . . .  | 74,732          | 50,308      | <b>38,200</b>     | <b>406,383</b>                        |
| Ordinary income . . . . .   | 41              | 42,050      | <b>92,024</b>     | <b>978,979</b>                        |
| SPECIAL GAINS (Note 16) . . . . .   | 28,270          | 28,375      | <b>16,780</b>     | <b>178,511</b>                        |
| SPECIAL LOSSES (Note 16) . . . . .  | 43,998          | 67,124      | <b>39,525</b>     | <b>420,479</b>                        |
| INCOME (LOSS) BEFORE INCOME TAXES<br>AND MINORITY INTERESTS . . . . .         | (15,687)        | 3,301       | <b>69,279</b>     | <b>737,011</b>                        |
| INCOME TAXES (Note 14):   |                 |             |                   |                                       |
| Current . . . . .   | 27,788          | 23,911      | <b>30,724</b>     | <b>326,851</b>                        |
| Deferred . . . . .  | (36,584)        | 84,283      | <b>(198)</b>      | <b>(2,106)</b>                        |
| Total income taxes . . . . .  | (8,796)         | 108,194     | <b>30,526</b>     | <b>324,745</b>                        |
| INCOME (LOSS) BEFORE MINORITY INTERESTS . . . . .                             | (6,891)         | (104,893)   | <b>38,753</b>     | <b>412,266</b>                        |
| MINORITY INTERESTS IN NET INCOME OF SUBSIDIARIES . .                          | 5,627           | 5,374       | <b>8,319</b>      | <b>88,500</b>                         |
| NET INCOME (LOSS) . . . . .   | ¥ (12,518)      | ¥ (110,267) | <b>¥ 30,434</b>   | <b>\$ 323,766</b>                     |

|   | Yen      |           |                | U.S. Dollars (Note 1) |
|---|----------|-----------|----------------|-----------------------|
|   | 2011     | 2012      | 2013           | 2013                  |
| PER SHARE OF COMMON STOCK (Note 24):            |          |           |                |                       |
| Basic net income (loss) . . . . .               | ¥ (4.82) | ¥ (42.44) | <b>¥ 11.71</b> | <b>\$ 0.12</b>        |
| Diluted net income . . . . .                    | —        | —         | —              | —                     |
| Cash dividends applicable to the year . . . . . | —        | —         | <b>4.00</b>    | <b>0.04</b>           |

See notes to consolidated financial statements.

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

NEC Corporation and Subsidiaries  
Years Ended March 31, 2011, 2012 and 2013

|  | Millions of Yen |            |                | Thousands of U.S.<br>Dollars (Note 1) |
|--|-----------------|------------|----------------|---------------------------------------|
|  | 2011            | 2012       | 2013           | 2013                                  |
| INCOME (LOSS) BEFORE MINORITY INTERESTS . . . . .  | ¥ (6,891)       | ¥(104,893) | <b>¥38,753</b> | <b>\$412,266</b>                      |
| OTHER COMPREHENSIVE INCOME (Note 17):  |                 |            |                |                                       |
| Valuation difference on available-for-sale securities. . . . .                                   | (5,941)         | 12,156     | <b>2,096</b>   | <b>22,298</b>                         |
| Deferred gains or losses on hedges . . . . .   | 11              | (231)      | <b>(845)</b>   | <b>(8,990)</b>                        |
| Foreign currency translation adjustments . . . . .   | 2,470           | (1,250)    | <b>16,724</b>  | <b>177,915</b>                        |
| Share of other comprehensive income of associates<br>accounted for using equity method . . . . . | (3,975)         | (476)      | <b>5,690</b>   | <b>60,532</b>                         |
| Total other comprehensive income . . . . .   | (7,435)         | 10,199     | <b>23,665</b>  | <b>251,755</b>                        |
| COMPREHENSIVE INCOME . . . . .   | ¥(14,326)       | ¥ (94,694) | <b>¥62,418</b> | <b>\$664,021</b>                      |
| Comprehensive income attributable to   |                 |            |                |                                       |
| owners of the parent . . . . .   | ¥(22,861)       | ¥(100,073) | <b>¥53,468</b> | <b>\$568,808</b>                      |
| minority interests. . . . .  | 8,535           | 5,379      | <b>8,950</b>   | <b>95,213</b>                         |

# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

NEC Corporation and Subsidiaries  
Years Ended March 31, 2011, 2012 and 2013

|  | Thousands                                    |                      |                 |                   |                 |
|--|--|----------------------|-----------------|-------------------|-----------------|
|  | Outstanding number of shares of common stock | Shareholders' equity |                 |                   |                 |
|  |  | Common stock         | Capital surplus | Retained earnings | Treasury stock  |
| BALANCE, APRIL 1, 2010   | 2,604,733                                    | ¥397,199             | ¥192,843        | ¥ 216,439         | ¥(2,929)        |
| Net income (loss)  |  |                      |                 | (12,518)          |                 |
| Cash dividends paid, ¥ 4 per share   |  |                      |                 | (10,395)          |                 |
| Purchases of treasury stock  |  |                      |                 |                   | (40)            |
| Disposals of treasury stock  |  |                      | (6)             |                   | 12              |
| Change in equity in affiliates accounted for by equity method—treasury stock |  |                      |                 |                   | 23              |
| Change of scope of equity method   |  |                      |                 | (583)             |                 |
| Net changes in items other than shareholders' equity during the year         |  |                      |                 |                   |                 |
| BALANCE, MARCH 31, 2011  | 2,604,733                                    | 397,199              | 192,837         | 192,943           | (2,934)         |
| Net income (loss)  |  |                      |                 | (110,267)         |                 |
| Purchases of treasury stock  |  |                      |                 |                   | (10)            |
| Disposals of treasury stock  |  |                      | (3)             |                   | 5               |
| Change of scope of equity method   |  |                      |                 | (17)              |                 |
| Net changes in items other than shareholders' equity during the year         |  |                      |                 |                   |                 |
| BALANCE, MARCH 31, 2012  | 2,604,733                                    | 397,199              | 192,834         | 82,659            | (2,939)         |
| Deficit disposition  |  |                      | <b>(44,426)</b> | <b>44,426</b>     |                 |
| Net income   |  |                      |                 | <b>30,434</b>     |                 |
| Purchases of treasury stock  |  |                      |                 |                   | <b>(11)</b>     |
| Disposals of treasury stock  |  |                      | <b>(3)</b>      |                   | <b>4</b>        |
| Change of scope of equity method   |  |                      |                 | <b>252</b>        |                 |
| Net changes in items other than shareholders' equity during the year         |  |                      |                 |                   |                 |
| BALANCE, MARCH 31, 2013  | <b>2,604,733</b>                             | <b>¥397,199</b>      | <b>¥148,405</b> | <b>¥ 157,771</b>  | <b>¥(2,946)</b> |

|  | Shareholders' equity |                    |                    |                   |
|--|----------------------|--------------------|--------------------|-------------------|
|  | Common stock         | Capital surplus    | Retained earnings  | Treasury stock    |
| BALANCE, MARCH 31, 2012  | \$4,225,521          | \$2,051,425        | \$ 879,351         | \$(31,266)        |
| Deficit disposition  |                      | <b>(472,617)</b>   | <b>472,617</b>     |                   |
| Net income   |                      |                    | <b>323,766</b>     |                   |
| Purchases of treasury stock  |                      |                    |                    | <b>(117)</b>      |
| Disposals of treasury stock  |                      | <b>(32)</b>        |                    | <b>43</b>         |
| Change of scope of equity method                                     |                      |                    | <b>2,681</b>       |                   |
| Net changes in items other than shareholders' equity during the year |                      |                    |                    |                   |
| BALANCE, MARCH 31, 2013  | <b>\$4,225,521</b>   | <b>\$1,578,776</b> | <b>\$1,678,415</b> | <b>\$(31,340)</b> |

