OMRON Corporation and Subsidiaries

Consolidated Balance Sheets as of March 31, 2014 and 2013 and Consolidated Statements of Income, Comprehensive Income, Shareholders' Equity and Cash Flows for Each of the Three Years in the Period ended March 31, 2014 and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of OMRON Corporation:

We have audited the accompanying consolidated financial statements of OMRON Corporation and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of March 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2014, and the related notes to the consolidated financial statements, all 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 the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 the United States of America. Those standards require that we 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 the auditor's judgment, 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, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 referred to above present fairly, in all material respects, the financial position of OMRON Corporation and its subsidiaries as of March 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2014, in accordance with accounting principles generally accepted in the United States of America.

Convenience Translation

Our audits also comprehended the translation of Japanese yen amounts into United States dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such United States dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 25, 2014

Member of
Deloitte Touche Tohmatsu Limited

OMRON Corporation and Subsidiaries

Consolidated Balance Sheets
March 31, 2014 and 2013

ASSETS	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars (Note 2) 2014
CURRENT ASSETS:			
Cash and cash equivalents (Note 1)	¥ 90,251	¥ 55,708	$ 876,223
Notes and accounts receivable - trade (Note 5)	174,216	158,911	1,691,417
Allowance for doubtful receivables (Note 1)	(1,812)	(1,988)	(17,592)
Inventories (Note 1, 3)	97,677	91,013	948,320
Deferred income taxes (Note 1, 13)	22,688	17,611	220,272
Other current assets (Note 4, 18, 20)	13,473	12,439	130,806
Total current assets	396,493	333,694	3,849,446
PROPERTY, PLANT AND EQUIPMENT (Note 1, 7):			
Land	26,344	26,591	255,767
Buildings	140,495	137,821	1,364,029
Machinery and equipment	171,192	156,186	1,662,058
Construction in progress	7,126	6,729	69,184
Total	345,157	327,327	3,351,038
Accumulated depreciation	(209,591)	(200,492)	(2,034,864)
Net property, plant and equipment	135,566	126,835	1,316,174
INVESTMENTS AND OTHER ASSETS:			
Investments in and advances to affiliates (Note 1)	21,349	17,939	207,272
Investment securities (Note 1, 4, 20)	51,117	38,193	496,282
Leasehold deposits	6,950	6,914	67,476
Deferred income taxes (Note 1, 13)	20,918	30,612	203,087
Other assets (Note 1, 6, 7)	22,311	19,450	216,613
Total investments and other assets	122,645	113,108	1,190,730
TOTAL	¥ 654,704	¥ 573,637	$ 6,356,350

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars (Note 2) 2014
CURRENT LIABILITIES:			
Short-term debt (Note 8)	¥ 488	¥ 5,570	$ 4,738
Notes and accounts payable - trade	85,218	75,592	827,359
Accrued expenses	39,897	32,818	387,350
Income taxes payable	6,340	3,907	61,553
Other current liabilities (Note 1, 10, 13, 17, 18, 20)	30,764	27,814	298,680
Total current liabilities	162,707	145,701	1,579,680
DEFERRED INCOME TAXES (Note 1, 13)	2,167	595	21,039
TERMINATION AND RETIREMENT BENEFITS (Note 1, 10)	50,683	56,944	492,068
OTHER LONG-TERM LIABILITIES	6,369	1,634	61,835
SHAREHOLDERS' EQUITY (Note 1, 11):			
Common stock, no par value:			
Authorized: 487,000,000 shares in 2014 and 2013			
Issued: 227,121,372 shares in 2014 and 2013	64,100	64,100	622,330
Capital surplus	99,067	99,066	961,816
Legal reserve	11,196	10,876	108,699
Retained earnings	287,853	253,654	2,794,689
Accumulated other comprehensive income (loss) (Note 1, 16)	(15,162)	(44,349)	(147,204)
Treasury stock, at cost 7,032,043 shares and 6,992,907 shares in 2014 and 2013, respectively	(16,545)	(16,385)	(160,631)
Total shareholders' equity	430,509	366,962	4,179,699
NONCONTROLLING INTERESTS	2,269	1,801	22,029
Total net assets	432,778	368,763	4,201,728
TOTAL	¥ 654,704	¥ 573,637	$ 6,356,350

See notes to consolidated financial statements.

OMRON Corporation and Subsidiaries

Consolidated Statements of Income
Years Ended March 31, 2014, 2013 and 2012

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	2014	2013	2012	2014
NET SALES (Note 1)	¥ 772,966	¥ 650,461	¥ 619,461	$ 7,504,524
Costs and expenses (Note 9):				
Cost of sales	475,758	408,954	391,574	4,619,011
Selling, general and administrative expenses (Note 1)	181,225	152,676	145,662	1,759,466
Research and development expenses	47,928	43,488	42,089	465,320
Other expenses, net (Note 12)	6,048	4,106	6,589	58,717
Total	710,959	609,224	585,914	6,902,514
INCOME BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF AFFILIATES	62,007	41,237	33,547	602,010
INCOME TAXES (Note 1, 13)	19,475	14,096	17,826	189,078
EQUITY IN LOSS (EARNINGS) OF AFFILIATES	(3,782)	(2,976)	(631)	(36,718)
NET INCOME	46,314	30,117	16,352	449,650
NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	129	(86)	(37)	1,252
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS	¥ 46,185	¥ 30,203	¥ 16,389	$ 448,398

	Yen			U.S. Dollars (Note 2)
	2014	2013	2012	2014
PER SHARE DATA (Note 14):				
Net income attributable to shareholders:				
Basic	¥209.82	¥137.20	¥74.46	$2.04
Diluted	-	137.20	74.46	-

See notes to consolidated financial statements.

OMRON Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income
Years Ended March 31, 2014, 2013 and 2012

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	2014	2013	2012	2014
NET INCOME	¥ 46,314	¥ 30,117	¥ 16,352	$ 449,650
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX (Note 16):				
Foreign currency translation adjustments:				
Foreign currency translation adjustments arising during the year	18,946	22,523	(1,613)	183,942
Reclassification adjustment for the portion realized in net income	(1)	(43)	(892)	(10)
Net unrealized gain and loss	18,945	22,480	(2,505)	183,932
Pension liability adjustments:				
Pension liability adjustments arising during the year	326	(21)	625	3,165
Reclassification adjustment for the portion realized in net income	1,375	(894)	(704)	13,350
Net unrealized gain and loss	1,701	(915)	(79)	16,515
Unrealized gains (losses) on available-for-sale securities:				
Unrealized holding gains (losses) arising during the year	10,002	2,317	460	97,107
Reclassification adjustment for losses on impairment realized in net income	-	693	227	-
Reclassification adjustment for net gains on sale realized in net income	(1,116)	(425)	(188)	(10,835)
Reclassification adjustment for net gains on share exchange in net income	-	-	(74)	-
Net unrealized gain and loss	8,886	2,585	425	86,272
Net gains (losses) on derivative instruments:				
Unrealized holding gains (losses) arising during the year	(1,409)	(455)	3	(13,679)
Reclassification adjustment for net gains (losses) realized in net income	1,249	549	(57)	12,126
Net unrealized gain and loss	(160)	94	(54)	(1,553)
OTHER COMPREHENSIVE INCOME (LOSS)	29,372	24,244	(2,213)	285,166
COMPREHENSIVE INCOME	75,686	54,361	14,139	734,816
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	314	74	(44)	3,049
COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS (Note 1)	¥ 75,372	¥ 54,287	¥ 14,183	$ 731,767

See notes to consolidated financial statements.

