

2012 Financial Reports of Japan Major Fastener Corporations



Arranged by Fastener World Inc.
Sources: company press release

1. Japan Power Fastening (JPF)

(1) An analysis on the business operation

The consolidated reports for the fiscal year show that the economy of Japan, despite the domestic demands supported by the northeastern earthquake recovery efforts, remained stagnant as the exports and industrial production decreased due to prolonged Euro debt crisis and slow economic growth of the emerging countries. Especially the confrontation between Japan and China triggered by the dispute over the Senkaku (Diaoyutai) islands, dealt a hard blow to the Japanese businesses in the mainland. The construction market which is closely related to the JPF's sales saw a 5.8% increase over the same period of the previous year in the number of newly built residential dwelling units thanks to the special recovery assessment to increase the government's investment and the demand for new homes. Against the backdrop of this economic condition, Japan Power Fastening, as a comprehensive fastener maker, is developing and selling high added value products with good operability, durability, shock resistance and environment friendliness, and have moved the production to the local subsidiaries in China and reduced fixed charges to improve the profits. According to the operating results of the fiscal year, the sales were 7,291 million yens (a 3.9% decrease over the previous period), the ordinary profit was 146 million yens (a 59.0% decrease over the previous period) and net income of the year was 68 million yens (a 68.8% decrease over the previous period), showing reduction in both revenues and profits.

(2) Automobiles and home appliances related business

The sales of auto parts in China exceeded the previous period thanks to the production increase of the Japanese auto makers in the first half of the period despite the sales plunge of Japanese cars due to the Senkaku Islands issue. For the sales figure, the sales to external customers amounted to 401 million yens (2.7% increase over the previous period), and the operating profit reached 55 million yens (122.0% increase over the previous period).

(3) The next period forecast

For the next period forecast, in addition to the real demand driven by the post-quake reconstruction efforts, the economic measures of the new Liberty Democratic Party administration and the last-minute surge in demand before the consumer tax rise will give boost to Japan's domestic economy. However, risk factors such as the re-emergence of the financial crisis in Europe and the



aggregating confrontation between Japan and China over the Senkaku Islands dispute still exist, while the electric power cost rise is feared. These have left the business environment in uncertainty. Japan Power Fastening will actively execute business activities such as share-up and spec-in, prepare the best production and logistics systems, and provide reliable and high-quality products and services. Moreover, the local subsidiaries and PV panel assembly facilities in China will continue to build a production system to meet increased demands and strengthen its profit structure. For the consolidated sales projection of the next period, the sales will be 8,200 million yens, the ordinary profit 270 million yens, and net income of the year 185 million yens.

(4) Business risks

Competition with other makers

The makers of the industrial fasteners (screws, springs, etc) belonging to the same types of Japan Power Fastening's products are numerous in Japan. The number of screw makers alone is near 2,000. The market is therefore very competitive indeed. With the increasing imports from Taiwan and China in recent years, the competition has intensified even more. To cope with the competitors, Japan Power Fastening will develop unique products and strengthen its price competitiveness.

Business activities in China

The local subsidiaries in China perform business activities with the objectives of reducing the prices of the products for the Japanese market and expanding the sales in the Chinese domestic market. Japan Power Fastening has also launched the residence construction business in China. The risks (such as the economic condition of China, China's diplomatic tie with Japan, geopolitical risk, change of laws and tax system and foreign currency policy) of these operations do exist, and their occurrence may affect the sales.

Responses to the earthquake in northeastern Japan

The vast victims, radiation and electricity issues arising from the major earthquake which hit northeastern Japan on March 11th, 2011 may affect Japan Power Fastening's sales performance. The company is now transferring its production to the local subsidiaries in China and dispersing the production of the two plants in Japan, and revising the logistical system with an aim to minimizing the risks.

1. The sales of the 12-month period of 2012 (Jan.1st ~ Dec.31st, 2012)

(1) Consolidated operation results

(% indicates increase or decrease over previous period)

	Sales		Operating profit		Ordinary profit		Current net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
12-month period 2012	7,921	△ 3.9	118	△ 72.5	146	△ 59.0	68	△ 68.8
12-month period 2011	8,244	△ 13.8	430	69.5	357	158.9	219	509.7

(2) Consolidated financial condition

	Total assets	Pure assets	Capital adequacy ratio	Pure asset per share
12-month period 2012	Million yen 11,151	Million yen 4,791	% 38.5	Yen 250.52
12-month period 2011	11,017	4,642	37.6	236.88

Reference: Owned capital. 4,292 million yens during the 12-month period in 2012. 4,146 million yens during the 12-month period in 2011