Conforming to separate financial statements, total amounts seem to be inconsistent with calculation in some cases.  
See notes to consolidated financial statements.

| Millions of Yen  |   |                                    |  |                 |                           |                    |                  |
|------------------|---|------------------------------------|--|-----------------|---------------------------|--------------------|------------------|
| Total            | Accumulated other comprehensive income                |                                    |  | Total           | Stock subscription rights | Minority interests | Total net assets |
|                  | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustments |                 |                           |                    |                  |
| ¥ 803,552        | ¥10,218   | ¥ 61                               | ¥(22,927)                                | ¥(12,648)       | ¥ 93                      | ¥140,915           | ¥ 931,912        |
| (12,518)         |   |                                    |  |                 |                           |                    | (12,518)         |
| (10,395)         |   |                                    |  |                 |                           |                    | (10,395)         |
| (40)             |   |                                    |  |                 |                           |                    | (40)             |
| 6                |   |                                    |  |                 |                           |                    | 6                |
| 23               |   |                                    |  |                 |                           |                    | 23               |
| (583)            |   |                                    |  |                 |                           |                    | (583)            |
| —                | (6,051)   | 71                                 | (4,363)                                  | (10,343)        | (60)                      | (22,561)           | (32,964)         |
| 780,045          | 4,167   | 132                                | (27,290)                                 | (22,991)        | 33                        | 118,354            | 875,441          |
| (110,267)        |   |                                    |  |                 |                           |                    | (110,267)        |
| (10)             |   |                                    |  |                 |                           |                    | (10)             |
| 2                |   |                                    |  |                 |                           |                    | 2                |
| (17)             |   |                                    |  |                 |                           |                    | (17)             |
| —                | 12,106  | (274)                              | (1,638)                                  | 10,194          | (10)                      | 2,280              | 12,465           |
| 669,753          | 16,273  | (142)                              | (28,928)                                 | (12,797)        | 24                        | 120,634            | 777,614          |
| —                |   |                                    |  |                 |                           |                    | —                |
| <b>30,434</b>    |   |                                    |  |                 |                           |                    | <b>30,434</b>    |
| <b>(11)</b>      |   |                                    |  |                 |                           |                    | <b>(11)</b>      |
| <b>1</b>         |   |                                    |  |                 |                           |                    | <b>1</b>         |
| <b>252</b>       |   |                                    |  |                 |                           |                    | <b>252</b>       |
| —                | <b>2,060</b>  | <b>(934)</b>                       | <b>21,908</b>                            | <b>23,034</b>   | <b>(24)</b>               | <b>4,847</b>       | <b>27,857</b>    |
| <b>¥ 700,429</b> | <b>¥18,333</b>  | <b>¥(1,076)</b>                    | <b>¥ (7,020)</b>                         | <b>¥ 10,237</b> | <b>¥ —</b>                | <b>¥125,481</b>    | <b>¥ 836,147</b> |

| Thousands of U.S. Dollars (Note 1) |   |                                    |  |                   |                           |                    |                    |
|------------------------------------|---|------------------------------------|--|-------------------|---------------------------|--------------------|--------------------|
| Total                              | Accumulated other comprehensive income                |                                    |  | Total             | Stock subscription rights | Minority interests | Total net assets   |
|                                    | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustments |                   |                           |                    |                    |
| \$7,125,031                        | \$173,117   | \$ (1,511)                         | \$(307,745)                              | \$(136,139)       | \$ 256                    | \$1,283,341        | \$8,272,489        |
| —                                  |   |                                    |  |                   |                           |                    | —                  |
| <b>323,766</b>                     |   |                                    |  |                   |                           |                    | <b>323,766</b>     |
| <b>(117)</b>                       |   |                                    |  |                   |                           |                    | <b>(117)</b>       |
| <b>11</b>                          |   |                                    |  |                   |                           |                    | <b>11</b>          |
| <b>2,681</b>                       |   |                                    |  |                   |                           |                    | <b>2,681</b>       |
| —                                  | <b>21,915</b>   | <b>(9,936)</b>                     | <b>233,064</b>                           | <b>245,043</b>    | <b>(256)</b>              | <b>51,564</b>      | <b>296,351</b>     |
| <b>\$7,451,372</b>                 | <b>\$195,032</b>                                      | <b>\$(11,447)</b>                  | <b>\$ (74,681)</b>                       | <b>\$ 108,904</b> | <b>\$ —</b>               | <b>\$1,334,905</b> | <b>\$8,895,181</b> |