OMRON Corporation and Subsidiaries

Consolidated Statements of Shareholders' Equity
Years Ended March 31, 2014, 2013 and 2012

		Millions of Yen								
	Number of Common Shares Issued	Common Stock	Capital Surplus	Legal Reserve	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Shareholders' Equity	Noncontrolling Interests	Total Net Assets
BALANCE, MARCH 31, 2011	239,121,372	¥ 64,100	¥ 99,081	¥ 9,574	¥ 250,824	¥ (66,227)	¥ (44,599)	¥ 312,753	¥ 899	¥ 313,652
Net income					16,389			16,389	(37)	16,352
Cash dividends paid to OMRON Corporation shareholders, ¥28 per share					(6,164)			(6,164)		(6,164)
Cash dividends paid to noncontrolling interests									(15)	(15)
Transfer to legal reserve				460	(460)			-		-
Other comprehensive income (loss)						(2,206)		(2,206)	(7)	(2,213)
Acquisition of treasury stock							(10)	(10)		(10)
Sale of treasury stock			(3)		(32)		113	78		78
BALANCE, MARCH 31, 2012	239,121,372	64,100	99,078	10,034	260,557	(68,433)	(44,496)	320,840	840	321,680
Net income					30,203			30,203	(86)	30,117
Cash dividends paid to OMRON Corporation shareholders, ¥37 per share					(8,145)			(8,145)		(8,145)
Cash dividends paid to noncontrolling interests									(2)	(2)
Equity transaction with noncontrolling interests and other			(12)					(12)	889	877
Transfer to legal reserve				842	(842)			-		-
Other comprehensive income (loss)						24,084		24,084	160	24,244
Acquisition of treasury stock							(9)	(9)		(9)
Sale of treasury stock					(0)		1	1		1
Retirement of treasury stock	(12,000,000)				(28,119)		28,119	-		-
BALANCE, MARCH 31, 2013	227,121,372	64,100	99,066	10,876	253,654	(44,349)	(16,385)	366,962	1,801	368,763
Net income					46,185			46,185	129	46,314
Cash dividends paid to OMRON Corporation shareholders, ¥53 per share					(11,666)			(11,666)		(11,666)
Equity transaction with noncontrolling interests and other									154	154
Transfer to legal reserve				320	(320)			-		-
Other comprehensive income (loss)						29,187		29,187	185	29,372
Acquisition of treasury stock							(161)	(161)		(161)
Sale of treasury stock			1				1	2		2
BALANCE, MARCH 31, 2014	227,121,372	¥ 64,100	¥ 99,067	¥ 11,196	¥ 287,853	¥ (15,162)	¥ (16,545)	¥ 430,509	¥ 2,269	¥ 432,778

(Continued)

OMRON Corporation and Subsidiaries

Consolidated Statements of Shareholders' Equity
Years Ended March 31, 2014, 2013 and 2012

		Thousands of U.S. Dollars (Note 2)								
	Number of Common Shares Issued	Common Stock	Capital Surplus	Legal Reserve	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Shareholders' Equity	Noncontrolling Interests	Total Net Assets
BALANCE, MARCH 31, 2013	227,121,372	$ 622,330	$ 961,806	$ 105,592	$ 2,462,660	$ (430,573)	$ (159,077)	$ 3,562,738	$ 17,485	$ 3,580,223
Net income					448,398			448,398	1,252	449,650
Cash dividends paid to OMRON Corporation shareholders, $0.51 per share					(113,262)			(113,262)		(113,262)
Equity transaction with noncontrolling interests and other									1,495	1,495
Transfer to legal reserve				3,107	(3,107)			-		-
Other comprehensive income (loss)						283,369		283,369	1,797	285,166
Acquisition of treasury stock							(1,563)	(1,563)		(1,563)
Sale of treasury stock			10				9	19		19
BALANCE, MARCH 31, 2014	227,121,372	$ 622,330	$ 961,816	$ 108,699	$ 2,794,689	$ (147,204)	$ (160,631)	$ 4,179,699	$ 22,029	$ 4,201,728

See notes to consolidated financial statements.

(Concluded)

OMRON Corporation and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2014, 2013 and 2012

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	2014	2013	2012	2014
OPERATING ACTIVITIES:				
Net income	¥ 46,314	¥ 30,117	¥ 16,352	$ 449,650
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	25,089	22,452	22,617	243,582
Net loss on sales and disposals of property, plant and equipment	1,146	578	861	11,126
Loss on impairment of long-lived assets	804	3,265	671	7,806
Net gain on sale of investment securities	(1,714)	(677)	(307)	(16,641)
Loss on impairment of investment securities	501	1,086	391	4,864
Loss on impairment of goodwill	-	153	2,009	-
Termination and retirement benefits	(4,417)	(4,433)	(5,669)	(42,883)
Deferred income taxes	2,170	3,762	9,981	21,068
Equity in loss (earnings) of affiliates	(3,782)	(2,976)	(631)	(36,718)
Changes in assets and liabilities:				
Increase in notes and accounts receivable - trade	(6,613)	(5,827)	(6,838)	(64,204)
Decrease (increase) in inventories	(325)	8,641	(6,538)	(3,155)
Decrease (increase) in other assets	(32)	21	(483)	(311)
Increase (decrease) in notes and accounts payable - trade	5,824	(5,927)	682	56,544
Increase (decrease) in income taxes payable	2,277	3,121	(1,562)	22,107
Increase in accrued expenses and other current liabilities	10,883	1,519	388	105,660
Other, net	919	(1,817)	22	8,922
Total adjustments	32,730	22,941	15,594	317,767
Net cash provided by operating activities	79,044	53,058	31,946	767,417
INVESTING ACTIVITIES:				
Proceeds from sale or maturities of investment securities	2,840	1,658	693	27,573
Purchase of investment securities	(2,179)	(0)	(911)	(21,155)
Capital expenditures	(32,218)	(30,383)	(27,502)	(312,796)
Decrease (increase) in leasehold deposits, net	75	457	(101)	728
Proceeds from sale of property, plant and equipment	794	836	2,307	7,709
Decrease (increase) in investment in and loans to affiliates	209	(1,884)	(480)	2,029
Sale of business, net of cash acquired	26	90	-	252
Acquisition of business, net of cash acquired	(672)	141	(1,012)	(6,524)
Purchase of noncontrolling interests	-	(10)	-	-
Other, net	-	624	520	-
Net cash used in investing activities	(31,125)	(28,471)	(26,486)	(302,184)
FINANCING ACTIVITIES:				
Net repayments of short-term debt	(5,135)	(13,273)	(26,744)	(49,854)
Dividends paid by the Company	(10,566)	(6,164)	(6,604)	(102,583)
Dividends paid to noncontrolling interests	-	(2)	(15)	-
Proceeds from equity transactions with noncontrolling interests	22	819	-	214
Other, net	(619)	70	(129)	(6,010)
Net cash used in financing activities	(16,298)	(18,550)	(33,492)	(158,233)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,922	4,414	(1,446)	28,369
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	34,543	10,451	(29,478)	335,369
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	55,708	45,257	74,735	540,854
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	¥ 90,251	¥ 55,708	¥ 45,257	$ 876,223

See notes to consolidated financial statements.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

OMRON Corporation (the "Company") is a multinational manufacturer of automation components, equipment and systems with advanced computer, communications, and control technologies. The Company conducts business in more than 30 countries around the world and strategically manages its worldwide operations through four regional management centers in the United States, the Netherlands, China and Singapore. Products, classified by type and market, are organized into business segments as described below.

Industrial Automation Business (IAB) manufactures and sells control components and systems, including programmable logic controllers, sensors, and switches used in automatic systems in industry. Industrial automation business targets a wide range of customers in major manufacturing industries worldwide to provide manufacturing support using sensing and control technology that stays ahead of customer needs.

Electronic and Mechanical Components Business (EMC) manufactures and sells electric and electronic components, such as those found in relays, switches, connectors, amusement components and units, sensors for consumers, components for mobile equipment, and face recognition software. Electronic and mechanical components business also provides built-in control components for commercial and customer devices, automotive devices, environmental and energy devices, industrial equipment, and built-in components for mobile devices such as mobile phones.

Automotive Electronic Components Business (AEC) develops and produces automotive electronic components and other components for automobiles and automotive electronic components manufacturers throughout the world. Automotive electronic components business also offers many services, such as those involving passive entry devices, power window switches, and electric power steering.

Social Systems Solution and Service Business (SSB) encompasses the sale of card authorization terminals mainly for the domestic markets. Passing gates, automated ticket machines, electronic panels, terminal displays, railway infrastructure systems, traffic control, road control systems, security systems, and payment systems for traffic information and monitoring purposes are also supplied for the domestic market.

Healthcare Business (HCB) sells digital blood pressure monitors, digital thermometers, body composition monitors, pedometers and activity meters, walking posture meters, electric toothbrushes, sleep time monitors, sleep monitors, blood glucose monitors, biometric monitors, spot check monitors, inpatient blood pressure monitoring devices, nebulizers, ECGs, vascular screening devices, visceral fat monitors, WellnessLINK services, and Medical Link services.

Other handles the search, cultivation and enhancement of new businesses that are not part of the above five business segments. The group provides products, such as solar power conditioner equipment, computer peripheral equipment, microelectrical-mechanical system (MEMS) microphone chips, and liquid crystal display (LCD) backlights.

Basis of Financial Statements

The accompanying consolidated financial statements are stated in Japanese yen. Based upon requirements for depositary receipts issued in Europe, they are presented in accordance with accounting principles generally accepted in the United States of America. Certain reclassifications have been made to amounts previously reported in order to conform to classifications as of and for the year ended March 31, 2014.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries (collectively, the "Companies"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Investments, in which the Companies have a 20% to 50% interest (affiliates), are accounted for using the equity method.

