Consolidated Financial Statements

March 31, 2014

F-TECH INC.

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

Consolidated financial statements, etc.

(1) Consolidated financial statements

i) Consolidated balance sheets

(Millions of yen)

		As of March 31, 2013		As of March 31, 2014
Assets				
Current assets				
Cash and deposits		5,304		7,823
Notes and accounts receivable - trade		17,151		24,016
Merchandise and finished goods		3,874		3,581
Work in process		2,905		3,485
Raw materials and supplies		6,371		6,809
Deferred tax assets		263		357
Other		3,356		3,331
Total current assets		39,227		49,404
Non-current assets				
Property, plant and equipment				
Buildings and structures, net	*1	14,998	*1	17,951
Machinery, equipment and vehicles, net	*1	18,138		21,552
Dies and tools, net		941		1,514
Land	*1	5,878	*1	6,093
Leased assets, net		393		415
Construction in progress		5,410		6,521
Other, net		683		1,095
Total property, plant and equipment	*2	46,444	*2	55,144
Intangible assets				
Software		878		781
Right of using facilities		47		66
Other		35		10
Total intangible assets		961		858
Investments and other assets				
Investment securities	*3	3,527	*3	4,204
Long-term loans receivable		305		305
Net defined benefit asset		–		194
Deferred tax assets		175		280
Other		618		730
Allowance for doubtful accounts		(61)		(61)
Total investments and other assets		4,566		5,654
Total non-current assets		51,972		61,657
Total assets		91,200		111,062

(Millions of yen)

		As of March 31, 2013		As of March 31, 2014
Liabilities				
Current liabilities				
Notes and accounts payable - trade		13,540		16,170
Short-term loans payable	*1	15,004		12,778
Current portion of long-term loans payable	*1	9,429	*1	10,146
Lease obligations		236		366
Income taxes payable		141		433
Accounts payable - other		4,681		3,345
Notes payable - facilities		170		138
Provision for directors' bonuses		4		89
Other		2,897		3,365
Total current liabilities		46,106		46,833
Non-current liabilities				
Long-term loans payable	*1	14,941	*1	21,212
Lease obligations		173		176
Deferred tax liabilities		2,019		2,447
Provision for retirement benefits		581		–
Provision for directors' retirement benefits		229		204
Net defined benefit liability		–		249
Long-term accounts payable - other		8		9
Negative goodwill		89		83
Other		34		5
Total non-current liabilities		18,077		24,387
Total liabilities		64,183		71,220
Net assets				
Shareholders' equity				
Capital stock		2,677		4,790
Capital surplus		3,115		5,228
Retained earnings		10,762		13,958
Treasury shares		(18)		(18)
Total shareholders' equity		16,536		23,958
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		503		619
Foreign currency translation adjustment		(1,946)		1,012
Remeasurements of defined benefit plans		–		284
Total accumulated other comprehensive income		(1,443)		1,916
Minority interests		11,922		13,967
Total net assets		27,016		39,842
Total liabilities and net assets		91,200		111,062

ii) Consolidated statements of income and comprehensive income

(Millions of yen)

		Fiscal year ended March 31, 2013		Fiscal year ended March 31, 2014
Net sales		144,089		172,456
Cost of sales	*1	127,659	*1	152,180
Gross profit		16,429		20,275
Selling, general and administrative expenses	*2, *3	11,949	*2, *3	13,550
Operating income		4,479		6,725
Non-operating income				
Interest income		73		41
Dividend income		33		35
Share of profit of entities accounted for using equity method		321		436
Foreign exchange gains		47		377
Interest on refund		67		–
Other		110		199
Total non-operating income		654		1,090
Non-operating expenses				
Interest expenses		538		680
Other		21		57
Total non-operating expenses		560		738
Ordinary income		4,574		7,077
Extraordinary income				
Gain on sales of non-current assets	*4	27	*4	48
Insurance income		433		–
Gain on change in equity		1		–
Total extraordinary income		462		48
Extraordinary losses				
Loss on sales of non-current assets	*5	1	*5	18
Loss on retirement of non-current assets	*6	118	*6	98
Business structure improvement expenses		4,919		–
Impairment loss	*7	12	*7	13
Loss on disaster		237		–
Other		1		–
Total extraordinary losses		5,291		130
Income (loss) before income taxes and minority interests		(253)		6,995
Income taxes - current		1,634		2,093
Refund of income taxes		(509)		–
Income taxes - deferred		288		78
Total income taxes		1,414		2,171
Income (loss) before minority interests		(1,668)		4,824
Minority interests in income		1,463		1,504
Net income (loss)		(3,131)		3,319
Minority interests in income		1,463		1,504
Income (loss) before minority interests		(1,668)		4,824

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Other comprehensive income		
Valuation difference on available-for-sale securities	113	28
Foreign currency translation adjustment	3,955	3,891
Share of other comprehensive income of entities accounted for using equity method	210	190
Total other comprehensive income	*8 4,278	*8 4,110
Comprehensive income	2,610	8,934
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(154)	6,394
Comprehensive income attributable to minority interests	2,765	2,539

iii) Consolidated statements of changes in net assets

Fiscal year ended March 31, 2013

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,677	3,115	14,102	(23)	19,871
Changes of items during period					
Issuance of new shares					–
Dividends of surplus			(247)		(247)
Net income (loss)			(3,131)		(3,131)
Increase or decrease associated with the fiscal year-end change of consolidated subsidiaries			39		39
Transfer of loss on disposal of treasury shares		0	(0)		–
Purchase of treasury shares					–
Disposal of treasury shares		(0)		5	5
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	(3,339)	5	(3,334)
Balance at end of current period	2,677	3,115	10,762	(18)	16,536

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	324	(4,745)	–	(4,420)	9,770	25,221
Changes of items during period						
Issuance of new shares						–
Dividends of surplus						(247)
Net income (loss)						(3,131)
Increase or decrease associated with the fiscal year-end change of consolidated subsidiaries						39
Transfer of loss on disposal of treasury shares						–
Purchase of treasury shares						–
Disposal of treasury shares						5
Net changes of items other than shareholders' equity	178	2,798		2,976	2,152	5,129
Total changes of items during period	178	2,798	–	2,976	2,152	1,795
Balance at end of current period	503	(1,946)	–	(1,443)	11,922	27,016

Fiscal year ended March 31, 2014

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,677	3,115	10,762	(18)	16,536
Changes of items during period					
Issuance of new shares	2,112	2,112			4,225
Dividends of surplus			(123)		(123)
Net income (loss)			3,319		3,319
Increase or decrease associated with the fiscal year-end change of consolidated subsidiaries					–
Transfer of loss on disposal of treasury shares					–
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					–
Net changes of items other than shareholders' equity					
Total changes of items during period	2,112	2,112	3,195	(0)	7,421
Balance at end of current period	4,790	5,228	13,958	(18)	23,958

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	503	(1,946)	–	(1,443)	11,922	27,016
Changes of items during period						
Issuance of new shares						4,225
Dividends of surplus						(123)
Net income (loss)						3,319
Increase or decrease associated with the fiscal year-end change of consolidated subsidiaries						–
Transfer of loss on disposal of treasury shares						–
Purchase of treasury shares						(0)
Disposal of treasury shares						–
Net changes of items other than shareholders' equity	116	2,958	284	3,359	2,044	5,404
Total changes of items during period	116	2,958	284	3,359	2,044	12,825
Balance at end of current period	619	1,012	284	1,916	13,967	39,842

iv) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(253)	6,995
Depreciation	6,544	7,508
Impairment loss	12	13
Amortization of goodwill	(5)	(5)
Increase (decrease) in provision for retirement benefits	(212)	–
Increase (decrease) in assets and liabilities related to retirement benefits	–	(190)
Increase (decrease) in provision for directors’ retirement benefits	20	(24)
Increase (decrease) in provision for directors’ bonuses	(76)	85
Increase (decrease) in allowance for doubtful accounts	(7)	–
Interest and dividend income	(107)	(77)
Insurance income	(433)	–
Interest expenses	538	680
Foreign exchange losses (gains)	0	(3)
Share of (profit) loss of entities accounted for using equity method	(321)	(436)
Loss (gain) on sales of property, plant and equipment	(26)	(30)
Loss on retirement of property, plant and equipment	118	98
Business structure improvement expenses	4,919	–
Decrease (increase) in notes and accounts receivable - trade	4,243	(5,110)
Decrease (increase) in inventories	(1,693)	516
Increase (decrease) in notes and accounts payable - trade	(3,957)	1,386
Other, net	(1,616)	1,354
Subtotal	7,684	12,760
Interest and dividend income received	123	113
Interest expenses paid	(589)	(703)
Proceeds from insurance income	1,357	–
Payments for extra retirement payments	–	(1,426)
Income taxes paid	(2,634)	(1,441)
Income taxes refund	509	–
Net cash provided by (used in) operating activities	6,450	9,301

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,535)	(12,966)
Proceeds from sales of property, plant and equipment	86	84
Purchase of intangible assets	(127)	(143)
Purchase of investment securities	(182)	(28)
Proceeds from sales of investment securities	2	–
Other, net	(92)	(53)
Net cash provided by (used in) investing activities	(9,848)	(13,108)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	5,715	(3,603)
Proceeds from long-term loans payable	7,662	18,953
Repayments of long-term loans payable	(8,865)	(12,687)
Proceeds from issuance of common shares	–	4,225
Purchase of treasury shares	–	(0)
Proceeds from sales of treasury shares	5	–
Repayments of installment payables	(191)	(192)
Cash dividends paid	(246)	(123)
Cash dividends paid to minority shareholders	(658)	(495)
Repayments of finance lease obligations	(445)	(395)
Net cash provided by (used in) financing activities	2,976	5,681
Effect of exchange rate change on cash and cash equivalents	416	643
Net increase (decrease) in cash and cash equivalents	(4)	2,518
Cash and cash equivalents at beginning of period	5,229	5,304
Increase (decrease) in beginning balance associated with the fiscal year-end change of consolidated subsidiaries	79	–
Cash and cash equivalents at end of period	*1 5,304	*1 7,823

Notes to consolidated financial statements

Uncertainties of entity's ability to continue as going concern

Not applicable.

