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**Consolidated Financial Results**  
**for the Six Months Ended September 30, 2014**  
**<under Japanese GAAP>**

**F-TECH INC.**

19, Showanuma, Shobu-cho, Kuki City, Saitama, JAPAN

## Quarterly consolidated financial statements

### (1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	7,823	6,177
Notes and accounts receivable - trade	24,016	22,518
Merchandise and finished goods	3,581	4,574
Work in process	3,485	3,687
Raw materials and supplies	6,809	7,060
Other	3,688	3,201
Total current assets	49,404	47,220
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,951	17,951
Machinery, equipment and vehicles, net	21,552	21,602
Other, net	15,640	19,276
Total property, plant and equipment	55,144	58,831
Intangible assets	858	822
Investments and other assets		
Investment securities	4,204	4,491
Other	1,510	1,351
Allowance for doubtful accounts	(61)	(61)
Total investments and other assets	5,654	5,781
Total non-current assets	61,657	65,436
<b>Total assets</b>	<b>111,062</b>	<b>112,656</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	16,170	16,054
Short-term loans payable	12,778	15,607
Current portion of long-term loans payable	10,146	9,314
Income taxes payable	433	357
Provision for directors' bonuses	89	58
Other	7,214	8,325
Total current liabilities	46,833	49,718
Non-current liabilities		
Long-term loans payable	21,212	19,178
Provision for directors' retirement benefits	204	203
Net defined benefit liability	249	312
Negative goodwill	83	81
Other	2,637	2,749
Total non-current liabilities	24,387	22,526
<b>Total liabilities</b>	<b>71,220</b>	<b>72,244</b>

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
Net assets		
Shareholders' equity		
Capital stock	4,790	4,790
Capital surplus	5,228	5,228
Retained earnings	13,958	14,018
Treasury shares	(18)	(18)
Total shareholders' equity	23,958	24,019
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	619	746
Foreign currency translation adjustment	1,012	1,229
Remeasurements of defined benefit plans	284	307
Total accumulated other comprehensive income	1,915	2,283
Minority interests	13,967	14,109
Total net assets	39,842	40,412
Total liabilities and net assets	111,062	112,656

**(2) Consolidated statements of income and comprehensive income**

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net sales	82,969	84,450
Cost of sales	73,277	74,981
Gross profit	9,691	9,469
Selling, general and administrative expenses	6,485	7,237
Operating income	3,206	2,232
Non-operating income		
Interest income	20	15
Dividend income	22	34
Share of profit of entities accounted for using equity method	187	135
Foreign exchange gains	66	–
Other	89	85
Total non-operating income	387	271
Non-operating expenses		
Interest expenses	336	335
Foreign exchange losses	–	11
Other	5	13
Total non-operating expenses	342	360
Ordinary income	3,250	2,143
Extraordinary income		
Gain on sales of non-current assets	32	8
Total extraordinary income	32	8
Extraordinary losses		
Loss on sales of non-current assets	4	1
Loss on retirement of non-current assets	30	140
Total extraordinary losses	35	141
Income before income taxes and minority interests	3,248	2,010
Income taxes - current	978	1,157
Income taxes - deferred	45	(110)
Total income taxes	1,024	1,047
Income before minority interests	2,224	963
Minority interests in income	688	441
Net income	1,535	521
Minority interests in income	688	441
Income before minority interests	2,224	963

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Other comprehensive income		
Valuation difference on available-for-sale securities	45	39
Foreign currency translation adjustment	2,529	430
Remeasurements of defined benefit plans, net of tax	–	25
Share of other comprehensive income of entities accounted for using equity method	136	126
Total other comprehensive income	2,711	622
Comprehensive income	4,935	1,585
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,524	888
Comprehensive income attributable to minority interests	1,410	696