The consolidated financial statements include all the Company's subsidiaries (156 companies at March 31, 2014 and 153 companies at March 31, 2013).

Application of Equity Method

Investments in the Company's affiliated companies are accounted for using the equity method.

Affiliated companies recorded using the equity method:

> Hitachi-Omron Terminal Solutions, Corp. and others. Total: 10 companies and 12 companies as of March 31, 2014 and 2013, respectively.

Differing Fiscal Year-Ends

Certain subsidiaries have different fiscal year-ends from that of the Company and the respective fiscal year-end financial statements of those subsidiaries were used for the purpose of the Company's consolidation. For the years ended March 31, 2014, 2013 and 2012, the difference in fiscal year-ends between certain subsidiaries and the Company did not have a material effect on the Company's consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with original maturities of three months or less, including time deposits, commercial paper, and securities purchased with resale agreements and money market instruments.

Allowance for Doubtful Receivables

An allowance for doubtful receivables is established in amounts considered to be appropriate based primarily upon the Companies' past credit loss experience and an evaluation of potential losses within the outstanding receivables.

Marketable Securities and Investments

The Companies classify all of their marketable equity and debt securities as available for sale. Available-for-sale securities are carried at market value with the corresponding recognition of net unrealized holding gains and losses as a separate component of accumulated other comprehensive income (loss), net of related taxes, until recognized. If necessary, individual securities classified as available for sale are reduced to fair value by a charge to income in the period in which the decline is deemed to be other than temporary. Available-for-sale securities are reviewed for other-than-temporary declines in the carrying amount based on criteria that include the length of time and the extent to which the market value has been less than cost, the financial condition, and near-term prospects of the issuer and the Company's intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value.

Other investments are evaluated at the lower of cost and tested for impairment periodically. The cost of securities sold is determined on the average cost basis.

Inventories

Domestic inventories are mainly stated at the lower of cost, determined by the first-in, first-out method, or market value. Also, overseas inventories are mainly stated at the lower of cost, determined by the moving-average method, or market value.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Depreciation of property, plant, and equipment has been computed principally by the declining-balance method based upon the estimated useful lives of the assets. However, certain of the Company's subsidiaries located outside Japan have computed depreciation using the straight-line method based upon the estimated useful lives of the assets.

The estimated useful lives primarily range from 3 to 50 years for buildings and from 2 to 15 years for machinery and equipment. Depreciation expense was ¥20,979 million ($203,680 thousand), ¥19,101 million, and ¥19,165 million for the years ended March 31, 2014, 2013 and 2012, respectively.

Goodwill and Other Intangible Assets

The Companies account for their goodwill and other intangible assets in accordance with the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) No. 350, "Intangibles - Goodwill and Other", which requires that goodwill no longer be amortized, but instead tested for impairment at least annually. ASC No. 350 also requires recognized intangible assets be amortized over their respective estimated useful lives and reviewed for impairment. Any recognized intangible asset determined to have an indefinite useful life is not to be amortized, but instead tested for impairment at least annually.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset might be unrecoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted cash flows expected to be generated by the asset. If such assets are considered to be potentially impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value. Assets to be disposed of other than by sale are considered held and used until disposed. Assets to be disposed of by sale are reported at the lower of the carrying amount or fair value, less selling costs.

Advertising Costs

Advertising costs are charged to earnings as incurred and included in selling, general and administrative expenses. Advertising expense was ¥9,413 million ($91,388 thousand), ¥7,825 million, and ¥5,908 million for the years ended March 31, 2014, 2013 and 2012, respectively.

Shipping and Handling Charges

Shipping and handling charges are included in selling, general, and administrative expenses. Shipping and handling charges were ¥8,791 million ($85,350 thousand), ¥7,507 million, and ¥7,066 million for the years ended March 31, 2014, 2013 and 2012, respectively.

Termination and Retirement Benefits

Termination and retirement benefits are accounted for and are disclosed in accordance with ASC No. 715, "Compensation-Retirement Benefits", based on the fiscal year end fair value of plan assets and the projected benefit obligations of employees. The provision for termination and retirement benefits includes amounts for directors and corporate auditors of the Companies.

Income Taxes

Deferred income taxes reflect the tax consequences on future years of differences between the tax bases of assets and liabilities and their financial reporting amounts, operating loss carryforwards, and tax credit carryforwards. Future tax benefits, such as net operating loss carryforwards and tax credit carryforwards, are recognized to the extent that such benefits are more likely than not to be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Companies have adopted ASC No. 740, "Accounting for Uncertainty in Income Taxes". In evaluating the tax benefits based on available information at the reporting date, the Company records a tax benefit using a more likely than not threshold.

The Company and certain domestic subsidiaries compute current income taxes based on consolidated taxable income as permitted by Japanese tax regulations.

Consumption Taxes and Other Value-Added Taxes

Consumption taxes and other value-added taxes have been excluded from sales.

Product Warranties

Liability for estimated warranty-related cost is established at the time revenue is recognized and is included in other current liabilities. The liability is established using historical information, including the nature, frequency, and average cost of past warranty claims.

Derivatives

Derivative instruments and hedging activities are accounted for in accordance with ASC No. 815, "Derivatives and Hedging". This standard establishes accounting and reporting standards for derivative instruments and for hedging activities and requires that an entity recognize all derivatives as either assets or liabilities in the consolidated balance sheets and measure those instruments at fair value.

For foreign exchange forward contracts, foreign currency swaps, and commodities swaps, on the date the derivative contract is entered into, the Companies designate the derivative as a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow" hedge). The Companies formally document all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as cash flow hedges to specific assets and liabilities in the consolidated balance sheet or to specific firm commitments or forecasted transactions. Based on the Companies' policy, all foreign exchange forward contracts, foreign currency swaps, and commodity swaps entered into must be highly effective in offsetting changes in cash flows of hedged items.

Changes in fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge are recorded in other comprehensive income (loss) until earnings are affected by the variability in cash flows of the designated hedged item.

Cash Dividends

Cash dividends are reflected in the consolidated financial statements at proposed amounts in the year to which they are applicable, even though payment is not approved by shareholders until the annual general meeting of shareholders held early in the following fiscal year. Resulting dividends payable are included in other current liabilities in the consolidated balance sheets.

Revenue Recognition

The Companies recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred and title and risk of loss have transferred, the sales price is fixed or determinable, and collectibility is probable.

Stock-Based Compensation

The Companies apply ASC No. 718, "Compensation-Stock Compensation", and recognize stock-based compensation cost measured by the fair value method.

Translation of Financial Statement Items of the Company's Subsidiaries Located Outside Japan into Japanese Yen

Consolidated financial statements of the Company's subsidiaries located outside Japan are translated based upon ASC No. 830, "Foreign Currency Matters". Assets and liabilities of the subsidiaries are translated into Japanese yen at the rates of exchange in effect at the balance sheet date. Income and expense items are translated at the average exchange rates prevailing during the year. Gains and losses resulting from translation of financial statements are reported in accumulated other comprehensive income (loss) as foreign currency translation adjustments.

Comprehensive Income (Loss)

The Companies apply ASC No. 220, "Comprehensive Income". Comprehensive income (loss) is composed of net income (loss) attributable to shareholders, changes in foreign currency translation adjustments, changes in pension liability adjustments, changes in unrealized gains (losses) on available-for-sale securities and changes in net gains (losses) on derivative instruments, and disclosed within the consolidated statements of comprehensive income (loss).

New Accounting Standards

In March 2013, the FASB issued Accounting Standards Update (ASU) No. 2013-05, "Foreign Currency Matters (Topic 830) Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity". ASU No. 2013-05 clarifies the case applying to the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holding a controlling financial interest in a subsidiary. The Companies will adopt ASU No. 2013-05 from the quarter beginning April 1, 2014. The adoption of this standard is not expected to have a significant impact on the consolidated financial statements.

In May 2014, the FASB and International Accounting Standards Board (IASB) issued their final standard on revenue from contracts with customers. The standard, issued as ASU 2014-09, "Revenue from Contracts with Customers" by the FASB, outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance. The ASU requires entities to disclose both quantitative and qualitative information that enables users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Companies will adopt ASU No. 2014-09 from the quarter beginning April 1, 2017. The Companies are currently evaluating the effect that the adoption of this guidance will have on the consolidated financial statements.