Basis of presentation and significant accounting policies for preparation of consolidated financial statements

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 of International Financial Reporting Standards ("IFRS").

As permitted by the Japanese Financial Instruments and Exchange Act, amounts less than one million yen have been omitted. As a result, the total shown in accompanying financial statements do not necessarily agree with the sum of the individual amounts.

2. Disclosure of scope of consolidation

(1) Number of consolidated subsidiaries: Sixteen

F&P Mfg., Inc.
F&P America Mfg., Inc.
F.tech Philippines Mfg., Inc.
F.E.G. DE QUERETARO, S.A. DE C.V.
F.tech Zhongshan Inc.
F.tech R&D North America Inc.
F.tech Wuhan Inc.
Fukuda Engineering Co., Ltd.
Kyushu F.tech Inc.
F.tech Mfg. (Thailand) Ltd.
Reterra Co., Ltd.
F.tech R&D Philippines Inc.
F.tech R&D (Guangzhou) Inc.
F&P MFG.DE MEXICO S.A. DE C.V.
Yantai Fuyan Mould Co., Ltd.
PT. F.tech INDONESIA

(2) Number of non-consolidated subsidiaries: Two

Sankyo Press Inc.
Laguna Greenland Corp.

Reason for exclusion from scope of consolidation

The non-consolidated subsidiaries are small in scale and the amounts of their total assets, net sales, net income (loss) (for the Company's equity interest), retained earnings (for the Company's equity interest) and other financial statement items do not have a significant impact on the Company's consolidated financial statements.

3. Disclosure about application of equity method

(1) Number of non-consolidated subsidiaries accounted for using the equity method: One

Sankyo Press Inc.

(2) Number of associates accounted for using the equity method: Four

Johnan Manufacturing Inc.
JOHNAN AMERICA, Inc.

JOHNAN F.TECH (THAILAND) LTD.
JOHNAN DE MEXICO, S.A. DE C.V.

(3) Number of non-consolidated subsidiaries not accounted for using the equity method: One
Laguna Greenland Corp.

Number of associates not accounted for using the equity method: Five
Progressive Tools & Components Pvt Ltd.
JOHNAN UK LTD.
PT. JFD INDONESIA
JOHNAN WUHAN INC.
Johnan Kyushu Manufacturing Inc.

Reason for exclusion from scope of equity method

The non-consolidated subsidiaries and associates that are not accounted for using the equity method are excluded from the application of the equity method since such exclusion has no significant impact on the Company's consolidated financial statements in terms of net income (loss) (for the Company's equity interest), retained earnings (for the Company's equity interest) and other financial statement items, and overall they are of minor significance.

(4) The fiscal year ends of certain companies accounted for using the equity method are different from the consolidated fiscal year end. In preparing the consolidated financial statements, the Company uses the financial statements of these companies as of their fiscal year end.

4. Disclosure about fiscal years, etc. of consolidated subsidiaries

Among the consolidated subsidiaries, the fiscal year end of F.tech Philippines Mfg., Inc. and F.tech R&D Philippines Inc. is January 31 and the fiscal year end of F.E.G. DE QUERETARO, S.A. DE C.V., F.tech Zhongshan Inc., F.tech Wuhan Inc., F.tech Mfg. (Thailand) Ltd., Yantai Fuyan Mould Co., Ltd., F.tech R&D (Guangzhou) Inc., F&P MFG.DE MEXICO S.A. DE C.V. and PT. F.tech INDONESIA is December 31.

In the preparation of the consolidated financial statements, the financial statements as of these dates are used. However, for major transactions that occurred between these fiscal year ends and the consolidated fiscal year end, necessary adjustments are made in the consolidated financial statements.

5. Disclosure of accounting policies

(1) Accounting policy for measuring significant assets

i) Securities

Available-for-sale securities (other securities)

Securities with a fair value

Stated at fair value based on market prices on the closing date of the accounting period.

(Valuation difference is stated as a component of net assets in the consolidated balance sheets, the cost of securities sold is calculated applying the moving-average method.)

Securities without a fair value

Stated at cost determined by the moving-average method.

ii) Derivatives

Stated at fair value.

iii) Inventories

Inventories of the Company and its domestic consolidated subsidiaries are stated at cost determined by the average cost method (balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability). Inventories of foreign consolidated subsidiaries are stated at the lower of cost or market, determined by the first-in, first-out method.

(2) Accounting policy for depreciation of significant assets

i) Property, plant and equipment (excluding leased assets)

Depreciated by the straight-line method.

However, some domestic consolidated subsidiaries adopt the declining balance method for buildings acquired on or before March 31, 1998.

ii) Intangible assets (excluding leased assets)

Amortized by the straight-line method.

Software (for internal use) is amortized by the straight-line method over the usable period in the Company (5 years).

iii) Leased assets

Depreciated by the straight-line method assuming the lease periods as useful lives without residual value.

For finance lease transactions of the Company and its domestic consolidated subsidiaries that do not transfer ownership and commenced on or before March 31, 2008, the accounting treatment follows the method applicable to ordinary rental transactions.

(3) Accounting policy for significant provisions

i) Allowance for doubtful accounts

To prepare for losses from bad debts, an estimated uncollectible amount is provided either by making an estimation using the historical rate of credit loss in the case of general receivables, or based on individual consideration of collectibility in the case of specific receivables such as highly doubtful receivables.

ii) Provision for directors' retirement benefits

At the Company and some subsidiaries, to prepare for the payment of directors' retirement benefits, the amount to be paid at the fiscal year end, based on the internal rules for directors' retirement benefits, is provided.

iii) Provision for directors' bonuses

To prepare for the payment of directors' bonuses, the amount expected to be paid at the current fiscal year end is provided.

(4) Accounting method of retirement benefits

i) Methods of attributing estimated retirement benefits to accounting periods

When calculating retirement benefit obligations, the straight-line method is used to attribute estimated benefit amounts to periods of service until the fiscal year end.

ii) Amortization of actuarial gains and losses and past service costs

Actuarial gains and losses are amortized beginning in the following fiscal years by the straight-line method over a period which is equal to or less than the average remaining service period of employees (mainly 5 years) at the time of occurrence.

Past service costs are amortized by the straight-line method over specific years equal to or less than the average remaining service period of employees (5 years) at the time of occurrence.

(5) Translation basis of significant assets and liabilities denominated in foreign currencies

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing at the consolidated fiscal year end, and the translation adjustment is recognized in the consolidated statements of income. Assets and liabilities of foreign consolidated subsidiaries are translated into Japanese yen at the spot exchange rates as of the fiscal year end, and revenues and expenses of foreign consolidated subsidiaries are translated into Japanese yen at the average exchange rates. Translation adjustments are included in foreign currency translation adjustment and minority interests in net assets in the consolidated balance sheets.

(6) Accounting policy for hedging

i) Accounting policy for hedging

The special treatment is applied to interest rate swaps which satisfy requirements for the special treatment.

ii) Hedging instruments and hedged items

Hedging instruments	Hedged items
Interest rate swaps	Loans payable

iii) Hedging policy

To hedge the interest rate fluctuation risk, all hedged items are hedged in principle using interest rate swaps for interest expenses on loans payable.

iv) Method for assessment of hedge effectiveness

It is assessed whether the substantial terms and conditions on the notional amount of hedging instruments and hedged items are the same, and whether the hedging instruments fully offset fluctuations in exchange rates and cash flows at the inception of the hedges and on an ongoing basis.

Evaluation of the hedge effectiveness of interest rate swaps for which the special treatment is applied is omitted.