# CONSOLIDATED STATEMENTS OF CASH FLOWS

NEC Corporation and Subsidiaries  
Years Ended March 31, 2011, 2012 and 2013

|  | Millions of Yen |          |           | Thousands of U.S.<br>Dollars (Note 1) |
|--|-----------------|----------|-----------|---------------------------------------|
|  | 2011            | 2012     | 2013      | 2013                                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                 |          |           |                                       |
| Income (loss) before income taxes and minority interests. . . . .                          | ¥ (15,687)      | ¥ 3,301  | ¥ 69,279  | \$ 737,011                            |
| Depreciation . . . . .   | 90,614          | 83,058   | 83,612    | 889,489                               |
| Amortization of long-term prepaid expenses. . . . .  | 8,521           | 7,711    | 6,748     | 71,787                                |
| Impairment losses on property, plant and equipment, and other assets . . .                 | 5,873           | 6,501    | 21,949    | 233,500                               |
| Amortization of goodwill . . . . .   | 12,983          | 12,660   | 15,428    | 164,128                               |
| Increase in allowance for doubtful accounts . . . . .                                      | 6,577           | 2,589    | 591       | 6,287                                 |
| Decrease in product warranty liabilities . . . . .   | (2,327)         | (4,686)  | (1,183)   | (12,585)                              |
| Decrease in provision for loss on guarantees . . . . .                                     | (10,412)        | —        | —         | —                                     |
| Increase (decrease) in provision for loss on construction contracts<br>and others. . . . . | (4,320)         | 193      | 7,987     | 84,968                                |
| Increase in liabilities for retirement benefits . . . . .                                  | 6,942           | 6,855    | (3,939)   | (41,904)                              |
| Increase (decrease) in provision for business structure improvement . . . .                | (2,826)         | 18,463   | (22,644)  | (240,894)                             |
| Decrease in provision for contingent loss . . . . .  | (4,946)         | (939)    | (3,575)   | (38,032)                              |
| Decrease in provision for loss on repurchase of computers . . . . .                        | (1,735)         | (1,151)  | (1,143)   | (12,160)                              |
| Interest and dividends income . . . . .  | (5,445)         | (6,108)  | (5,247)   | (55,819)                              |
| Interest expense . . . . .   | 6,614           | 5,446    | 5,979     | 63,606                                |
| Equity in losses (earnings) of affiliated companies. . . . .                               | 38,533          | 12,705   | (409)     | (4,351)                               |
| Loss (gain) on change in equity . . . . .  | 5,996           | (18)     | (2,657)   | (28,266)                              |
| Gain on sales of property, plant and equipment . . . . .                                   | (1,266)         | (966)    | (1,569)   | (16,691)                              |
| Loss on retirement of property, plant and equipment . . . . .                              | —               | —        | 636       | 6,766                                 |
| Gain on sales of investment securities. . . . .  | (2,492)         | (1,357)  | (9,057)   | (96,351)                              |
| Loss on sales of investment securities . . . . .   | 8               | 11       | 2         | 21                                    |
| Write-off of investment securities. . . . .  | 4,319           | 16,037   | 804       | 8,553                                 |
| Gain on sales of investments in affiliated companies . . . . .                             | (2,299)         | (15,376) | (1,728)   | (18,383)                              |
| Loss on sales of investments in affiliated companies . . . . .                             | 1,002           | 1,118    | 880       | 9,362                                 |
| Loss (gain) on contribution of securities to retirement benefit trust . . . . .            | (19,206)        | —        | 5,898     | 62,745                                |
| Loss on disaster . . . . .   | 5,972           | 2,131    | —         | —                                     |
| Gain on insurance claim . . . . .  | —               | (10,648) | (1,625)   | (17,287)                              |
| Increase in trade notes and accounts receivable . . . . .                                  | (478)           | (88,216) | (9,600)   | (102,128)                             |
| (Increase) decrease in inventories . . . . .   | 3,349           | (150)    | 5,496     | 58,468                                |
| (Increase) decrease in accounts receivable, other. . . . .                                 | (5,344)         | 15,591   | (2,792)   | (29,702)                              |
| Increase (decrease) in trade notes and accounts payable . . . . .                          | (10,380)        | 28,976   | (8,548)   | (90,936)                              |
| Others—net . . . . .   | (46,130)        | (7,690)  | 22,267    | 236,883                               |
| Sub total . . . . .  | 62,010          | 86,041   | 171,840   | 1,828,085                             |
| Interest and dividends received . . . . .  | 5,513           | 6,111    | 4,481     | 47,670                                |
| Interest paid . . . . .  | (6,464)         | (5,152)  | (5,928)   | (63,064)                              |
| Income taxes paid . . . . .  | (27,399)        | (22,650) | (28,653)  | (304,819)                             |
| Proceeds from insurance income . . . . .   | —               | 19,507   | 2,008     | 21,362                                |
| Net cash provided by operating activities . . . . .  | ¥ 33,660        | ¥ 83,857 | ¥ 143,748 | \$ 1,529,234                          |