2. TRANSLATION INTO U.S. DOLLARS

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for convenience of the readers outside of Japan and has been made at the rate of ¥103 to $1, the approximate rate of exchange at March 31, 2014. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

3. INVENTORIES

Inventories at March 31, 2014 and 2013, consisted of:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Finished products	¥ 56,516	¥ 53,803	$ 548,699
Work in process	13,924	12,523	135,184
Materials and supplies	27,237	24,687	264,437
Total	¥ 97,677	¥ 91,013	$ 948,320

4. MARKETABLE SECURITIES AND INVESTMENTS

Cost, gross unrealized holding gains and losses, and fair value of available-for-sale and held-to-maturity securities at March 31, 2014 and 2013, were as follows:

Available-for-sale securities

	Millions of Yen			
	2014			
	Cost (*)	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities	¥ 7	¥ -	¥ -	¥ 7
Equity securities	17,417	28,800	(1)	46,216
Total	¥ 17,424	¥ 28,800	¥ (1)	¥ 46,223

	Millions of Yen			
	2013			
	Cost (*)	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities	¥ 6	¥ -	¥ -	¥ 6
Equity securities	17,389	16,279	(8)	33,660
Total	¥ 17,395	¥ 16,279	¥ (8)	¥ 33,666

	Thousands of U.S. Dollars			
	2014			
	Cost (*)	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities	$ 68	$ -	$ -	$ 68
Equity securities	169,097	279,612	(10)	448,699
Total	$ 169,165	$ 279,612	$ (10)	$ 448,767

(*) Cost represents amortized cost of debt securities and cost of equity securities.

Held-to-maturity securities

	Millions of Yen			
	2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities	¥100	¥ -	¥ -	¥100

	Millions of Yen			
	2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities	¥125	¥ -	¥ -	¥125

	Thousands of U.S. Dollars			
	2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities	$971	$ -	$ -	$971

Maturities of debt securities classified as available-for-sale and held-to-maturity securities at March 31, 2014 and 2013, were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2014		2013		2014	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Due within one year	¥ 25	¥ 25	¥ 25	¥ 25	$ 243	$ 243
Due after one year through five years	82	82	106	106	796	796
Total	¥ 107	¥ 107	¥ 131	¥ 131	$ 1,039	$ 1,039

Gross unrealized holding losses and fair value of certain available-for-sale equity securities, aggregated by the length of time that they have been in a continuous unrealized loss position at March 31, 2014 and 2013, were as follows:

Less than 12 months

	Millions of Yen				Thousands of U.S. Dollars	
	2014		2013		2014	
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
Equity securities	¥6	¥(1)	¥443	¥(8)	$58	$(10)

(*) In regards to the gross unrealized holding losses of available-for-sale securities, the related securities have been in a loss position for a relatively short period of time. Based on this fact and other relevant factors, management has determined that these investments are not considered other-than-temporarily impaired.

No losses on impairment of available-for-sale securities was recognized to reflect declines in market value considered to be other than temporary for the year ended March 31, 2014. Losses on impairment of available-for-sale securities recognized to reflect declines in market value considered to be other than temporary were ¥1,083 million, and ¥384 million for the years ended March 31, 2013 and 2012, respectively.

Aggregate cost of nonmarketable equity securities accounted for under the cost method totaled ¥3,865 million ($37,524 thousand) and ¥4,427 million at March 31, 2014 and 2013, respectively. Investments with an aggregate cost of ¥3,832 million ($37,204 thousand) and ¥4,427 million at March 31, 2014 and 2013, respectively, were not evaluated for impairment because (a) the Companies did not estimate the fair value of those investments as it was not practicable to do so and (b) the Companies did not identify any events or changes in circumstances that might have had a significant adverse effect on the fair value of those investments.

Proceeds from sales, gross realized gains, and realized losses on sales of available-for-sale securities for the years ended March 31, 2014, 2013 and 2012, were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2014	2013	2012	2014
Proceeds from sales	¥ 2,635	¥ 1,584	¥ 415	$ 25,583
Gross realized gains	1,659	809	318	16,107
Realized losses on sales	-	145	-	-

5. NOTES AND ACCOUNTS RECEIVABLES

The companies have entered into different types of transactions with affiliated companies through the ordinary course of business.

The amount of accounts receivable with affiliates resulting from these transactions was ¥2,286 million ($22,194 thousand) and ¥2,162 million for the years ended March 31, 2014 and 2013, respectively.

6. GOODWILL AND OTHER INTANGIBLE ASSETS

The components of acquired intangible assets, excluding goodwill, at March 31, 2014 and 2013, were as follows:

	Millions of Yen			
	2014		2013	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Intangible assets subject to amortization:				
Software	¥ 39,540	¥ 29,443	¥ 38,103	¥ 28,848
Other	3,106	414	4,383	1,571
Total	¥ 42,646	¥ 29,857	¥ 42,486	¥ 30,419

	Thousands of U.S. Dollars	
	2014	
	Gross Amount	Accumulated Amortization
Intangible assets subject to amortization:		
Software	$ 383,883	$ 285,854
Other	30,155	4,020
Total	$ 414,038	$ 289,874

Aggregate amortization expense related to intangible assets was ¥4,110 million ($39,903 thousand), ¥3,351 million, and ¥3,462 million for the years ended March 31, 2014, 2013 and 2012, respectively.

Estimated amortization expense for the next five years ending March 31 is as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2015	¥ 4,599	$ 44,650
2016	3,211	31,175
2017	2,489	24,165
2018	1,650	16,019
2019	617	5,990

Intangible assets, not subject to amortization, at March 31, 2014 and 2013, were immaterial.

The carrying amounts of goodwill in each segment at March 31, 2014 and 2013, and changes in their carrying amounts for the years ended March 31, 2014 and 2013, were as follows:

	Millions of Yen						
	2014						
	Industrial Automation Business	Electronic and Mechanical Components Business	Automotive Electronic Components Business	Social Systems Solution and Service Business	Healthcare Business	Other	Total
Balance at beginning of year:							
Goodwill	¥ 10,628	¥ 478	¥ 588	¥ -	¥ 6,570	¥ 1,475	¥ 19,739
Accumulated impairment loss	(9,406)	(227)	(588)	-	(6,554)	(1,475)	(18,250)
Total	¥ 1,222	¥ 251	¥ -	¥ -	¥ 16	¥ -	¥ 1,489
Acquisition	-	-	-	-	591	-	591
Impairment	-	-	-	-	-	-	-
Sales of business entity	-	-	-	-	-	-	-
Foreign currency translation adjustments and other	84	(9)	-	-	0	-	75
Balance at end of year:							
Goodwill	10,712	469	588	-	7,161	1,475	20,405
Accumulated impairment loss	(9,406)	(227)	(588)	-	(6,554)	(1,475)	(18,250)
Total	¥ 1,306	¥ 242	¥ -	¥ -	¥ 607	¥ -	¥ 2,155

	Millions of Yen						
	2013						
	Industrial Automation Business	Electronic and Mechanical Components Business	Automotive Electronic Components Business	Social Systems Solution and Service Business	Healthcare Business	Other	Total
Balance at beginning of year:							
Goodwill	¥ 10,297	¥ 613	¥ 588	¥ -	¥ 6,554	¥ 2,009	¥ 20,061
Accumulated impairment loss	(9,406)	(265)	(588)	-	(6,554)	(2,009)	(18,822)
Total	¥ 891	¥ 348	¥ -	¥ -	¥ -	¥ -	¥ 1,239
Acquisition	205	-	-	-	16	-	221
Impairment	-	(153)	-	-	-	-	(153)
Sales of business entity	-	-	-	-	-	-	-
Foreign currency translation adjustments and other	126	56	-	-	0	-	182
Balance at end of year:							
Goodwill	10,628	478	588	-	6,570	1,475	19,739
Accumulated impairment loss	(9,406)	(227)	(588)	-	(6,554)	(1,475)	(18,250)
Total	¥ 1,222	¥ 251	¥ -	¥ -	¥ 16	¥ -	¥ 1,489

	Thousands of U.S. Dollars						
	2014						
	Industrial Automation Business	Electronic and Mechanical Components Business	Automotive Electronic Components Business	Social Systems Solution and Service Business	Healthcare Business	Other	Total
Balance at beginning of year:							
Goodwill	$ 103,184	$ 4,641	$ 5,709	$ -	$ 63,786	$ 14,320	$ 191,640
Accumulated impairment loss	(91,320)	(2,204)	(5,709)	-	(63,631)	(14,320)	(177,184)
Total	$ 11,864	$ 2,437	$ -	$ -	$ 155	$ -	$ 14,456
Acquisition	-	-	-	-	5,738	-	5,738
Impairment	-	-	-	-	-	-	-
Sales of business entity	-	-	-	-	-	-	-
Foreign currency translation adjustments and other	816	(87)	-	-	0	-	729
Balance at end of year:							
Goodwill	104,000	4,554	5,709	-	69,524	14,320	198,107
Accumulated impairment loss	(91,320)	(2,204)	(5,709)	-	(63,631)	(14,320)	(177,184)
Total	$ 12,680	$ 2,350	$ -	$ -	$ 5,893	$ -	$ 20,923

The Companies have adopted ASC No. 350, "Intangibles - Goodwill and Other". No impairment losses were recognized for the fiscal year ended March 31, 2014. The Companies recognized impairment losses for the fiscal year ended March 31, 2013 of ¥153 million among goodwill of ¥258 million in the Electronic and Mechanical Components Business. These impairment losses are due to increasing competition in the electronic components market. The Companies recognized impairment losses for the fiscal year ended March 31, 2012 of ¥2,009 million. Due to the increasing competition in the backlight business market, the fair value of the associated reporting unit decreased. The impairment losses are included in "Other expenses, net" of the consolidated financial statements of income. The fair value of the reporting unit was estimated by using the present value of expected future cash flows.