(7) Accounting policy for goodwill

Goodwill and negative goodwill that were recognized on or before March 31, 2010 have been amortized by the straight-line method over periods not exceeding 20 years based on the estimated period during which their effect will be recognized for each investment.

(8) Scope of cash and cash equivalents in consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value and due within three months from the date of acquisition.

(9) Other significant matters for preparing consolidated financial statements

Accounting policy for consumption taxes

Tax exclusive method is adopted.

Changes in accounting policies

Application of the Accounting Standard for Retirement Benefits and Guidance on the Accounting Standard for Retirement Benefits

Effective from the fiscal year ended March 31, 2014, the Company and its consolidated domestic subsidiaries have applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012 (hereinafter, the "Statement No. 26")) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012 (hereinafter, the "Guidance No. 25")) except the article 35 of the Statement No. 26 and the article 67 of the Guidance No. 25 and actuarial gains and losses that are yet to be recognized have been recognized and the differences between retirement benefit obligations and plan assets have been recognized as net defined benefit asset and net defined benefit liability.

In accordance with the article 37 of the Statement No. 26, the effect of the change in accounting policies arising from initial application has been recognized in remeasurements of defined benefit plans in accumulated other comprehensive income.

As a result of the application, net defined benefit asset in the amount of 194 million yen and net defined benefit liability in the amount of 249 million yen have been recognized and accumulated other comprehensive income has increased by 284 million yen, at the end of the current fiscal year.

Net assets per share have increased by 18.55 yen.

New accounting standards not yet applied

- Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012)
- Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012)

(1) Overview

The Accounting Standard for Retirement Benefits and Guidance on the Accounting Standard for Retirement Benefits have been revised focusing on the treatment of actuarial gains and losses and past service costs that are yet to be recognized, the method of calculating retirement benefit obligations and service costs and the enhancement of disclosures.

(2) Application schedule

The change in the method of calculating retirement benefit obligations and service costs is scheduled to be applied from the beginning of the fiscal year ending March 31, 2015.

These accounting pronouncements will not retrospectively apply to the consolidated financial statements in prior periods in accordance with the transitional measures provided for in the Accounting Standard for Retirement Benefits and Guidance on the Accounting Standard for Retirement Benefits.

(3) Effect of application of the Accounting Standard and Guidance

The effect of the change in method of calculating retirement benefit obligations and service costs on the consolidated financial statements is being estimated as of the filing date of the Annual Securities Report for the fiscal year ended March 31, 2014.

Notes to consolidated balance sheets

*1. Assets pledged and liabilities secured

Assets pledged as collateral are as follows:

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Buildings and structures	333	192
	[110]	[–]
Machinery, equipment and vehicles	50	–
	[50]	[–]
Land	240	240
Total	624	432
	[160]	[–]

Liabilities secured are as follows:

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Short-term loans payable	600	–
	[225]	[–]
Current portion of long-term loans payable	130	39
	[22]	[–]
Long-term loans payable	176	77
	[22]	[–]
Total	907	117
	[270]	[–]

In the above tables, figures in brackets represent mortgages on factory foundation and the relevant debts.

*2. Accumulated depreciation of property, plant and equipment is as follows:

(Millions of yen)

As of March 31, 2013	As of March 31, 2014
76,729	83,569

*3. Investment securities relating to non-consolidated subsidiaries and associates are as follows:

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Investment securities (stocks)	2,007	2,614

4. The Group has entered into overdraft agreements and loan commitment agreements with 12 banks to efficiently raise working capital. Balance of unexecuted borrowings at end of period under these agreements is shown below:

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Total amount of overdraft facility limit and loan commitment	33,358	34,429
Balance of borrowings outstanding	13,355	11,202
Unexecuted balance	20,002	23,227

Notes to consolidated statements of income and comprehensive income

*1. The ending balance of inventories represents the amount after write-down of the book value in accordance with the decline in profitability and the following loss (reversal) on valuation of inventories is included in cost of sales.

(Millions of yen)

Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
85	17

*2. The major items of selling, general and administrative expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Haulage expenses	1,373	1,452
Salaries, allowance and bonuses	3,480	4,071
Retirement benefit costs	237	249
Provision for directors' bonuses	4	89
Provision for directors' retirement benefits	43	31
Depreciation	401	514
Research and development expenses	2,367	2,667

*3. Research and development expenses included in general and administrative expenses and manufacturing cost for the current period

(Millions of yen)

Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
2,367	2,667

*4. The breakdown of gain on sales of non-current assets is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Machinery, equipment and vehicles	18	16
Land	5	22
Other	3	9
Total	27	48

*5. The breakdown of loss on sales of non-current assets is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Machinery, equipment and vehicles	0	15
Other	1	2
Total	1	18

*6. The breakdown of loss on retirement of non-current assets is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Buildings and structures	27	42
Machinery, equipment and vehicles	70	12
Dies and tools	8	40
Other	11	3
Total	118	98

*7. Impairment loss

For the fiscal year ended March 31, 2013, the Group recorded impairment loss on the following asset groups:

Location	Use	Type	Amount
Kameyama Plant (Kameyama City, Mie)	Auto parts Production-related facilities	Buildings and structures, machinery, equipment and vehicles, etc.	3,472 million yen
Kumagaya City, Saitama	Idle assets	Land	12 million yen

Of the above figures, 12 million yen is presented as impairment loss and 3,472 million yen is presented as business structure improvement expenses.

In principle, the Group's business assets are grouped by the categories for managerial accounting and the Group's idle assets are grouped by each asset.

In response to the deterioration of the market environment, the Kuki and Kameyama Plants will implement production reforms including consolidating excess production facilities and plants and establishing a mutually complementary production system. As a result of reconsidering the future cash flows in this regard, the carrying amount of the asset group of Kameyama Plant was reduced to the recoverable amount and the reduced amount was recorded as business structure improvement expenses in extraordinary losses.

The recoverable amount of this asset group was measured based on the net selling price and value in use. The net selling price was principally calculated based on the assessed value of fixed assets, while the value in use was calculated by discounting future cash flows at a discount rate of 4.54%.

The carrying amount of land as idle assets was reduced to the recoverable amount, and the reduced amount is recorded as impairment loss in extraordinary losses.

The recoverable amount was measured at the net selling price that was assessed by appraisal value.

For the fiscal year ended March 31, 2014, the Group recorded impairment loss on the following asset groups:

Location	Use	Type	Amount
Kumagaya City, Saitama	Idle assets	Land	13 million yen

The carrying amount of land as idle assets was reduced to the recoverable amount, and the reduced amount is recorded as impairment loss in extraordinary losses.

The recoverable amount was measured at the net selling price that was assessed by appraisal value.

*8. Notes regarding reclassification adjustments and tax effects relating to other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Valuation difference on available-for-sale securities		
Increase (decrease) during the period	172	42
Reclassification adjustments	0	–
Pre-adjustment of tax effect	172	42
Tax effect amount	(59)	(14)
Valuation difference on available-for-sale securities	113	28
Foreign currency translation adjustment		
Increase (decrease) during the period	3,955	3,891
Reclassification adjustments	–	–
Pre-adjustment of tax effect	3,955	3,891
Tax effect amount	–	–
Foreign currency translation adjustment	3,955	3,891
Share of other comprehensive income of entities accounted for using equity method		
Increase (decrease) during the period	210	190
Reclassification adjustments	–	–
Share of other comprehensive income of entities accounted for using equity method	210	190
Total other comprehensive income	4,278	4,110

Notes to consolidated statements of changes in net assets

Fiscal year ended March 31, 2013

1. Class and total number of issued shares and class and number of treasury shares

(Thousands of shares)

	Number of shares as of beginning of current fiscal year	Number of shares increased in current fiscal year	Number of shares decreased in current fiscal year	Number of shares as of end of current fiscal year
Issued shares				
Common shares	12,390	–	–	12,390
Total	12,390	–	–	12,390
Treasury shares				
Common shares	35	–	2	32
Total	35	–	2	32

(Note) The breakdown of the decrease in number of treasury shares is as follows:

- Decrease from the sale of shares of parent held by consolidated subsidiaries: 2,975 shares

2. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total cash dividend (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 21, 2012	Common shares	123	Retained earnings	10	March 31, 2012	June 22, 2012
Board of Directors' meeting held on November 2, 2012	Common shares	123	Retained earnings	10	September 30, 2012	November 30, 2012

Fiscal year ended March 31, 2014

1. Class and total number of issued shares and class and number of treasury shares

(Thousands of shares)

	Number of shares as of beginning of current fiscal year	Number of shares increased in current fiscal year	Number of shares decreased in current fiscal year	Number of shares as of end of current fiscal year
Issued shares				
Common shares	12,390	3,000	–	15,390
Total	12,390	3,000	–	15,390
Treasury shares				
Common shares	32	0	–	32
Total	32	0	–	32

(Note) The breakdown of the increase in number of common shares is as follows:

- Increase from the issuance of new shares resulting from the capital increase through the public offering with payment date of January 27, 2014: 2,610,000 shares
- Increase from the issuance of new shares resulting from the capital increase through the third-party allotment with payment date of February 5, 2014: 390,000 shares
- Increase from the purchase of treasury shares less than one unit: 69 shares

2. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total cash dividend (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Board of Directors' meeting held on November 1, 2013	Common shares	123	Retained earnings	10	September 30, 2013	December 2, 2013

(2) Dividends whose record dates are in the current fiscal year but whose effective dates fall in the next fiscal year

Resolution	Class of shares	Total cash dividend (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 19, 2014	Common shares	153	Retained earnings	10	March 31, 2014	June 20, 2014

Notes to consolidated statements of cash flows

*1. Reconciliation of ending balance of cash and cash equivalents with account balances per balance sheet

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Cash and deposits	5,304	7,823
Time deposits with maturity over 3 months	–	–
Cash and cash equivalents	5,304	7,823

2. Description of significant transactions not requiring use of cash or cash equivalents

(1) Assets and liabilities associated with finance lease transactions

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Assets and liabilities associated with finance lease transactions	258	521

Notes on leases

As lessee

1. Finance lease transactions

Finance lease transactions that do not transfer ownership

i) Leased assets

Property, plant and equipment

Production facilities:	Dies and tools, machinery and equipment, and others
Other than production facilities:	Vehicles

ii) Depreciation of leased assets

Depreciation of leased assets is as stated in "5. Disclosure of accounting policies, (2) Accounting policy for depreciation of significant assets" under "Basis of presentation and significant accounting policies for preparation of consolidated financial statements."

For finance lease transactions that do not transfer ownership and commenced on or before March 31, 2008, the accounting treatment follows the method applicable to ordinary rental transactions. The detail is as shown below:

(1) Acquisition cost equivalent, accumulated depreciation equivalent and net book value equivalent at end of period

(Millions of yen)

	As of March 31, 2013		
	Acquisition cost equivalent	Accumulated depreciation equivalent	Net book value equivalent at end of period
Machinery, equipment and vehicles	1,966	1,640	325
Other	48	43	4
Total	2,014	1,684	330

(Millions of yen)

	As of March 31, 2014		
	Acquisition cost equivalent	Accumulated depreciation equivalent	Net book value equivalent at end of period
Machinery, equipment and vehicles	1,460	1,358	101
Other	44	43	0
Total	1,504	1,402	102

(Note) The acquisition cost equivalent includes the imputed interest expense portion, since the outstanding balance of future lease payments at end of period represented a small proportion of property, plant and equipment.

(2) Outstanding balance of future lease payments at end of period, etc.

Outstanding balance of future lease payments at end of period

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Outstanding balance of future lease payments at end of period		
Due within one year	224	95
Due over one year	105	6
Total	330	102

(Note) The outstanding balance of future lease payments at end of period includes the imputed interest expense portion, since the outstanding balance of future lease payments at end of period represented a small proportion of property, plant and equipment.

(3) Lease fees paid and depreciation equivalent during the period

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Lease fees paid	329	214
Depreciation equivalent	329	214

(4) Calculation method for depreciation equivalent

The straight-line method is used assuming the lease periods as useful lives without residual value.

2. Operating lease transactions

Future lease payments under non-cancellable leases of operating lease transactions

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Due within one year	128	209
Due over one year	175	172
Total	303	381

Notes on financial instruments

1. Overview of financial instruments

(1) Policy on treatment of financial instruments

The Group raises necessary funds through loans from banks and other financial institutions according to the capital expenditure plan to conduct the auto parts related business consisting of the manufacture and sale of auto parts and molds, equipment, tools, etc. for these parts. The Group utilizes derivatives to hedge its exposure to risks described below and adheres to a policy of not conducting derivative transactions for speculative purposes.

(2) Financial instruments and related risks

Notes and accounts receivable - trade that are operating receivables are exposed to the credit risk of customers. Although operating receivables denominated in foreign currencies, which arise from intercompany transactions due to the globally developed businesses, are exposed to the risk of fluctuations in exchange rates, forward exchange contracts are used to hedge this risk. Investment securities are principally stocks related to business activities or capital alliances with business partners and exposed to the risk of fluctuations in market prices. Long-term loans receivable are intercompany loans and exposed to the credit risk of the borrowers.

Notes and accounts payable - trade that are operating payables are due within one year. Some of these payables are denominated in foreign currencies due to import of materials, etc. and exposed to the risk of fluctuations in exchange rates, however they are within the range of the outstanding balance of accounts payable - trade denominated in the same foreign currency on a permanent basis. Loans payable and lease obligations on finance leases are principally for procuring funds needed for capital expenditure and due for repayment within up to seven years after the fiscal year end. Since some of these obligations carry floating interest rates, they are exposed to the risk of fluctuations in interest rates. Derivative transactions (interest rate swaps) are utilized to hedge this risk.

Derivative transactions consist of forward exchange contracts to hedge the foreign currency risk on operating receivables arising from intercompany transactions, and interest rate swaps to hedge the risks of fluctuations in interest rates payable and foreign currency risk on loans payable. For information on hedging instruments and hedged items, hedge policy, method for assessment of hedge effectiveness and other matters concerning hedge accounting, please refer to “Accounting policy for hedging” shown in “Disclosure of accounting policies” above.

(3) Risk management system for financial instruments

i) Management of credit risk (customers’ default risk)

For operating receivables, the Company conducts maturity management and balance management by counterparty through periodical monitoring of major business partners’ status in the operation division and the management division of each department in accordance with the internal rules on sales management, and endeavors to quickly determine and mitigate any concern on the collection of receivables due to deteriorated financial conditions. Consolidated subsidiaries also manage operating receivables in the same manner in accordance with the Company’s internal rules on sales management. For long-term loans receivable, the Company periodically monitors the status of borrowers to quickly determine and mitigate any concern on the collection of loans due to their deteriorated financial condition and other factors.

ii) Management of market risk (fluctuation risk of foreign currency exchange and interest rates, etc.)

The Company and some consolidated subsidiaries utilize forward exchange contracts in principle to hedge the foreign currency exchange rate fluctuation risk by currency on a monthly basis for operating receivables arising from intercompany transactions. Depending on the status of foreign exchange rates, forward exchange contracts are entered into for a maximum of 12 months in relation to operating receivables denominated in foreign currencies that are certainly expected to arise from forecast royalty transactions. The Company utilizes interest rate swaps to mitigate the risk of fluctuations in interest rates payable on loans payable.

For investment securities, the Company periodically assesses market value and financial conditions of issuers (business partners).

For derivative transactions, the Company assesses the positions to conduct hedge transactions on a monthly basis under the hedge policy of the funds and foreign exchange conference, in accordance with the internal rules on foreign exchange risks which stipulate transaction authority, limit amounts and other matters. Based on this assessment, the accounting department conducts transactions, and records information on the transaction and checks balances with counterparties.

iii) Management of liquidity risk associated with fund raising (risk of inability to pay on due date)

The Company's accounting department prepares and updates financial plans annually and monthly based on reports from each department.

(4) Supplementary explanation concerning fair values of financial instruments

Fair values of financial instruments comprise of values based on market prices and reasonably measured values where market prices are unavailable. As several variable factors are incorporated in calculating the relevant fair value, the resulting amount may vary depending on the different preconditions employed.

2. Fair values of financial instruments

Carrying amounts on the consolidated balance sheets, fair values and differences therebetween of the financial instruments are shown below. However, financial instruments whose fair values are deemed to be extremely difficult to determine are not included therein (Please refer to Note 2 below).

As of March 31, 2013

(Millions of yen)

	Carrying amount on the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	5,304	5,304	–
(2) Notes and accounts receivable - trade	17,151	17,151	–
(3) Investment securities			
Available-for-sale securities (other securities)	1,239	1,239	–
(4) Long-term loans receivable	305		
Allowance for doubtful accounts (*1)	(61)		
	244	241	(3)
(5) Notes and accounts payable - trade	13,540	13,540	–
(6) Short-term loans payable	15,004	15,004	–
(7) Long-term loans payable (*2)	24,371	24,441	70
(8) Lease obligations (*3)	410	416	6
(9) Derivatives total (*4)	(90)	(90)	–

(*1) Amounts of allowance for doubtful accounts separately included in long-term loans receivable are excluded.

(*2) Current portion of long-term loans payable in current liabilities are included.

(*3) The total amount of lease obligations in current liabilities and lease obligations in non-current liabilities is presented.

(*4) Claims and obligations arising from derivative transactions are presented on a net basis. Net obligations are indicated in parentheses.