See notes to consolidated financial statements.



|   | Millions of Yen |            |                   | Thousands of U.S.<br>Dollars (Note 1) |
|---|-----------------|------------|-------------------|---------------------------------------|
|   | 2011            | 2012       | 2013              | 2013                                  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                 |            |                   |                                       |
| Purchases of property, plant and equipment . . . . .  | ¥ (57,580)      | ¥ (39,772) | ¥ <b>(46,012)</b> | \$ <b>(489,489)</b>                   |
| Proceeds from sales of property, plant and equipment . . . . .                                    | 3,768           | 4,759      | <b>5,208</b>      | <b>55,404</b>                         |
| Acquisitions of intangible assets . . . . .   | (29,471)        | (17,421)   | <b>(14,556)</b>   | <b>(154,851)</b>                      |
| Purchases of investment securities . . . . .  | (1,259)         | (1,977)    | <b>(1,159)</b>    | <b>(12,330)</b>                       |
| Proceeds from sales of investment securities . . . . .  | 3,767           | 1,999      | <b>27,601</b>     | <b>293,628</b>                        |
| Disbursements for acquisitions of shares of newly consolidated subsidiaries . . . . .             | (1,572)         | (2,345)    | <b>(58,072)</b>   | <b>(617,787)</b>                      |
| Proceeds from sales of shares of subsidiaries being excluded from the consolidation . . . . .     | 2,551           | 1,178      | <b>553</b>        | <b>5,883</b>                          |
| Disbursements for sales of shares of subsidiaries being excluded from the consolidation . . . . . | (1,738)         | (4,308)    | <b>(524)</b>      | <b>(5,574)</b>                        |
| Purchases of investments in affiliated companies . . . . .  | (59,615)        | (358)      | <b>(582)</b>      | <b>(6,192)</b>                        |
| Proceeds from sales of investments in affiliated companies . . . . .                              | 145             | 6,779      | <b>1,151</b>      | <b>12,245</b>                         |
| (Increase) decrease in short-term loans receivable, net . . . . .                                 | 1               | (101)      | <b>187</b>        | <b>1,989</b>                          |
| Disbursements for loans receivable . . . . .  | (46)            | (475)      | <b>(17,543)</b>   | <b>(186,628)</b>                      |
| Collection of loans receivable . . . . .  | 200             | 294        | <b>195</b>        | <b>2,074</b>                          |
| Others—net . . . . .  | (5,395)         | 2,042      | <b>1,811</b>      | <b>19,266</b>                         |
| Net cash used in investing activities . . . . .   | (146,244)       | (49,706)   | <b>(101,742)</b>  | <b>(1,082,362)</b>                    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                 |            |                   |                                       |
| Increase (decrease) in short-term borrowings, net . . . . .                                       | 125,829         | (85,998)   | <b>(70,289)</b>   | <b>(747,755)</b>                      |
| Proceeds from long-term borrowings . . . . .  | 6,167           | 191,760    | <b>58,456</b>     | <b>621,872</b>                        |
| Repayments of long-term borrowings . . . . .  | (177,176)       | (20,351)   | <b>(82,996)</b>   | <b>(882,936)</b>                      |
| Proceeds from issuance of bonds . . . . .   | 150,000         | 30,000     | —                 | —                                     |