7. IMPAIRMENT LOSS ON LONG-LIVED ASSETS

In accordance with ASC No. 360, "Property, Plant and Equipment,", the Companies recognized impairment losses on long-lived assets for the fiscal year ended March 31, 2014 of ¥105 million ($1,019 thousand) for impairment of property, plant and equipment due to decreasing profitability of laser related-products in the industrial automation business. The Companies also recognized impairment losses on long-lived assets of ¥493 million ($4,787 thousand) due to decreasing profitability of automotive related-products in the automotive electronic components business and ¥206 million ($2,000 thousand) due to decreasing profitability in the semiconductor-related business in Other. The Companies recognized impairment on long-lived assets for the fiscal year ended March 31, 2013 of ¥54 million for impairment of property, plant and equipment due to decreasing profitability of FPD related-products in the industrial automation business. The Companies also recognized impairment losses on long-lived assets of ¥191 million due to decreasing profitability in the semiconductor-related business in Other, and ¥168 million for impairment on part of shared assets due to its uncertainty of usage, and ¥2,852 million for impairment of welfare facility due to its revision of future utilization policy in eliminations and others. The Companies recognized impairment losses on long-lived assets for the fiscal year ended March 31, 2012 of ¥534 million for impairment of property, plant and equipment due to decreasing profitability in the semiconductor-related business in Other, and ¥137 million for impairment of office building due to its uncertainty of usage since one of the subsidiaries relocated its head office. These impairment losses are included in "Other expenses, net" of consolidated statements of income. Each of the fair value of these reporting units was estimated by using each present value of expected future cash flows.

8. SHORT-TERM DEBT

Short-term debt at March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Commercial paper:			
The weighted-average annual interest rates - % (2014) and 0.1% (2013)	¥ -	¥ 5,000	$ -
Unsecured debt:			
Loans from banks and other financial facilities The weighted-average annual interest rates 7.1% (2014) and 2.0% (2013)	488	570	4,738
Total	¥ 488	¥ 5,570	$ 4,738

Total interest cost incurred and charged to expense for the years ended March 31, 2014, 2013 and 2012, amounted to ¥298 million ($2,893 thousand), ¥277 million, and ¥269 million, respectively.

9. LEASES

The Companies do not have any material capital lease agreements.

The Companies have operating lease agreements primarily involving offices and equipment for varying periods. Generally, leases that expire are expected to be renewed or replaced by other leases. At March 31, 2014, future minimum lease payments applicable to noncancelable leases having initial or remaining noncancelable lease terms in excess of one year were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2015	¥ 4,273	$ 41,485
2016	3,188	30,951
2017	1,894	18,388
2018	1,594	15,476
2019	1,362	13,223
Thereafter	3,181	30,885
Total	¥ 15,492	$ 150,408

Lease expense amounted to ¥13,503 million ($131,097 thousand), ¥12,000 million, and ¥13,207 million for the years ended March 31, 2014, 2013 and 2012, respectively.

10. TERMINATION AND RETIREMENT BENEFITS

The Company and its domestic subsidiaries sponsor termination and retirement benefit plans which cover substantially all domestic employees (the "funded contributory termination and retirement plan in Japan"). Benefits were based on a point-based benefits system, under which benefits are calculated mainly based on accumulated points awarded to employees each year according to their job classification and performance. If the termination is involuntary, the employee is usually entitled to greater payments than in the case of voluntary termination.

The Company and its domestic subsidiaries fund a portion of the obligation under these plans. The general funding policy is to contribute amounts computed in accordance with actuarial methods acceptable under Japanese tax law.

Obligations and Funded Status

The reconciliation of beginning and ending balances of the benefit obligations and the fair value of the plan assets at March 31, 2014 and 2013, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Change in benefit obligation:			
Benefit obligation at beginning of year	¥ 181,434	¥ 169,012	$ 1,761,495
Service cost	4,824	4,395	46,835
Interest cost	3,084	3,380	29,942
Actuarial loss	2,236	11,095	21,709
Benefits paid	(6,421)	(5,790)	(62,340)
Settlement paid	(707)	(658)	(6,864)
Benefit obligation at end of year	¥ 184,450	¥ 181,434	$ 1,790,777
Change in plan assets:			
Fair value of plan assets at beginning of year	¥ 120,205	¥ 105,142	$ 1,167,039
Actual return on plan assets	6,188	11,268	60,078
Employers' contributions	10,161	9,832	98,650
Benefits paid	(5,500)	(5,379)	(53,398)
Settlement paid	(707)	(658)	(6,864)
Fair value of plan assets at end of year	¥ 130,347	¥ 120,205	$ 1,265,505
Fair value of assets in retirement benefit trust at beginning of year	¥ 8,312	¥ 6,607	$ 80,699
Actual return on assets in retirement benefit trust	(179)	1,705	(1,738)
Fair value of assets in retirement benefit trust at end of year	¥ 8,133	¥ 8,312	$ 78,961
Funded status at end of year	¥ (45,970)	¥ (52,917)	$ (446,311)

Amounts recognized in the consolidated balance sheets at March 31, 2014 and 2013, consist of:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Other current liability	¥ (590)	¥ (567)	$ (5,728)
Termination and retirement benefit	(45,380)	(52,350)	(440,583)
Total	¥ (45,970)	¥ (52,917)	$ (446,311)

Amounts recognized in accumulated other comprehensive income (loss) at March 31, 2014 and 2013, before tax, consist of:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Net actuarial loss	¥ 72,304	¥ 76,520	$ 701,981
Prior-service benefit	(8,590)	(10,443)	(83,398)
Total	¥ 63,714	¥ 66,077	$ 618,583

The accumulated benefit obligation at March 31, 2014 and 2013, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Accumulated benefit obligation	¥179,706	¥176,736	$1,744,718

Components of Net Periodic Benefit Cost

The expense recorded for the contributory termination and retirement benefit plans for the years ended March 31, 2014, 2013 and 2012, included the following components:

	Millions of Yen			Thousands of U.S. Dollars
	2014	2013	2012	2014
Service cost	¥ 4,824	¥ 4,395	¥ 4,284	$ 46,835
Interest cost on projected benefit obligation	3,084	3,380	3,337	29,942
Expected return on plan assets	(3,557)	(3,436)	(3,482)	(34,534)
Amortization	2,148	1,398	1,193	20,854
Net periodic benefit cost	¥ 6,499	¥ 5,737	¥ 5,332	$ 63,097

The unrecognized prior-service benefit is amortized on a straight-line basis over 15 years. The unrecognized actuarial gains and losses are amortized on a straight-line basis over 15 years that exceed 10% of the larger of the projected benefit obligation or plan assets.

The estimated net actuarial loss and prior-service benefit that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost for the year ending March 31, 2015, are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
Net actuarial loss	¥ 3,908	$ 37,942
Prior-service benefit	(1,853)	(17,990)

Measurement Date

The Company and certain of its domestic subsidiaries use March 31 as the measurement date for projected benefit obligation and plan assets of the termination and retirement benefits.

Assumptions

Weighted-average assumptions used to determine benefit obligations at March 31, 2014 and 2013 are as follows:

	2014	2013
Discount rate	1.7%	1.7%
Compensation increase rate	2.0%	2.0%

Weighted-average assumptions used to determine termination and retirement benefit costs for the years ended March 31, 2014, 2013 and 2012, are as follows:

	2014	2013	2012
Discount rate	1.7%	2.0%	2.0%
Compensation increase rate	2.0%	2.0%	2.0%
Expected long-term rate of return on plan assets	3.0%	3.0%	3.0%

The expected return on plan assets is determined by estimating the future rate of return on each category of plan assets considering actual historical returns and current economic trends and conditions.