As of March 31, 2014

(Millions of yen)

	Carrying amount on the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	7,823	7,823	–
(2) Notes and accounts receivable - trade	24,016	24,016	–
(3) Investment securities			
Available-for-sale securities (other securities)	1,308	1,308	–
(4) Long-term loans receivable	305		
Allowance for doubtful accounts (*1)	(61)		
	244	244	0
(5) Notes and accounts payable - trade	16,170	16,170	–
(6) Short-term loans payable	12,778	12,778	–
(7) Long-term loans payable (*2)	31,358	31,352	(6)
(8) Lease obligations (*3)	542	543	0
(9) Derivatives total (*4)	(6)	(6)	–

(*1) Amounts of allowance for doubtful accounts separately included in long-term loans receivable are excluded.

(*2) Current portion of long-term loans payable in current liabilities are included.

(*3) The total amount of lease obligations in current liabilities and lease obligations in non-current liabilities is presented.

(*4) Claims and obligations arising from derivative transactions are presented on a net basis. Net obligations are indicated in parentheses.

(Notes) 1. Measurement method of fair values of financial instruments and matters concerning securities and derivatives

(1) Cash and deposits and (2) Notes and accounts receivable - trade

The fair value of these assets is based on the book value, given that the fair value is almost the same as the book value, as they are settled in a short period.

(3) Investment securities

The fair value of stocks with fair value is based on the quoted market price.

(4) Long-term loans receivable

The fair value of long-term loans receivable is calculated based on the present value of future cash flows (principal and interest) discounted using the assumed interest rate of similar new borrowings.

(5) Notes and accounts payable - trade and (6) Short-term loans payable

The fair value of these liabilities is based on the book value, given that the fair value is almost the same as the book value, as they are settled in a short period.

(7) Long-term loans payable and (8) Lease obligations

The fair value of long-term loans payable with fixed interest rates and lease obligations is calculated by discounting the total amount of principal and interest at the assumed interest rate of similar new borrowings and lease contracts. Since long-term loans payable with floating interest rates reflect market interest rates within a short period, the fair value is approximately the same as the book value and thus presented at the book value. Those with floating interest rates that are accounted for using the special treatment for interest rate swaps are calculated by discounting the total amount of principal and interest that are handled as a unit with the interest rate swaps at the assumed interest rate of similar new borrowings.

(9) Derivatives

The fair value of derivatives is based on the prices presented by the financial institution with which the contract has been made. These derivatives are forward exchange contracts to hedge the exchange rate fluctuation risk on operating receivables denominated in foreign currencies.

2. Financial instruments whose fair values are deemed to be extremely difficult to determine

(Millions of yen)

Classification	As of March 31, 2013	As of March 31, 2014
Non-listed shares		
Shares of subsidiaries and associates	2,007	2,614
Other	281	281
Total	2,288	2,895

The above are not included in "(3) Investment securities" above because their market prices are not available and the future cash flows cannot be estimated reliably, and thus their fair values are deemed extremely difficult to determine.

3. Redemption schedule for monetary receivables after the fiscal year end

As of March 31, 2013

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due over ten years
Cash and deposits	5,304	–	–	–
Notes and accounts receivable - trade	17,151	–	–	–
Long-term loans receivable	3	72	15	214
Total	22,460	72	15	214

As of March 31, 2014

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due over ten years
Cash and deposits	7,823	–	–	–
Notes and accounts receivable - trade	24,016	–	–	–
Long-term loans receivable	74	–	–	231
Total	31,913	–	–	231

4. Repayment schedule for long-term loans payable, lease obligations and other interest-bearing debts

As of March 31, 2013

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due over ten years
Short-term loans payable	15,004	–	–	–
Long-term loans payable	9,429	14,941	–	–
Lease obligations	236	157	16	–
Total	24,671	15,099	16	–

As of March 31, 2014

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due over ten years
Short-term loans payable	12,778	–	–	–
Long-term loans payable	10,146	21,212	–	–
Lease obligations	366	165	11	–
Total	23,291	21,377	11	–

Notes on securities

1. Available-for-sale securities (other securities)

As of March 31, 2013

(Millions of yen)

	Type	Carrying amount on the consolidated balance sheet	Original purchase price	Difference
Items whose carrying amount on the consolidated balance sheet exceeds original purchase price	(1) Shares	1,227	505	721
	(2) Bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	1,227	505	721
Items whose carrying amount on the consolidated balance sheet does not exceed original purchase price	(1) Shares	11	13	(1)
	(2) Bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	11	13	(1)
Total		1,239	519	719

(Note) Non-listed shares (carrying amount on the consolidated balance sheet: 281 million yen) are not included in "Available-for-sale securities (other securities)" above because their market prices are not available and their fair values are deemed extremely difficult to determine.

As of March 31, 2014

(Millions of yen)

	Type	Carrying amount on the consolidated balance sheet	Original purchase price	Difference
Items whose carrying amount on the consolidated balance sheet exceeds original purchase price	(1) Shares	1,292	530	761
	(2) Bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	1,292	530	761
Items whose carrying amount on the consolidated balance sheet does not exceed original purchase price	(1) Shares	16	18	(2)
	(2) Bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	16	18	(2)
Total		1,308	548	759

(Note) Non-listed shares (carrying amount on the consolidated balance sheet: 281 million yen) are not included in "Available-for-sale securities (other securities)" above because their market prices are not available and their fair values are deemed extremely difficult to determine.

2. Available-for-sale securities (other securities) sold

As of March 31, 2013

(Millions of yen)

Type	Sales amount	Total amount of sales gain	Total amount of sales loss
(1) Shares	2	–	0
(2) Bonds	–	–	–
(3) Other	–	–	–
Total	2	–	0

As of March 31, 2014

(Millions of yen)

Type	Sales amount	Total amount of sales gain	Total amount of sales loss
(1) Shares	–	–	–
(2) Bonds	–	–	–
(3) Other	–	–	–
Total	–	–	–

Notes on derivatives

1. Derivative transactions to which hedge accounting is not applied

(1) Foreign currency

As of March 31, 2013

(Millions of yen)

Classification	Type of transaction	As of March 31, 2013			
		Contract/notional amount	Portion of contract/notional amount over one year	Fair value	Valuation gain (loss)
Transactions other than market transactions	Forward exchange contracts				
	Sell				
	U.S. dollar	866	–	(54)	(54)
	Canadian dollar	571	–	(28)	(28)
	Thai Baht	72	–	(7)	(7)
Total		1,510	–	(90)	(90)

(Note) Measurement method for fair values

Fair values are calculated based on price presented by counterparty financial institutions, etc.

As of March 31, 2014

(Millions of yen)

Classification	Type of transaction	As of March 31, 2014			
		Contract/notional amount	Portion of contract/notional amount over one year	Fair value	Valuation gain (loss)
Transactions other than market transactions	Forward exchange contracts				
	Sell				
	U.S. dollar	1,134	–	(6)	(6)
	Canadian dollar	–	–	–	–
	Thai Baht	–	–	–	–
Total		1,134	–	(6)	(6)

(Note) Measurement method for fair values

Fair values are calculated based on price presented by counterparty financial institutions, etc.

(2) Interest rate

As of March 31, 2013

Not applicable.

As of March 31, 2014

Not applicable.

2. Derivative transactions to which hedge accounting is applied

(1) Foreign currency

As of March 31, 2013

Not applicable.

As of March 31, 2014

Not applicable.

(2) Interest rate

As of March 31, 2013

(Millions of yen)

Hedge accounting method	Type of transaction	Principal hedged items	As of March 31, 2013		
			Contract/notional amount	Portion of contract/notional amount over one year	Fair value
Special treatment of interest rate swaps	Interest rate swaps				
	Receive variable, pay fixed	Long-term loans payable	1,100	460	(9)
Total			1,100	460	(9)

(Note) Measurement method for fair values

Fair values are calculated based on price presented by counterparty financial institutions, etc.

As of March 31, 2014

(Millions of yen)

Hedge accounting method	Type of transaction	Principal hedged items	As of March 31, 2014		
			Contract/notional amount	Portion of contract/notional amount over one year	Fair value
Special treatment of interest rate swaps	Interest rate swaps				
	Receive variable, pay fixed	Long-term loans payable	460	–	(2)
Total			460	–	(2)

(Note) Measurement method for fair values

Fair values are calculated based on price presented by counterparty financial institutions, etc.

Notes on retirement benefits

Fiscal year ended March 31, 2013

1. Summary of retirement benefit plans adopted

The Company has established an employees' pension fund plan and a constitution-based defined benefit corporate pension plan. Some domestic consolidated subsidiaries have established constitution-based defined benefit corporate pension plans and lump-sum retirement benefit plans.

Some foreign consolidated subsidiaries have established defined benefit plans.

As the employees' pension fund plan, the Company has participated in the Social Welfare Pension Fund of Nippon Sheet Metal Presswork (multi-employer pension plan) since 1970.

2. Information on retirement benefit obligations

	(Millions of yen)
a. Retirement benefit obligations	(5,066)
b. Plan assets	4,544
c. Unfunded retirement benefit obligations (a + b)	(521)
d. Actuarial gains and losses that are yet to be recognized	(116)
e. Past service costs that are yet to be recognized (decrease in obligations)	56
f. Net amount carried on the consolidated balance sheet (c + d + e)	(581)
g. Prepaid pension cost	–
h. Provision for retirement benefits (f − g)	(581)

(Note) Some domestic consolidated subsidiaries apply simplified methods in calculating retirement benefit obligations.