(3) Consolidated cash flow condition

	Cash flow from operation	Cash flow from investment	Cash flow from financial activities	Period-end remaining cash and equivalence
12-month period 2012	Million yen 572	Million yen △ 181	Million yen △ 110	Million yen 971
12-month period 2011	582	△ 727	△ 274	643

2. Consolidated sales forecast of the 12-month period of 2013 (Jan.1st ~ Dec.31st, 2013)

	Sales		Operating profit		Ordinary profit		Current net profit		Pure asset per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Q2	3,900	2.1	75	25.5	70	56.8	35	16.0	2.04
Entire period	8,200	3.5	290	145.3	270	84.3	185	170.3	10.80

2. Nito Seicko Co., Ltd.

(1) An analysis on the business operation

The economy of Japan during the period continued to recover slowly thanks to the post northeastern earthquake reconstruction needs. However, the economic outlook remained uncertain due to export decrease (as the Euro debt crisis caused an overseas economic slowdown), prolonged yen appreciation and soured relation with China. For the business environment surrounding the company, in addition to increasing the procurement of the materials in the local regions of the overseas markets which form the major source of the demand for the fasteners, Nito Seicko is speeding up the shift of the customization of the production machines and controlling business to overseas for market globalization.

Based on the situation, Nito Seicko has launched its key strategies to expand the business areas and synergize its total capabilities as the first priority in its response to globalization, seeking to improve the sales. As a result, the sales of the consolidated fiscal year were 252,07 million yens (7.0% increase over the previous period), the operating profit was 2,237 million yens (56.3% increase over the previous period) and ordinary profit was 2,340 million yens (57.3% increase over the previous period)

(2) Fastener business

For Nito Seicko's business, the Asian region such as Indonesia and Thailand was seeing a boom in the industrial fasteners. However, with the government's economic stimulus package ending, the domestic demand had always remained weak. Amid the circumstances, the company launched



its global products supply system based on the partnership with other businesses. However, the business condition of the main screw products such as the “precision screws” and special parts such as the “grooved pins” was difficult. As a result, the sales were 17,194 million yens (2.1% increase over the previous period) and the operating profit amounted to 1,119 million yens (3.6% increase over the previous period).

(3) The tool machine business

With the rising demand of environmentally friendly vehicles in automobile related industries and equipment for emerging countries, which make up the major source of demand, the market was seeing an upward trend. Among them, new products such as a more compact, small, high-precision and high-torque screw fastening driver “NX Driver” were launched. With the emphasis placed on quality based on the overseas customers' needs, the profit from automatic assembly lines have stagnated. However, sales of standard model products such as screw fastening bolts increased dramatically. As a result, sales amounted to 5,456 million yens (22.3% increase over the previous period), and the operating profit was 647 million yens (the figure in the previous period was 6 million).

(4) The next period forecast

The future economic condition, despite the expected continuation of the post-quake recovery efforts, will remain uncertain with the global economic slowdown caused by the Euro debt crisis and slow growth of emerging countries and the prolonged yen appreciation. It is anticipated that the business environment will remain unpredictable. For the automobile related industries which form the main demand source of Nito Seicko, the shift of production to overseas sites, the speedy increase of material procurement in local areas, and the strengthening of the production system for the global market will be the company's top priorities. In view of this situation, the key efforts of the company include: ① Speeding up the measures for globalization ② Strengthening the cost competitiveness and ③ Maximizing the company's total capabilities to reach the operation targets with all energy delivered. For the consolidated sales projection of the next period, sales will be 25,400 million yens (up by 0.8% over the previous period), the ordinary profit 2,350 million yens (up by 2.8% over the previous period) and net income of the year 1,310 million yens (up by 26.3% over the previous period).

the new product “Mirai Cross (the Future Cross)” for preventing torque transmission loss of tiny screws. In addition, Nito Seicko continued with the “Eco-fastening Campaign” which was intended for the promising energy related market, and worked to strengthen

1. The sales of 2012 (Jan.1st ~ Dec.31st, 2012)
(1) Consolidated operation results

(% indicates increase or decrease over previous period)

	Sales		Operating profit		Ordinary profit		Current net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2012	25,207	7.0	2,237	56.3	2,340	57.3	1,037	29.7
2011	23,550	△ 6.7	1,431	△ 26.7	1,487	△ 21.6	799	△ 9.2

(2) Consolidated financial condition

	Total assets	Pure assets	Capital adequacy ratio	Pure asset per share
2012	Million yen 32,043	Million yen 20,001	% 58.4	Yen 490.98
2011	31,263	18,894	56.8	460.78

(Reference) Owned capital. 4,292 million yens during the 12-month period in 2012, and 4,146 million yens during the 12-month period in 2011.