Plan Assets

The Company's investment policies are designed to ensure that adequate plan assets are available to provide future payments of pension benefits to eligible participants. Taking into account the expected long-term rate of return on plan assets, the Company formulates a model portfolio composed of the optimal combination of equity and debt securities in order to yield a total return that will match the expected return on a mid-term to long-term basis.

The Company evaluates the gap between long-term expected return and actual return of invested plan assets to determine if such differences necessitate a revision in the formulation of the model portfolio. In the event that the Company determines the need for a revision of the model portfolio to accomplish the expected long-term rate of return on plan assets, the Company revises the model portfolio to the extent necessary.

Target allocation of plan assets is 15.5% equity securities, 64.5% debt securities and life insurance general account assets, and 20.0% other. Equity securities are mainly composed of stocks that are listed on various securities exchanges. The Company has investigated the business condition of investee companies and appropriately diversified the equity investments by type of industry, brand, and other relevant factors. Debt securities are primarily composed of government bonds, public debt instruments, and corporate bonds. The Company has investigated the quality of the debt issue, including rating, interest rate, and repayment dates and appropriately diversified the debt investments. For investments in life insurance general account assets, contracts with the insurance companies include a guaranteed interest and return of capital. Others are joint trusts mainly composed of alternative and appropriately diversified.

The fair values of the Company's pension plan assets by asset category as of March 31, 2014 and 2013, are as follows:

	Millions of Yen			
	2014			
	Level 1	Level 2	Level 3	Total
Equity securities:				
Domestic stocks (*1)	¥ 10,527	¥ -	¥ -	¥ 10,527
Joint trusts (*2)	-	19,029	-	19,029
Debt securities:				
Joint trusts (*3)	-	65,598	-	65,598
Other assets:				
Life insurance general account assets	-	16,696	-	16,696
Joint trusts	-	21,310	3,561	24,871
Others	1,759	-	-	1,759
Total	¥ 12,286	¥ 122,633	¥ 3,561	¥ 138,480

	Millions of Yen			
	2013			
	Level 1	Level 2	Level 3	Total
Equity securities:				
Domestic stocks (*1)	¥ 10,440	¥ -	¥ -	¥ 10,440
Overseas stocks	2,086	-	-	2,086
Joint trusts (*2)	-	22,189	-	22,189
Debt securities:				
Joint trusts (*3)	-	68,371	-	68,371
Other assets:				
Life insurance general account assets	-	14,467	-	14,467
Joint trusts	-	8,088	2,066	10,154
Others	810	-	-	810
Total	¥ 13,336	¥ 113,115	¥ 2,066	¥ 128,517

	Thousands of U.S. Dollars			
	2014			
	Level 1	Level 2	Level 3	Total
Equity securities:				
Domestic stocks (*1)	$ 102,204	$ -	$ -	$ 102,204
Joint trusts (*2)	-	184,748	-	184,748
Debt securities:				
Joint trusts (*3)	-	636,874	-	636,874
Other assets:				
Life insurance general account assets	-	162,097	-	162,097
Joint trusts	-	206,893	34,573	241,466
Others	17,077	-	-	17,077
Total	$ 119,281	$ 1,190,612	$ 34,573	$ 1,344,466

(*) 1 No common stock of the Company is included in Domestic stocks for the year ended March 31, 2014. Domestic stocks of equity securities include ¥2 million of common stock of the Company for the year ended March 31, 2013.

2 Joint trusts of equity securities invest in listed equity securities all consisting of foreign companies for the year ended March 31, 2014, 10% Japanese companies and 90% foreign companies for the year ended March 31, 2013.

3 Joint trusts of debt securities invest in approximately 60% Japanese government bonds and 40% foreign government bonds for the years ended March 31, 2014 and 2013, respectively.

Level 1 assets are composed principally of equity securities which are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions.

Level 2 assets are composed principally of joint trusts and life insurance general account assets that invest in equity, debt securities and other assets. These joint trusts and insurance general account assets are valued at their net asset values.

Level 3 assets are composed of private equities and real estate funds, which are valued at net asset value.

The Company's pension plan assets classified as Level 3 as of March 31, 2014 and 2013, are as follows:

	Millions of Yen		
	2014		
	Private Equity	Real Estate Fund	Total
Balance at beginning of year	¥ 15	¥ 2,051	¥ 2,066
Total gain and loss (realized or unrealized):			
Current period holding	(13)	104	91
Current period sales	17	-	17
Purchase, issuance, and settlement	533	854	1,387
Balance at end of year	¥ 552	¥ 3,009	¥ 3,561

	Millions of Yen		
	2013		
	Private Equity	Real Estate Fund	Total
Balance at beginning of year	¥ 380	¥ 1,043	¥ 1,423
Total gain and loss (realized or unrealized):			
Current period holding	(1)	9	8
Current period sales	-	-	-
Purchase, issuance, and settlement	(364)	999	635
Balance at end of year	¥ 15	¥ 2,051	¥ 2,066

	Thousands of U.S. Dollars		
	2014		
	Private Equity	Real Estate Fund	Total
Balance at beginning of year	$ 146	$ 19,913	$ 20,059
Total gain and loss (realized or unrealized):			
Current period holding	(126)	1,010	884
Current period sales	164	-	164
Purchase, issuance, and settlement	5,175	8,291	13,466
Balance at end of year	$ 5,359	$ 29,214	$ 34,573

Cash Flows

Contributions

The Companies expect to contribute ¥10,361 million ($100,592 thousand) to their domestic termination and retirement benefit plans in the year ending March 31, 2015.

Benefit payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2015	¥ 6,956	$ 67,534
2016	7,316	71,029
2017	7,432	72,155
2018	7,309	70,961
2019	7,628	74,058
2020 - 2024	43,067	418,126

Certain employees of European subsidiaries are covered by a defined benefit pension plan. The projected benefit obligation for the plan and related fair value of plan assets were ¥7,601 million ($73,796 thousand) and ¥5,815 million ($56,456 thousand), respectively, at March 31, 2014, and ¥6,228 million and ¥4,743 million, respectively, at March 31, 2013.

The Companies also have unfunded noncontributory termination plans administered by the Companies. These plans provide lump-sum termination benefits which are paid at the earlier of the employee's termination or mandatory retirement age, except for payments to directors and corporate auditors which require approval by the shareholders before payment. The Companies record provisions for termination benefits sufficient to state the liability equal to the plans' vested benefits, which exceed the plans' projected benefit obligations.

The aggregate liability for the termination plans, excluding the funded contributory termination and retirement plan in Japan, as of March 31, 2014 and 2013, was ¥5,339 million ($51,835 thousand) and ¥4,691 million, respectively. The aggregate net periodic benefit cost for such plans for the years ended March 31, 2014, 2013 and 2012, was ¥846 million ($8,214 thousand), ¥1,043 million, and ¥574 million, respectively.

11. SHAREHOLDERS' EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act").

The Companies Act requires that all shares of common stock be issued with no par value and at least 50% of the issue price of new shares is required to be recorded as common stock while the remaining net proceeds are required to be presented as additional paid-in capital, which is included in capital surplus. The Companies Act permits Japanese companies, upon approval of the board of directors, to issue shares to existing shareholders without consideration by way of a stock split. Such issuance of shares generally does not give rise to changes within the shareholders' equity.

The Companies Act also requires that an amount equal to 10% of dividends must be appropriated as a legal reserve or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation of such threshold. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the board of directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria, such as: (1) having a board of directors; (2) having independent auditors; (3) having a Board of Corporate Auditors; and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the board of directors may declare dividends (except for dividends in kind) if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends in kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution of the board of directors if it is stipulated by the articles of incorporation of the company. Under the Companies Act, certain limitations were imposed on the amount of capital surplus and retained earnings available for dividends. The Companies Act also provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million. Such amount available for the dividends under the Companies Act was ¥64,806 million ($629,184 thousand) at March 31, 2014, based on the amount recorded in the Company's general book of accounts.

Stock Options

The Company has authorized and granted options to purchase common stock of the Company to certain directors and executive officers of the Company under a fixed stock option plan.

Under the above-mentioned plan, the exercise price of each option exceeded the market price of the Company's common stock on the date of grant and the options expire five years after the date of the grant. Generally, options become fully vested and exercisable after two years. A summary of the Company's fixed stock option plan activity and related information is as follows, and all fixed stock options the Companies issued were expired on June 30, 2012. There were no granted fixed stock options for the year ended March 31, 2014.