3. Information on retirement benefit costs

	(Millions of yen)
a. Service cost (Note 2)	344
b. Interest cost	96
c. Expected return on plan assets	(92)
d. Net actuarial loss amortization	116
e. Past service costs amortization	56
f. Retirement benefit costs (a + b + c + d + e)	521

(Notes) 1. Other than the above retirement benefit costs, the Company paid 220 million yen of contributions for the multi-employer pension plan-type employees' pension fund plan (portion of owner's contribution).

2. Retirement benefit costs of the consolidated subsidiaries that apply simplified methods are included in "a. Service cost."

4. Basis for calculation of retirement benefit obligations

a. Attribution method for estimated retirement benefits to periods of service

Straight-line method

b. Discount rate

Principally 2.0%

c. Rate of expected return on plan assets

Principally 2.5%

d. Amortization period of past service obligation

5 years (charged to expenses by the straight-line method over a period within the average remaining service years as incurred)

e. Amortization period of actuarial gains and losses

Principally 5 years (the amount equally allocated by the straight-line method over a period within the average remaining service years as incurred is charged to expenses from the year following the respective years in which it occurred)

5. Information on the multi-employer contributory pension plans to which the required contribution amount is accounted for as retirement benefit costs

(1) Funding position (As of March 31, 2012)

	(Millions of yen)
Amount of plan assets	58,159
Amount of benefit obligations for the purpose of pension financing calculation	77,075
Difference	(18,916)

(2) Ratio of the Group's members to the entire plan (As of March 31, 2012)

6.9%

(3) Supplementary explanation

The main reasons for the difference in 1. above, are 12,628 million yen of past service liabilities for the purpose of pension financing calculation and 6,288 million yen of deficiency carried-forward. Under the plan, past service liabilities are amortized over 17 years using the equal repayment method.

The ratio in 2. above is different from the ratio of the Group's actual contributions.

Fiscal year ended March 31, 2014

1. Summary of retirement benefit plans adopted

The Company has established an employees' pension fund plan and a constitution-based defined benefit corporate pension plan. Some domestic consolidated subsidiaries have established constitution-based defined benefit corporate pension plans and lump-sum retirement benefit plans. Some foreign consolidated subsidiaries have established defined benefit plans or the defined contribution plans.

Some consolidated subsidiaries apply simplified methods in calculating retirement benefit obligations.

As the employees' pension fund plan, the Company has participated in the Social Welfare Pension Fund of Nippon Sheet Metal Presswork (multi-employer pension plan) since 1970. Because the Company cannot reasonably calculate the amount of plan assets in terms of its contributions, retirement benefit obligations for this plan are accounted for in the same manner as a defined contribution plan.

2. Defined benefit plans

(1) Reconciliation between the balance at April 1, 2013 and the balance at March 31, 2014 of retirement benefit obligations (excluding plans to which the simplified method was applied)

	(Millions of yen)
Balance at April 1, 2013	4,852
Service cost	328
Interest cost	103
Actuarial loss (gain)	44
Benefits paid	(616)
Other	7
Balance at March 31, 2014	4,719

(2) Reconciliation between the balance at April 1, 2013 and the balance at March 31, 2014 of plan assets (excluding plans to which the simplified method was applied)

	(Millions of yen)
Balance at April 1, 2013	4,465
Expected return on plan assets	114
Actuarial loss (gain)	169
Contributions paid by the employer	646
Benefits paid	(592)
Other	(0)
Balance at March 31, 2014	4,804

(3) Reconciliation between the balance at April 1, 2013 and the balance at March 31, 2014 of net defined benefit liability for plans to which the simplified method was applied

	(Millions of yen)
Balance at April 1, 2013	133
Benefit costs	19
Benefits paid	(1)
Contributions paid by the employer	(12)
Balance March 31, 2014	139

(4) Reconciliation between the balances at end of period of retirement benefit obligations and plan assets, and net defined benefit liability and net defined benefit asset recorded in the consolidated balance sheet

	(Millions of yen)
Funded retirement benefit obligations	4,754
Plan assets	(4,888)
	(134)
Unfunded retirement benefit obligations	189
Total net liability (asset) for retirement benefits at March 31, 2014	54

	(Millions of yen)
Net defined benefit liability	249
Net defined benefit asset	(194)
Total net liability (asset) for retirement benefits at March 31, 2014	54

(Note) Includes plans to which simplified methods were applied.

(5) Retirement benefit costs

	(Millions of yen)
Service cost	328
Interest cost	103
Expected return on plan assets	(114)
Net actuarial loss amortization	49
Past service costs amortization	56
Retirement benefit costs calculated using simplified methods	19
Total	442

(6) Remeasurements of defined benefit plans

The breakdown of the items recorded in remeasurements of defined benefit plans (before deducting tax effect) in accumulated other comprehensive income in the consolidated balance sheet is as follows:

	(Millions of yen)
Actuarial gains and losses that are yet to be recognized	336
Total	336

(7) Plan assets

i) Breakdown of major categories of plan assets

The ratio of major categories to total plan assets is as follows:

Bonds	29.0%
Equity securities	11.2
General account	57.7
Other	2.1
Total	100.0

ii) Method to determine rate of expected long-term return

The rate of expected long-term return is determined in consideration of the present and expected asset mix and the present and expected long-term return rate on the various assets that comprise the plan assets.

(8) Actuarial assumptions

Major bases for actuarial calculations at end of period

Discount rate	Principally 2.0%
Long-term expected rate of return	Principally 2.5%

3. Defined contribution plan

The required contribution amount to defined contribution plans of consolidated subsidiaries was 313 million yen.

4. Multi-employer contributory pension plans

The required contribution amount to the multi-employer contributory pension plan-type employees' pension fund plan, which is accounted for in the same manner as a defined contribution plan, was 186 million yen.

(1) Latest funding position of the multi-employer contributory pension plans (As of March 31, 2013)

	(Millions of yen)
Amount of plan assets	64,698
Amount of benefit obligations for the purpose of pension financing calculation	80,765
Difference	(16,067)

(2) Ratio of the Group's members to the entire plan (As of March 31, 2013)

6.9%

(3) Supplementary explanation

The main reasons for the difference in (1) above, are 11,701 million yen of past service liabilities for the purpose of pension financing calculation and 4,366 million yen of deficiency carried-forward. Under the plan, past service liabilities are amortized over 20 years using the equal repayment method.

The ratio in (2) above is different from the ratio of the Group's actual contributions.

Notes on share options, etc.

Not applicable.

Notes on tax effect accounting

1. Breakdown of deferred tax assets and deferred tax liabilities by major component

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Deferred tax assets		
Tax loss carry forwards	1,703	2,619
Foreign tax deduction	1,335	1,098
Elimination of unrealized gains on non-current assets	968	990
Impairment loss	1,284	901
Excess depreciation	411	419
Accrued bonuses	276	297
Loss on valuation of inventories	218	215
Net defined benefit liability	–	100
Allowance for doubtful accounts	22	22
Accrued extra retirement payment, etc.	532	–
Provision for retirement benefits	212	–
Other	372	337
Deferred tax assets subtotal	7,339	7,003
Valuation allowance	(6,668)	(6,215)
Total deferred tax assets	670	788
Deferred tax liabilities		
Depreciation (foreign consolidated subsidiaries)	(2,011)	(2,280)
Valuation difference on available-for-sale securities	(252)	(266)
Net defined benefit asset	–	(68)
Other	(51)	(62)
Total deferred tax liabilities	(2,315)	(2,677)
Net deferred tax assets (liabilities)	(1,645)	(1,889)

(Note) Net deferred tax assets as of March 31, 2013 and March 31, 2014 are included in the following items in the consolidated balance sheets.

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Current assets – deferred tax assets	263	357
Non-current assets – deferred tax assets	175	280
Current liabilities – other	(64)	(79)
Non-current liabilities – deferred tax liabilities	(2,019)	(2,447)

2. Reconciliation of significant difference between statutory tax rate and effective tax rate after application of tax effect accounting

	As of March 31, 2013	As of March 31, 2014
Statutory tax rate	37.4%	37.4%
(Adjustments)		
Tax rate differences in foreign consolidated subsidiaries	167.0	(8.6)
Foreign withholding tax	(21.8)	7.1
Change in valuation allowance	(1,018.1)	(4.2)
Share of profit (loss) of entities accounted for using equity method	53.1	(2.3)
Expenses not deductible permanently such as entertainment expenses	(6.9)	0.9
Inhabitant per capita tax	(4.5)	0.3
Refund of income taxes	200.7	–
Other	35.7	0.4
Effective tax rate after application of tax effect accounting	(557.4)	31.0

3. Revision to deferred tax assets and deferred tax liabilities due to change in income tax rates

The Act for Partial Revision of the Income Tax Act, etc. (Act No. 10, 2014) was promulgated on March 31, 2014. With this revision, the special corporation tax for reconstruction, a surtax for reconstruction funding after the Great East Japan Earthquake, will no longer be levied from the fiscal year beginning on or after April 1, 2014. In conjunction with this, for temporary differences expected to be reversed in the fiscal year beginning on April 1, 2014, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from the previous rate of 37.4% to 35.0%.