(3) Consolidated cash flow condition

	Cash flow from operation	Cash flow from investment	Cash flow from financial activities	Period-end remainig cash and equivalence
2012	Million yen 3,142	Million yen △ 1,031	Million yen △ 978	Million yen 4,216
2011	544	△ 2,069	△ 236	2,943

2. Consolidated sales forecast of 2013 (Jan.1st ~ Dec.31st, 2013)

	Sales		Operating profit		Ordinary profit		Current net profit		Pure asset per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Q2	12,500	0.1	1,120	4.7	1,140	1.4	640	5.3	16.79
Entire period	25,400	0.8	2,300	2.8	2,350	0.4	1,310	26.3	34.36

3. Sanko Techno Co., Ltd.
(1) An analysis on the business operation

The economic situation of Japan during the first three quarters remained unclear due to the financial issues in Europe and the U.S., decelerating growth of the emerging countries and prolonged yen appreciation. However, against the backdrop of the post-quake restoration and reconstruction efforts, the signs of economic recovery were evident. For Sanko Techno, the sale of the core product construction anchor was smooth. In terms of the profit, the savings from production cost reduction and sales overheads increased dramatically over the previous period. In addition, the company launched new products such as drive bills and kicked off PR activities to promote the unique construction methods. As a result, sales of the first three quarters amounted to 10,854 million yens (up by 6.2% over the first 3 quarters of the previous period), the operating profit, 683 million (up by 67.7%), the ordinary profit, 662 million yens (up by 75%) and the net profit, 341 million yens (up by 90.1%).



(2) The fastening business

The construction works began late due to shortages in both building materials and workers. However, thanks to the demand increase for the construction of mansions and warehouses, the sales of main products, the metal and bonding anchors and the hydraulic tools went very smoothly. As a result, the sales of the segment were 8,432 million yens (up by 5.6% over the first three quarters of the previous period), and the profit of the segment was 622 million yens (up by 52.0% over the previous period).

(3) The next period forecast

The external condition will remain rigorous and Sanko Techno will actively work on the demand increase for the buildings maintenance and environment protection areas. For the environment protection area, in addition to the company's PV business plans to use the natural energy, with the company's launch of business activities which feature its unique construction methods, the demand for the service for maintenance and repair of the old and corrupt infrastructure and buildings is expected to increase in the future.

1. Consolidated sales of Q2~Q4 of 2012 (Apr. 1st, 2012 ~ Dec.31st, 2012)

Consolidated operation results

(% indicates increase or decrease over previous period)

	Sales		Operating profit		Ordinary profit		Current net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2013 Q2~Q4	10,854	6.2	683	67.7	662	75.0	341	90.1
2012 Q2~Q4	10,223	3.0	407	28.0	378	25.0	179	9.9

2. Consolidated sales forecast of 2012 Q2 to 2013 Q1 (Apr. 1st, 2012 ~ Mar.31st, 2013)

	Sales		Operating profit		Ordinary profit		Current net profit		Pure asset per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Entire period	14,950	7.9	660	13.2	660	2.8	350	22.6	172.01

(Note) The recent published sales forecast: none

4. Nifco Co., Ltd.

An analysis on the business operation

Japan's economy saw a slow recovery thanks to the demand from the restoration efforts after the northeastern earthquake. However, due to the slow global economic growth and production decrease in China since the second half of 2012, the recovery was weak. On the other hand, for the overseas markets, the U.S economy slowly picked up while in Asia, there was a boom centered around Thailand. Nifco, with the Japanese auto makers being the main clients and the support of the government's economic stimulus packages, had a very good sales performance during the first half of 2012. However, since the second half of the year, impacted by the termination of subsidization to the eco-vehicles and decrease of sales in China, the overall recovery was less powerful.