**(3) Consolidated statements of cash flows**

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	3,248	2,010
Depreciation	3,622	4,153
Amortization of goodwill	(2)	(2)
Increase (decrease) in provision for retirement benefits	(143)	–
Increase (decrease) in assets and liabilities related to retirement benefits	–	(94)
Increase (decrease) in provision for directors' retirement benefits	(35)	(0)
Increase (decrease) in provision for directors' bonuses	37	(31)
Interest and dividend income	(42)	(50)
Interest expenses	336	335
Foreign exchange losses (gains)	(8)	14
Share of (profit) loss of entities accounted for using equity method	(187)	(135)
Loss (gain) on sales of property, plant and equipment	(28)	(7)
Loss on retirement of property, plant and equipment	30	140
Decrease (increase) in notes and accounts receivable - trade	(3,538)	1,821
Decrease (increase) in inventories	1,583	(1,488)
Increase (decrease) in notes and accounts payable - trade	1,301	(174)
Increase (decrease) in accrued expenses	45	83
Other, net	1,262	1,606
Subtotal	7,480	8,179
Interest and dividend income received	78	83
Interest expenses paid	(345)	(334)
Payments for extra retirement payments	(1,371)	–
Income taxes paid	(789)	(1,480)
Net cash provided by (used in) operating activities	5,052	6,448
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(7,300)	(6,691)
Proceeds from sales of property, plant and equipment	70	17
Purchase of intangible assets	(78)	(96)
Purchase of investment securities	(14)	(15)
Other, net	(30)	(15)
Net cash provided by (used in) investing activities	(7,352)	(6,801)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(3,634)	2,584
Proceeds from long-term loans payable	16,895	2,771
Repayments of long-term loans payable	(11,837)	(5,638)
Cash dividends paid	–	(153)
Repayments of installment payables	(102)	(98)
Cash dividends paid to minority shareholders	(355)	(512)
Repayments of finance lease obligations	(188)	(224)
Net cash provided by (used in) financing activities	776	(1,271)
Effect of exchange rate change on cash and cash equivalents	490	(21)
Net increase (decrease) in cash and cash equivalents	(1,032)	(1,645)
Cash and cash equivalents at beginning of period	5,304	7,823
Cash and cash equivalents at end of period	4,272	6,177

#### (4) Notes to quarterly consolidated financial statements

##### *Uncertainties of entity's ability to continue as going concern*

Not applicable.

##### *Substantial changes in the amount of shareholders' equity*

Not applicable.

##### *Segment information, etc.*

###### **Segment information**

###### I. Six months ended September 30, 2013

###### 1. Disclosure of net sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	13,938	50,486	18,544	82,969
Transactions with other segments	6,635	606	545	7,787
Total	20,574	51,092	19,089	90,756
Segment profit	419	1,846	520	2,787

###### 2. Differences between total amounts of profit (loss) for reportable segments and amounts in the consolidated statements of income and comprehensive income and main details of these differences (matters relating to difference adjustments)

(Millions of yen)

Profit	Amount
Reportable segments total	2,787
Elimination of intersegment transactions	419
Operating income in the consolidated statements of income and comprehensive income	3,206

###### 3. Disclosure of impairment loss on non-current assets and goodwill for each reportable segment

Not applicable.

###### II. Six months ended September 30, 2014

###### 1. Disclosure of net sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	13,288	51,510	19,651	84,450
Transactions with other segments	5,338	712	897	6,948
Total	18,627	52,223	20,548	91,399
Segment profit	37	1,711	191	1,940

###### 2. Differences between total amounts of profit (loss) for reportable segments and amounts in the consolidated statements of income and comprehensive income and main details of these differences (matters relating to difference adjustments)

(Millions of yen)

Profit	Amount
Reportable segments total	1,940
Elimination of intersegment transactions	292
Operating income in the consolidated statements of income and comprehensive income	2,232

###### 3. Disclosure of impairment loss on non-current assets and goodwill for each reportable segment

Not applicable.

##### *Significant events after reporting period*

Not applicable.