		Yen	
Fixed Options	Shares (Number)	Weighted-Average Exercise Price	Weighted-Average Fair Value of Options Granted During the Year
Options outstanding at March 31, 2011	454,000	¥3,240	
Granted	-	-	¥ -
Exercised	-	-	
Expired	(217,000)	3,031	
Options outstanding at March 31, 2012	237,000	¥3,432	
Granted	-	-	¥ -
Exercised	-	-	
Expired	(237,000)	3,432	
Options outstanding at March 31, 2013	-	-	

The Black-Scholes option-pricing model used by the Company was developed for use in estimating the fair value of fully tradable options, which have no vesting restrictions and are fully transferable. Additionally, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. It is management's opinion that the Company's stock options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options.

There was no compensation cost recognized on fixed stock options and no cash received from exercise of options under the plan for the years ended March 31, 2014, 2013 and 2012. When options are exercised, the Company plans to grant treasury stock that the Company holds.

12. OTHER EXPENSES, NET

Other expenses, net, for the years ended March 31, 2014, 2013 and 2012, consisted of the following:

	Millions of Yen			Thousands of U.S. Dollars
	2014	2013	2012	2014
Net loss on sales and disposals of property, plant, and equipment	¥ 1,146	¥ 578	¥ 861	$ 11,126
Loss on impairment of goodwill	-	153	2,009	-
Loss on impairment of property, plant, and equipment	804	3,265	671	7,806
Cost for quality control	494	196	330	4,796
Cost for environmental remediation	1,377	172	567	13,369
Loss on impairment of investment securities and other assets	501	1,086	391	4,864
Net gain on sales of investment securities	(1,714)	(677)	(307)	(16,641)
Interest income (interest expense), net	(410)	(329)	(204)	(3,981)
Foreign exchange loss (gain), net	2,647	(196)	1,195	25,699
Dividend income	(756)	(546)	(545)	(7,340)
Other, net	1,959	404	1,621	19,019
Total	¥ 6,048	¥ 4,106	¥ 6,589	$ 58,717

13. INCOME TAXES

The provision for income taxes for the years ended March 31, 2014, 2013 and 2012, consisted of the following:

	Millions of Yen			Thousands of U.S. Dollars
	2014	2013	2012	2014
Current income tax expense	¥ 17,305	¥ 10,334	¥ 7,845	$ 168,010
Deferred income tax expenses, exclusive of the following	1,856	3,879	4,802	18,019
Change in the valuation allowance	(460)	(117)	(167)	(4,466)
Change in the effective statutory tax rates	774	-	5,346	7,515
Total	¥ 19,475	¥ 14,096	¥ 17,826	$ 189,078

With the abolishment of the Special Corporation Tax for Reconstruction enacted into law on March 31, 2014, a statutory tax rate of 36% is applied to the computation of domestic deferred tax assets and liabilities as of March 31, 2014. The effect of the change in the statutory tax rate as of March 31, 2014 is ¥774 million ($7,515 thousand) due to the reversal of partial deferred tax assets as a result of the abolishment of the Special Corporation Tax for Reconstruction.

Total amount of income taxes for the years ended March 31, 2014, 2013 and 2012, respectively, are allocated to the following items:

	Millions of Yen			Thousands of U.S. Dollars
	2014	2013	2012	2014
"Income taxes" in consolidated statements of income	¥ 19,475	¥ 14,096	¥ 17,826	$ 189,078
Accumulated other comprehensive income (loss):				
Foreign currency translation adjustments	183	303	(257)	1,777
Pension liability adjustments	891	(582)	(1,377)	8,650
Unrealized gains (losses) on available-for-sale securities	4,497	1,525	(106)	43,660
Net gains (losses) on derivative instruments	(91)	58	(32)	(883)
Total	¥ 24,955	¥ 15,400	¥ 16,054	$ 242,282

The Company and its domestic subsidiaries are subject to a number of taxes based on income. As a result of amendments to the Japanese tax regulations which were enacted into law on November 30, 2011, the statutory effective tax rate is reduced to 38.0% for the fiscal years ended March 31, 2014 and 2013 from the 41.0% for the fiscal year ended March 31, 2012.

The effective income tax rates of the Companies differ from the normal Japanese statutory effective tax rates for the years ended March 31, 2014, 2013 and 2012, as follows:

	2014	2013	2012
Japanese statutory effective tax rates	38.0%	38.0%	41.0%
Increase in taxes resulting from permanently nondeductible items	1.5	0.7	1.1
Tax credit for research and development expenses	(3.5)	(2.0)	(0.6)
Losses of subsidiaries for which no tax benefit was provided	3.0	2.0	1.5
Difference in subsidiaries' tax rates	(5.5)	(6.3)	(11.5)
Change in the valuation allowance	(0.7)	(0.3)	(0.5)
Impairment of goodwill	-	0.2	2.5
Realization of previously unrecognized deferred tax effects	(4.7)	-	-
Change in the effective statutory tax rates	1.2	-	15.9
Other, net	2.1	1.9	3.7
Income taxes burden rates after the application of tax effect accounting	31.4%	34.2%	53.1%

The approximate effect of temporary differences and tax credit and loss carryforwards that gave rise to deferred tax balances at March 31, 2014 and 2013, were as follows:

	Millions of Yen			
	2014		2013	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Inventory valuation	¥ 6,415	¥ -	¥ 5,955	¥ -
Accrued bonuses and vacations	6,448	-	5,569	-
Termination and retirement benefits	19,917	-	22,876	-
Marketable securities	-	9,283	-	5,590
Property, plant, and equipment	1,456	-	1,826	-
Other temporary differences	16,071	1,011	14,805	1,406
Tax credit carryforwards	175	-	1,184	-
Net operating loss carryforwards	8,878	-	10,902	-
Subtotal	¥ 59,360	¥ 10,294	¥ 63,117	¥ 6,996
Valuation allowance	(7,694)	-	(8,563)	-
Total	¥ 51,666	¥ 10,294	¥ 54,554	¥ 6,996

	Thousands of U.S. Dollars	
	2014	
	Deferred Tax Assets	Deferred Tax Liabilities
Inventory valuation	$ 62,282	$ -
Accrued bonuses and vacations	62,602	-
Termination and retirement benefits	193,369	-
Marketable securities	-	90,126
Property, plant, and equipment	14,136	-
Other temporary differences	156,029	9,816
Tax credit carryforwards	1,699	-
Net operating loss carryforwards	86,194	-
Subtotal	576,311	99,942
Valuation allowance	(74,699)	-
Total	$ 501,612	$ 99,942

The total valuation allowance decreased by ¥869 million ($8,437 thousand) and ¥239 million in 2014 and 2013, respectively.

As of March 31, 2014 and 2013, the Companies had net operating loss carryforwards for corporate tax approximating ¥11,396 million ($110,641 thousand) and ¥13,736 million, respectively, and for local tax approximating ¥7,388 million ($71,728 thousand) and ¥11,030 million, respectively, available for reduction of future taxable income, the majority of which would expire by 2021.

The Company has not provided deferred tax liabilities on unremitted earnings of certain foreign subsidiaries to the extent that they are believed to be indefinitely reinvested. The accumulated unremitted earnings of the foreign subsidiaries for which the Company has not recognized deferred tax liabilities were ¥86,702 million ($841,767 thousand) and ¥87,715 million at March 31, 2014 and 2013, respectively. Dividends received from domestic subsidiaries are expected to be substantially free of tax.

The Companies have adopted ASC No. 740, "Income Taxes". The Companies believe that the total amount of unrecognized tax benefits as of March 31, 2014 and 2013 is not material to its result of operations, financial condition, or cash flows.

The Companies recognize interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income.

The Companies file income tax returns in Japan and foreign jurisdictions. With few exceptions, tax examinations in Japan, for years on or prior to March 31, 2012, have been completed. With few exceptions, tax examinations in foreign countries, for years on or prior to March 31, 2007, have been completed.

14. PER SHARE DATA

The Company accounts for its net income per share in accordance with ASC No. 260, "Earnings per share". Basic net income per share has been computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding during each year.

Diluted net income per share reflects the potential dilution of stock options and has been computed by the treasury stock method. Stock options did not have dilutive effects for the years ended March 31, 2014, 2013 and 2012.

All fixed stock options the Companies issued expired on June 30, 2012.