1. Consolidated sales of Q2~Q4 of 2012 (Apr. 1st, 2012 ~ Dec.31st, 2012)

Consolidated operation results

(% indicates increase or decrease over previous period)

	Sales		Operating profit		Ordinary profit		Current net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2013 Q2~Q4	102,597	15.0	8,129	2.5	8,230	9.3	5,248	△ 1.8
2012 Q2~Q4	89,198	△ 1.8	7,927	△ 25.8	7,531	△ 25.2	5,344	△ 17.5

2. Consolidated sales forecast of 2012 Q2 to 2013 Q1 (Apr. 1st, 2012 ~ Mar. 31st, 2013)

Entire period	Sales		Operating profit		Ordinary profit		Net profit of this period		Net profit per share of the period
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	138,000	12.3	10,000	△ 2.4	10,000	△ 0.6	5,500	△ 19.8	104.02

(Note) Revision of the recently published sales forecast: none

5. Yamashita Co., Ltd.

An analysis on the business operation

The company benefited from the strong demand for automobiles in the U.S. market and the policy to subsidize the eco-friendly cars. However, during the second half of the year, with both the effect of the government economic policy and the demand for cars weakening, the company's revenue growth waned. As a result, for the consolidated sales of Q2~Q4 of 2012, the revenue was 3,915 million yens (up by 1.0% over the previous period), the operating profit amounted to 109 million yens (down by 5.8% over the previous period) and ordinary profit reached 123 million yens (up by 5.3% over the previous period) and net income of the period came to 97 million yens (down by 9.5% over the previous period).

1. Consolidated sales of Q2~Q4 of 2012 (Apr. 1st, 2012 ~ Dec.31st, 2012)

Consolidated operation results [% indicates increase or decrease over previous period]

Entire period	Sales		Operating profit		Ordinary profit		Current net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2013 Q2~Q4	3,915	1.0	109	△ 5.8	123	5.3	97	△ 9.5
2012 Q2~Q4	3,876	△ 4.6	116	△ 17.8	117	△ 25.1	108	△ 32.0

2. Consolidated sales forecast of 2012 Q2 to 2013 Q1 (Apr. 1st, 2012 ~ Mar. 31st, 2013)

Entire period	Sales		Operating profit		Ordinary profit		Net profit of this period		Net profit per share of the period
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	5,500	4.1	220	40.0	220	33.9	200	△ 6.5	1.44

(Note) Revision of the recently published sales forecast: none



6. Mitsuchi Co., Ltd.

An analysis on the business operation

Mitsuchi's main clients are from the auto parts industry and the local procurement and production were in progress. The production generally was going well in the emerging countries and North America. However, due to the territory issue between Japan and China, the Japanese auto makers were in a difficult situation as their local subsidiaries in China have to make adjustment. In this kind of business situation, the company was promoting globalization which includes the establishment and advancement of the local production systems overseas.

Domestically, the company is actively taking actions to synergize the operation effect. As a result, the revenues of the company in the 2nd half of the year decreased due to the smaller order sizes caused by the price reduction of the steel materials and the intensified price competition among the overseas makers. However, with the revenues from the existing clients of Mitsuchi which became a part of the company in Dec. 2011, the revenue amounted to 6,297 million yens (up by 25.9% over the previous period).

1. Consolidated sales of Q3~Q4 of 2012 (Jul. 1st, 2012 ~ Dec.31st, 2012)

Consolidated operation results [% indicates increase or decrease over previous period]

Entire period	Sales		Operating profit		Ordinary profit		Current net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2013 Q3~Q4	6,297	25.9	△ 66	—	△ 54	—	△ 464	—
2012 Q3~Q4	5,001	8.4	224	△ 31.4	215	△ 30.2	119	△ 35.1

2. Consolidated sales forecast of 2012 to 2013 (Jul. 1st, 2012 ~ Jun. 31st, 2013)

Entire period	Sales		Operating profit		Ordinary profit		Net profit of this period		Net profit per share of the period
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	12,693	10.3	△ 150	—	△ 28	—	△ 418	—	△ 165.33

(Note) Revision of the recently published sales forecast: none

7. Techno Associe Co., Ltd.

An analysis on the business operation

Despite stronger signs of recovery in the U.S., the global economy remained in a difficult situation due to prolonged Euro debt crisis and slowdown of the economic growth among the emerging countries. Japan's economy, though boosted by the continuing demand from the post quake restoration and reconstruction efforts, and suffered from the impacts of overseas economic slowdown, reduced exports and investment in equipment and had become stagnant. On the other hand, the shift of political power in Dec. had given hope to the economic recovery while the depreciation of Japanese yens and the rise of the stock prices were the signs of a turnaround. Under these circumstances, the company was preparing its operations in Japan, Mexico and Indonesia. For the production base in China, to cope with the productivity increase, the company invested in the equipment and actively engaged sales promoting activities. As a result, for automobile related business, supported by the strong demand in the U.S. market and Thailand's smooth recovery from the flood, the consolidated revenues during Q2 to Q4 2012 amounted to 63,119 million yens, increasing by 5,065 million yens over the same period of previous year. For the earning, the operating profit was 1,255 million yens, an increase of 184 million yens over the same period of previous year. The ordinary profit came to 1,388 million yens, growing by 159 million yens over the same period of previous year. The net profit of the period reached 941 million yens, an increase of 85 million yens over the same period of previous year.

