

OTHER PRODUCTS

Operating income in other products—principally aircraft fixtures and components and golf equipment—increased 6.9-fold in the fiscal year ended March 31, 2011, to ¥1.5 billion, on a 2.0% decline in sales, to ¥24.3 billion. The decline in sales resulted from weakness in golf equipment. Driving the surge in profitability were price increases for aircraft lavatory modules and progress in trimming costs.

Aircraft Products

New business in onboard stairways

We posted a 6.4% increase in sales of aircraft products, to ¥16.3 billion. Our profitability in this sector also improved, despite the appreciation of the yen. New business in onboard stairways for the Boeing 747-8I jumbo airliner contributed to that improvement, as did improved profitability in our business in lavatory modules for the Boeing 737 airliner.

Our projections call for the pace of sales in aircraft products to increase in the present fiscal period. We anticipate continuing growth in orders from Boeing Company for lavatory modules for the B737, and demand for replacement modules is poised to rise as earnings improve in the airline industry.

Golf Equipment and Other Products

Shrinking demand for golf equipment

Our business in golf equipment, marketed under the PRGR brand, and other products declined 15.5%, to ¥8.0 billion. That decline reflected shrinking demand for golf equipment in Japan, our principal market for golf products. It also reflected a diminished weighting for new

products in our sales portfolio in golf equipment. In the fiscal second half, we launched a promising line of clubs, named iD, that emphasizes ease of striking. Also promising was the growth in our overseas business in golf equipment. We solidified our market footholds in the Republic of Korea, our largest market outside Japan; in China, where we began a serious marketing effort in 2010; and in Southeast Asian nations.

Adding a new dimension to our business in golf equipment is Science Fit, a diagnostic system for golf swings. A leading operator of sports facilities has installed the system at facilities in Tokyo, Yokohama, and Osaka. PRGR-accredited instructors use the Science Fit diagnoses at those facilities to analyze golfers' swings and to help the golfers choose clubs of optimal length and specifications. We will promote the Science Fit system to the sports-facility operator's facilities in cities throughout Japan and will also promote the system to other operators of golf schools.

Japanese demand for golf equipment has weakened in the wake of the Great East Japan Earthquake. We are showcasing innovative strengths through our new iD line and through other products. Overseas, we are expanding our sales coverage in the Republic of Korea and broadening our line of products developed especially for Korean golfers. We are also stepping up our marketing effort in China and are studying the possibility of deploying products tailored to the Chinese market.



Yokohama's new iD line of golf clubs combines shooting ease with long distance. Pictured is the iD435, a driver for serious amateurs.