The impact of this change in tax rates is immaterial.

Notes on asset retirement obligations

Not applicable.

Notes on real estate for lease, etc.

The Company and a subsidiary own rental properties and idle properties in Saitama Prefecture and other areas.

In the current fiscal year, net rental revenue from the rental properties amounted to 4 million yen (rental revenue was recorded in non-operating income) and impairment loss was 13 million yen (recorded in extraordinary losses). Carrying amount on the consolidated balance sheet, increase (decrease) in the current fiscal year and fair value of these real estate properties for lease, etc. are as follows:

(Millions of yen)

		Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Carrying amount on the consolidated balance sheet			
	Balance at beginning of period	932	875
	Increase (decrease) during period	(56)	108
	Balance at end of period	875	984
Fair value at end of period		896	1,046

(Notes) 1. Carrying amount on the consolidated balance sheet is calculated by subtracting accumulated depreciation and impairment loss from acquisition cost.

2. The increase (decrease) during the fiscal year ended March 31, 2014 includes an increase due to increase in idle assets (121 million yen) and a decrease due to impairment loss (13 million yen).

3. Fair values at end of period for major properties are based on the appraisal made by external real estate appraisers. Fair values for other properties are based on certain appraisal value and indicators that are considered to appropriately reflect market prices.

Segment information, etc.

Segment information

1. Description of reportable segments

The reportable segments of the Company are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and assess their performance.

The Company is engaged in the manufacture and sale of auto parts. As of the end of the current fiscal year, four companies including the Company in Japan as well as five local corporations in North America and eight local corporations in Asia each conduct the business operations. These local corporations, which are independent management units, formulate comprehensive strategies and develop business activities in each area.

For this reason, the Company consists of regional segments based on the manufacturing and sales systems and has three reportable segments, namely Japan, North America and Asia.

2. Explanation of measurements of sales, profit (loss), asset, liability, and other items for each reportable segment

The accounting procedures for reportable segments are consistent with those stated in "Basis of presentation and significant accounting policies for preparation of consolidated financial statements."

Profit of reportable segments is based on operating income (before amortization of goodwill).

Transactions with other segments are based on prevailing market prices.

3. Disclosure of net sales profit (loss), assets, liabilities, and other items for each reportable segment

Fiscal year ended March 31, 2013

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	32,905	82,270	28,913	144,089
Transactions with other segments	12,284	1,004	1,714	15,004
Total	45,190	83,274	30,628	159,093
Segment profit (loss)	(942)	4,406	993	4,458
Segment assets	43,695	43,041	23,109	109,847
Other items				
Depreciation	2,410	3,230	1,307	6,949
Investments in entities accounted for using equity method	1,641	181	–	1,823
Increase in property, plant and equipment and intangible assets	3,015	5,113	3,101	11,230

Fiscal year ended March 31, 2014

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	30,170	102,209	40,077	172,456
Transactions with other segments	12,816	1,240	1,822	15,880
Total	42,986	103,449	41,899	188,336
Segment profit	1,331	3,940	1,157	6,429
Segment assets	50,697	48,018	32,765	131,481
Other items				
Depreciation	1,911	4,056	1,992	7,960
Investments in entities accounted for using equity method	2,227	203	–	2,430
Increase in property, plant and equipment and intangible assets	3,011	4,296	5,767	13,075

4. Differences between total amounts for reportable segments and amounts in the consolidated financial statements and main details of these differences (matters relating to difference adjustments)

(Millions of yen)

Net sales	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Reportable segments total	159,093	188,336
Elimination of intersegment transactions	(15,004)	(15,880)
Net sales in the consolidated financial statements	144,089	172,456

(Millions of yen)

Profit	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Reportable segments total	4,458	6,429
Elimination of intersegment transactions	21	295
Operating income in the consolidated financial statements	4,479	6,725

(Millions of yen)

Assets	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Reportable segments total	109,847	131,481
Elimination of intersegment transactions	(18,631)	(20,404)
Other adjustments	(15)	(14)
Total assets in the consolidated financial statements	91,200	111,062

(Millions of yen)

Other items	Reportable segments total		Adjustments		Amount recorded in the consolidated balance sheet	
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Depreciation	6,949	7,960	(405)	(451)	6,544	7,508
Investments in entities accounted for using equity method	1,823	2,430	–	–	1,823	2,430
Increase in property, plant and equipment and intangible assets	11,230	13,075	(534)	(360)	10,696	12,715

(Note) Adjustments of increase in property, plant and equipment and intangible assets are the effect of intersegment consolidation adjustments.

Information associated with reportable segments

Fiscal year ended March 31, 2013

1. Information by product or service

This information has been omitted as net sales to external customers in a single product or service category account for more than 90% of net sales recorded in the consolidated statements of income.

2. Information by geographical region

(1) Net sales (Millions of yen)

Japan	U.S.A.	Canada	China	Other	Total
31,569	45,643	33,605	23,087	10,183	144,089

(Note) Net sales are segmented by country or region based on customer locations.

(2) Property, plant and equipment (Millions of yen)

Japan	U.S.A.	Canada	China	Other	Total
15,552	10,956	9,635	5,004	5,295	46,444

3. Information for major customers (Millions of yen)

Counterparty	Revenues	Relevant segment
Honda Motor Co., Ltd. and its group companies	116,045	All reportable segments

Fiscal year ended March 31, 2014

1. Information by product or service

This information has been omitted as net sales to external customers in a single product or service category account for more than 90% of net sales recorded in the consolidated statements of income.

2. Information by geographical region

(1) Net sales (Millions of yen)

Japan	U.S.A.	Canada	China	Other	Total
28,935	62,877	35,601	31,537	13,503	172,456

(Note) Net sales are segmented by country or region based on customer locations.

(2) Property, plant and equipment (Millions of yen)

Japan	U.S.A.	Canada	China	Other	Total
16,145	12,335	9,079	9,158	8,425	55,144

3. Information for major customers (Millions of yen)

Counterparty	Revenues	Relevant segment
Honda Motor Co., Ltd. and its group companies	137,708	All reportable segments

Disclosure of impairment loss on non-current assets for each reportable segment

Fiscal year ended March 31, 2013

(Millions of yen)

	Japan	North America	Asia	Unallocated amounts and elimination	Total
Impairment loss	3,484	–	–	–	3,484

(Note) 3,472 million yen of impairment loss for the fiscal year ended March 31, 2013 was recorded as business structure improvement expenses in extraordinary losses.

Fiscal year ended March 31, 2014

(Millions of yen)

	Japan	North America	Asia	Unallocated amounts and elimination	Total
Impairment loss	13	–	–	–	13

Amortization and unamortized balance of goodwill for each reportable segment

Fiscal year ended March 31, 2013

(Millions of yen)

	Japan	North America	Asia	Unallocated amounts and elimination	Total
Amortization during period	–	0	–	–	0
Balance at end of period	–	15	–	–	15

Amortization and unamortized balance of negative goodwill in accordance with business combinations that took effect before April 1, 2010 are as follows:

(Millions of yen)

	Japan	North America	Asia	Unallocated amounts and elimination	Total
Amortization during period	1	1	3	–	6
Balance at end of period	26	26	51	–	105

Fiscal year ended March 31, 2014

(Millions of yen)

	Japan	North America	Asia	Unallocated amounts and elimination	Total
Amortization during period	–	0	–	–	0
Balance at end of period	–	14	–	–	14

Amortization and unamortized balance of negative goodwill in accordance with business combinations that took effect before April 1, 2010 are as follows:

(Millions of yen)

	Japan	North America	Asia	Unallocated amounts and elimination	Total
Amortization during period	1	1	3	–	6
Balance at end of period	25	24	48	–	98

Information about gain on bargain purchase for each reportable segment

Fiscal year ended March 31, 2013

Not applicable.

Fiscal year ended March 31, 2014

Not applicable.

Related parties

Fiscal year ended March 31, 2013

1. Related-party transactions

(1) Transactions between the company filing the consolidated financial statements and related parties

i) The parent company and major shareholders (limited to companies) of the company filing the consolidated financial statements

Type	Name	Location	Capital stock or stake (Millions of yen)	Nature of business or occupation	Voting rights holding ratio (%)	Relationship with the related party	Description of transactions	Transaction amount (Millions of yen)	Line item	Ending balance (Millions of yen)
Other associate	Honda Motor Co., Ltd.	Minato-ku, Tokyo	86,067	Manufacture and sale of motor vehicles and passengers car bodies	(Owned) Direct 20.6 Indirect 0.7	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	22,935	Accounts receivable - trade	1,487
							Purchase of raw materials	16,307	Accounts payable - trade	1,311

(Notes) 1. Terms and conditions of transactions and policy on determination thereof

(1) Selling prices are determined by making an estimate based on economic rationality in view of market prices and the Company's manufacturing technologies, submitting the estimate to the customer and then negotiating on price.