| Redemption of bonds . . . . .   | (19,835)        | —          | —                 | —                                     |
| Redemption of convertible bonds . . . . .   | —               | (97,669)   | —                 | —                                     |
| Proceeds from stock issuance to minority shareholders . . . . .                                   | 1,866           | —          | —                 | —                                     |
| Dividends paid . . . . .  | (10,396)        | (39)       | <b>(4)</b>        | <b>(42)</b>                           |
| Dividends paid to minority shareholders . . . . .   | (3,302)         | (3,211)    | <b>(3,949)</b>    | <b>(42,011)</b>                       |
| Others—net . . . . .  | (78)            | 200        | <b>(25)</b>       | <b>(266)</b>                          |
| Net cash provided by (used in) financing activities . . . . .                                     | 73,075          | 14,692     | <b>(98,807)</b>   | <b>(1,051,138)</b>                    |
| <b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS . . . . .</b>                     |                 |            |                   |                                       |
| AND CASH EQUIVALENTS . . . . .  | (4,073)         | (879)      | <b>6,200</b>      | <b>65,957</b>                         |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS . . . . .                                    | (43,582)        | 47,964     | <b>(50,601)</b>   | <b>(538,309)</b>                      |
| CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR . . . . .   | 330,548         | 203,879    | <b>251,843</b>    | <b>2,679,181</b>                      |
| DECREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM CHANGE OF SCOPE OF CONSOLIDATION . . . . .   | (92,787)        | —          | <b>(4,110)</b>    | <b>(43,723)</b>                       |
| INCREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM MERGER . . . . .                             | 9,700           | —          | —                 | —                                     |
| CASH AND CASH EQUIVALENTS, AT END OF YEAR . . . . .   | ¥ 203,879       | ¥251,843   | ¥ <b>197,132</b>  | \$ <b>2,097,149</b>                   |
| <b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>  |                 |            |                   |                                       |
| Finance leases . . . . .  | ¥ 3,986         | ¥ 2,372    | ¥ <b>1,670</b>    | \$ <b>17,766</b>                      |
| Contribution of securities to retirement benefit trust . . . . .                                  | 70,992          | —          | <b>26,437</b>     | <b>281,245</b>                        |
| Assets acquired and liabilities assumed in merger (Note 18)                                       |                 |            |                   |                                       |
| Current assets . . . . .  | 42,652          | —          | —                 | —                                     |
| Fixed assets . . . . .  | 3,523           | —          | —                 | —                                     |
| Total . . . . .   | ¥ 46,175        | ¥ —        | ¥ —               | \$ —                                  |
| Current liabilities . . . . .   | 40,612          | —          | —                 | —                                     |
| Long-term liabilities . . . . .   | 1,021           | —          | —                 | —                                     |
| Total . . . . .   | ¥ 41,633        | ¥ —        | ¥ —               | \$ —                                  |