1. Consolidated sales of Q2~Q4 of 2012 (Apr. 1st, 2012 ~ Dec. 31st, 2012)

Consolidated operation results [% indicates increase or decrease over previous period]

Entire period	Sales		Operating profit		Ordinary profit		Current net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2013 Q2~Q4	63,119	8.7	1,255	17.3	1,338	13.5	941	10.0
2012 Q2~Q4	58,053	△ 3.8	1,070	△ 30.1	1,179	△ 27.6	855	0.9

2. Consolidated sales forecast of 2012 Q2 to 2013 Q1 (Apr. 1st, 2012 ~ Mar. 31st, 2013)

Entire period	Sales		Operating profit		Ordinary profit		Net profit of the period		Net profit per share of the period
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	84,000	6.8	2,000	28.8	2,000	21.3	1,200	6.4	62.26

(Note) Revision of the recently published sales forecast: none

8. Kobayashi Metals Co., Ltd.

An analysis on the business operation

For the construction industry which is related to the company, despite some restoration and reconstruction works after the earthquakes and storms, the downward trend of the public work budget kept the growth slow. Due to the excessive investment of the private sector in equipment, a conservative attitude towards the rise of the yen, and differences among the regions, the recovery was not powerful.

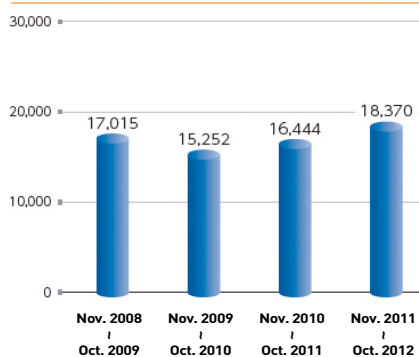


Under these circumstances, for the fastener products, due to the change in the distribution structure and the drop in material prices, the price competition had become increasingly fierce. In view of the situation, the company worked to expand the sales and focused its efforts on the new products. In addition to meeting the diverse needs of the customers and strengthening the relationship with existing clients, the company actively developed new clients and worked hard to expand the sales and secure the profit. The company also promptly provided the QC information of the products sold in an effort to strengthen the QC system to guarantee the clients safety and peace of mind. These aggressive efforts enabled the revenues in this area to reach 16,433 million yens.

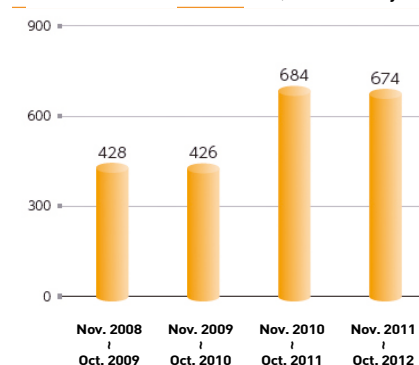
With the above-mentioned factors combined, the annual revenue of the company was 18,370 million yens, increasing by 1,926 million yens or 11.7% as compared with the previous year. The operating profit was 485 million yens, a reduction by 86 million yens or 15.2% over the previous year. The ordinary profit amounted to 674 million yens, decreasing by 9 million yens or 1.5% over the previous year. The net profit of the period came to 359 million yens, a growth by 120 million yens or 50.4% over the previous year.

Looking into the future, the real restoration needs which arise from the earthquake will continue to drive the domestic demand. However, the economic growth slowdown of China and emerging countries and the change of exchange rates may easily affect the company's sales. The outlook is therefore unclear. In addition, with the investment of the construction industry in equipment, a boom in the capital region can be expected. However, with the unstable factors arising from the situations both home and abroad present, the economy is believed to remain in a difficult condition.

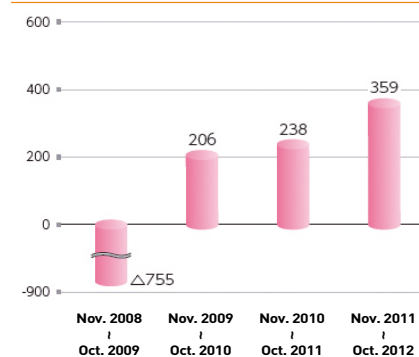
Consolidated sales (Unit: Million yen)



Consolidated ordinary profit (Unit: Million yen)



Consolidated net profit or loss per share of the period (Unit: Million yen)



Consolidated net profit or loss of the period