(2) In purchases of raw materials, prices are determined in the same manner as general terms and conditions through negotiations on price by reference to market prices.

2. In the above amounts, transaction amounts do not include consumption taxes while ending balances do.

(2) Transactions between consolidated subsidiaries of the company filing the consolidated financial statements and related parties

i) Companies which have the same parent company as the company filing the consolidated financial statements and subsidiaries of other associates of the company filing the consolidated financial statements

Type	Name	Location	Capital stock or stake (Millions of yen)	Nature of business or occupation	Voting rights holding ratio (%)	Relationship with the related party	Description of transactions	Transaction amount (Millions of yen)	Line item	Ending balance (Millions of yen)
Subsidiary of other associates	Honda of America Mfg., Inc.	Ohio, U.S.A.	USD 578,000 thousand	Manufacture and sale of motor vehicles and passengers car bodies	–	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	23,777	Accounts receivable - trade	2,430
Subsidiary of other associates	Honda Canada, Inc.	Ontario, Canada	CAD 226,090 thousand	Manufacture and sale of motor vehicles and passengers car bodies	–	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	21,325	Accounts receivable - trade	2,144
							Purchase of raw materials	12,172	Accounts payable - trade	1,171
Subsidiary of other associates	Honda Manufac-turing of Alabama, LLC	Alabama, U.S.A.	USD 400,000 thousand	Manufacture and sale of motor vehicles and passengers car bodies	–	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	18,171	Accounts receivable - trade	1,583
							Purchase of raw materials	10,123	Accounts payable - trade	1,020

Type	Name	Location	Capital stock or stake (Millions of yen)	Nature of business or occupation	Voting rights holding ratio (%)	Relationship with the related party	Description of transactions	Transaction amount (Millions of yen)	Line item	Ending balance (Millions of yen)
Subsidiary of other associates	Honda Automobile (Thailand) Co., Ltd.	Ayutthaya, Thailand	5,460,000 thousand THB	Manufacture and sale of motor vehicles and passengers car bodies	–	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	4,242	Accounts receivable - trade	1,213

(Notes) 1. Terms and conditions of transactions and policy on determination thereof

(1) Selling prices are determined by making an estimate based on economic rationality in view of market prices and the Company's manufacturing technologies, submitting the estimate to the customer and then negotiating on price.

(2) In purchases of raw materials, prices are determined in the same manner as general terms and conditions through negotiations on price by reference to market prices.

2. In the above amounts, transaction amounts do not include consumption taxes while ending balances do.

2. Notes on the parent company or major associates

Not applicable.

Fiscal year ended March 31, 2014

1. Related-party transactions

(1) Transactions between the company filing the consolidated financial statements and related parties

i) The parent company and major shareholders (limited to companies) of the company filing the consolidated financial statements

Type	Name	Location	Capital stock or stake (Millions of yen)	Nature of business or occupation	Voting rights holding ratio (%)	Relationship with the related party	Description of transactions	Transaction amount (Millions of yen)	Line item	Ending balance (Millions of yen)
Other associate	Honda Motor Co., Ltd.	Minato-ku, Tokyo	86,067	Manufacture and sale of motor vehicles and passengers car bodies	(Owned) Direct 16.6	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	21,180	Accounts receivable - trade	2,128
							Purchase of raw materials	14,351	Accounts payable - trade	1,331

(Notes) 1. Terms and conditions of transactions and policy on determination thereof

(1) Selling prices are determined by making an estimate based on economic rationality in view of market prices and the Company's manufacturing technologies, submitting the estimate to the customer and then negotiating on price.

(2) In purchases of raw materials, prices are determined in the same manner as general terms and conditions through negotiations on price by reference to market prices.

2. In the above amounts, transaction amounts do not include consumption taxes while ending balances do.

(2) Transactions between consolidated subsidiaries of the company filing the consolidated financial statements and related parties

i) Companies which have the same parent company as the company filing the consolidated financial statements and subsidiaries of other associates of the company filing the consolidated financial statements

Type	Name	Location	Capital stock or stake (Millions of yen)	Nature of business or occupation	Voting rights holding ratio (%)	Relationship with the related party	Description of transactions	Transaction amount (Millions of yen)	Line item	Ending balance (Millions of yen)
Subsidiary of other associates	Honda of America Mfg., Inc.	Ohio, U.S.A.	USD 578,000 thousand	Manufacture and sale of motor vehicles and passengers car bodies	–	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	29,289	Accounts receivable - trade	2,468
Subsidiary of other associates	Honda Manufac-turing of Alabama, LLC	Alabama, U.S.A.	USD 400,000 thousand	Manufacture and sale of motor vehicles and passengers car bodies	–	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	26,648	Accounts receivable - trade	2,413
							Purchase of raw materials	13,493	Accounts payable - trade	1,330
Subsidiary of other associates	Honda Canada, Inc.	Ontario, Canada	CAD 226,090 thousand	Manufacture and sale of motor vehicles and passengers car bodies	–	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	20,794	Accounts receivable - trade	2,182
							Purchase of raw materials	10,745	Accounts payable - trade	1,115

(Notes) 1. Terms and conditions of transactions and policy on determination thereof

(1) Selling prices are determined by making an estimate based on economic rationality in view of market prices and the Company’s manufacturing technologies, submitting the estimate to the customer and then negotiating on price.

(2) In purchases of raw materials, prices are determined in the same manner as general terms and conditions through negotiations on price by reference to market prices.

2. In the above amounts, transaction amounts do not include consumption taxes while ending balances do.

2. Notes on the parent company or major associates

Not applicable.

Notes on special purpose entities subject to disclosure

Not applicable.

Per share information

(Yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net assets per share	1,221.42	1,684.87
Net income (loss) per share	(253.45)	257.86

(Notes) 1. Diluted net income per share for the fiscal year ended March 31, 2014 is not presented because there were no dilutive shares. Diluted net income per share for the fiscal year ended March 31, 2013 is not presented because net loss per share was recorded and there were no dilutive shares.

2. Basis for calculating net income (loss) per share is as follows:

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net income (loss) per share		
Net income (loss) (Millions of yen)	(3,131)	3,319
Amounts not attributable to common shareholders (Millions of yen)	–	–
Net income (loss) related to common shares (Millions of yen)	(3,131)	3,319
Average number of shares (Thousands of shares)	12,357	12,873

Significant events after reporting period

Not applicable.

v) Annexed consolidated detailed schedules

Annexed detailed schedule of corporate bonds

Not applicable.

Annexed detailed schedule of borrowings

Classification	Balance at beginning of current period (Millions of yen)	Balance at end of current period (Millions of yen)	Average interest rate (%)	Payment due
Short-term loans payable	15,004	12,778	1.70	–
Current portion of long-term loans payable	9,429	10,146	1.27	–
Current portion of lease obligations	236	366	1.67	–
Long-term loans payable (excluding current portion)	14,941	21,212	1.45	2015–2019
Lease obligations (excluding current portion)	173	176	1.72	2015–2021
Total	39,786	44,679	–	–

(Notes) 1. The average interest rate is calculated using the interest rate and balance at end of period.
2. Repayment of long-term loans payable and lease obligations (excluding current portion) above scheduled within five years after the closing date of the accounting period are as follows:

(Millions of yen)

	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Long-term loans payable	9,024	6,930	3,613	1,643
Lease obligations	137	13	8	6

Annexed detailed schedule of asset retirement obligations

Not applicable.

(2) Other information

Quarterly information for the fiscal year ended March 31, 2014

(Cumulative period)	Three months ended June 30, 2013	Six months ended September 30, 2013	Nine months ended December 31, 2013	Fiscal year ended March 31, 2014
Net sales (Millions of yen)	41,651	82,969	127,196	172,456
Income before income taxes and minority interests (Millions of yen)	2,126	3,248	5,006	6,995
Net income (Millions of yen)	1,104	1,535	2,460	3,319
Net income per share (Yen)	89.40	124.28	199.10	257.86

(Three-month period)	First quarter	Second quarter	Third quarter	Fourth quarter
Net income per share (Yen)	89.40	34.88	74.82	59.46

Independent Auditor's Report

To the Board of Directors of F-TECH INC.:

We have audited the accompanying consolidated financial statements of F-TECH INC. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2014 and 2013, and the consolidated statements of income and comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of F-TECH INC. and its consolidated subsidiaries as at March 31, 2014 and 2013, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

KPMG Azsa LLC

KPMG AZSA LLC
October 10, 2014
Tokyo, Japan