A reconciliation of the numerators and denominators of the basic and diluted net income per share computations as of March 31, 2014, 2013 and 2012, was as follows:

Numerator

	Millions of Yen			Thousands of U.S. Dollars
	2014	2013	2012	2014
Net income attributable to shareholders	¥46,185	¥30,203	¥16,389	$448,398
Diluted net income attributable to shareholders	-	30,203	16,389	-

Denominator

	2014	2013	2012
Weighted-average common shares outstanding	220,118,721	220,129,917	220,093,275
Dilutive effect of:			
Stock options	-	-	-
Diluted common shares outstanding	-	220,129,917	220,093,275

15. SUPPLEMENTAL INFORMATION FOR CASH FLOWS

Supplemental cash flow information for the years ended March 31, 2014, 2013 and 2012, was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2014	2013	2012	2014
Interest paid	¥ 298	¥ 276	¥ 269	$ 2,893
Income taxes paid	14,261	7,200	9,409	138,456
Noncash investing and financing activities:				
Liabilities assumed in connection with capital expenditures	1,243	583	2,682	12,068
Decrease of retained earnings in connection with retirement of treasury stock	-	28,119	-	-

16. OTHER COMPREHENSIVE INCOME (LOSS)

The change in each component of accumulated other comprehensive income (loss) for the year ended March 31, 2014 was as follows:

	Millions of Yen				
	2014				
	Foreign Currency Translation Adjustments	Pension Liability Adjustments	Unrealized Gains (Losses) on Available-for-Sale Securities	Net Gains (Losses) on Derivative Instruments	Total Accumulated Other Comprehensive Income (Loss)
Beginning balance	¥ (14,224)	¥ (39,730)	¥ 9,580	¥ 25	¥ (44,349)
Other comprehensive income (loss) before reclassification	18,761	326	10,002	(1,409)	27,680
Amounts reclassified from accumulated other comprehensive income (loss)	(1)	1,375	(1,116)	1,249	1,507
Net change	18,760	1,701	8,886	(160)	29,187
Ending balance	¥ 4,536	¥ (38,029)	¥ 18,466	¥ (135)	¥ (15,162)

	Thousands of U.S. Dollars				
	2014				
	Foreign Currency Translation Adjustments	Pension Liability Adjustments	Unrealized Gains (Losses) on Available-for-Sale Securities	Net Gains (Losses) on Derivative Instruments	Total Accumulated Other Comprehensive Income (Loss)
Beginning balance	$ (138,097)	$ (385,729)	$ 93,010	$ 242	$ (430,574)
Other comprehensive income (loss) before reclassification	182,146	3,165	97,107	(13,679)	268,739
Amounts reclassified from accumulated other comprehensive income (loss)	(10)	13,350	(10,835)	12,126	14,631
Net change	182,136	16,515	86,272	(1,553)	283,370
Ending balance	$ 44,039	$ (369,214)	$ 179,282	$ (1,311)	$ (147,204)

(*) Amounts are Net-of-Tax and after deducting attribution to noncontrolling interest.

The change in each component of accumulated other comprehensive income (loss) for the years ended March 31, 2013 and 2012, was as follows:

	Millions of Yen	
	2013	2012
Foreign currency translation adjustments:		
Beginning balance	¥ (36,544)	¥ (34,046)
Change for the year	22,320	(2,498)
Ending balance	(14,224)	(36,544)
Pension liability adjustments:		
Beginning balance	(38,815)	(38,736)
Change for the year	(915)	(79)
Ending balance	(39,730)	(38,815)
Unrealized gains (losses) on available-for-sale securities:		
Beginning balance	6,995	6,570
Change for the year	2,585	425
Ending balance	9,580	6,995
Net gains (losses) on derivative instruments:		
Beginning balance	(69)	(15)
Change for the year	94	(54)
Ending balance	25	(69)
Total accumulated other comprehensive loss:		
Beginning balance	(68,433)	(66,227)
Change for the year	24,084	(2,206)
Ending balance	¥ (44,349)	¥ (68,433)

The amount reclassified from accumulated other comprehensive income (loss) for the years ended March 31, 2014 was as follows:

	Amounts Reclassified From Accumulated Other Comprehensive Income (Loss)		Affected Line Items In Consolidated Statements of Income
	Millions of Yen	Thousands of U.S. Dollar	
Foreign currency translation adjustments:	¥ (1)	$ (10)	Other expenses (income), net
	-	-	Income taxes
	(1)	(10)	Net (*1)
Pension liability adjustments:	2,148	20,854	(*2)
	773	7,504	Income taxes
	1,375	13,350	Net (*3)
Unrealized gains (losses) on available-for-sale securities:	(1,660)	(16,117)	Other expenses (income), net
	(544)	(5,282)	Income taxes
	(1,116)	(10,835)	Net (*1)
Net gains (losses) on derivative instruments:	2,032	19,728	Cost of sales and other expenses, net
	783	7,602	Income taxes
	1,249	12,126	Net (*3)
Total amounts reclassified:	¥ 1,507	$ 14,631	

(*1) Decrease of net indicates the increase of net loss attributable to shareholders

(*2) Included in retirement benefit costs

(*3) Increase of net indicates the decrease of net income attributable to shareholders

Tax effects allocated to each component of other comprehensive income (loss), including other comprehensive income (loss) attributable to noncontrolling interests and reclassification adjustments for the years ended March 31, 2014, 2013 and 2012, were as follows:

	Millions of Yen									Thousands of U.S. Dollars		
	2014			2013			2012			2014		
	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
Foreign currency translation adjustments:												
Foreign currency translation adjustments arising during the year	¥ 19,129	¥ (183)	¥ 18,946	¥ 22,826	¥ (303)	¥ 22,523	¥ (1,870)	¥ 257	¥ (1,613)	$ 185,719	$ (1,777)	$ 183,942
Reclassification adjustment for the portion realized in net income	(1)	-	(1)	(43)	-	(43)	(892)	-	(892)	(10)	-	(10)
Net unrealized gain and loss	19,128	(183)	18,945	22,783	(303)	22,480	(2,762)	257	(2,505)	185,709	(1,777)	183,932
Pension liability adjustments:												
Pension liability adjustments arising during the year	444	(118)	326	(99)	78	(21)	(263)	888	625	4,311	(1,146)	3,165
Reclassification adjustment for the portion realized in net income	2,148	(773)	1,375	(1,398)	504	(894)	(1,193)	489	(704)	20,854	(7,504)	13,350
Net unrealized gain and loss	2,592	(891)	1,701	(1,497)	582	(915)	(1,456)	1,377	(79)	25,165	(8,650)	16,515
Unrealized gains (losses) on available-for-sale securities:												
Unrealized holding gains (losses) arising during the year	15,043	(5,041)	10,002	3,691	(1,374)	2,317	379	81	460	146,049	(48,942)	97,107
Reclassification adjustment for losses on impairment in net income	-	-	-	1,083	(390)	693	384	(157)	227	-	-	-
Reclassification adjustment for net gains on sales in net income	(1,660)	544	(1,116)	(664)	239	(425)	(318)	130	(188)	(16,117)	5,282	(10,835)
Reclassification adjustment for net gains on share exchange in net income	-	-	-	-	-	-	(126)	52	(74)	-	-	-
Net unrealized gain and loss	13,383	(4,497)	8,886	4,110	(1,525)	2,585	319	106	425	129,932	(43,660)	86,272
Net gains (losses) on derivative instruments:												
Unrealized holding gains (losses) arising during the year	(2,283)	874	(1,409)	(734)	279	(455)	11	(8)	3	(22,164)	8,485	(13,679)
Reclassification adjustment for net gains (losses) realized in net income	2,032	(783)	1,249	886	(337)	549	(97)	40	(57)	19,728	(7,602)	12,126
Net unrealized gain and loss	(251)	91	(160)	152	(58)	94	(86)	32	(54)	(2,436)	883	(1,553)
Other comprehensive income (loss)	¥ 34,852	¥ (5,480)	¥ 29,372	¥ 25,548	¥ (1,304)	¥ 24,244	¥ (3,985)	¥ 1,772	¥ (2,213)	$ 338,370	$ (53,204)	$ 285,166

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value of Financial Instruments

The carrying amounts and estimated fair values as of March 31, 2014 and 2013, of the Companies' financial instruments are as follows:

	Millions of Yen			
	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
(Derivatives)				
Forward exchange contracts:				
Other current assets	¥ 1,376	¥ 1,376	¥ 2,197	¥ 2,197
Other current liabilities	(1,524)	(1,524)	(2,233)	(2,233)
Foreign currency swaps:				
Other current liabilities	-	-	(22)	(22)

	Thousands of U.S. Dollars	
	2014	
	Carrying Amount	Fair Value
(Derivatives)		
Forward exchange contracts:		
Other current assets	$ 13,359	$ 13,359
Other current liabilities	(14,796)	(14,796)

The following methods and assumptions were used to estimate the fair values of each class of financial instrument for which it is practicable to estimate its value:

Nonderivatives

(1) Cash and cash equivalents, notes and accounts receivable, leasehold deposits, short-term debt, and notes and accounts payable:

The carrying amounts approximate fair values.

(2) Investment securities (see Note 4):

The fair values are estimated based on quoted market prices or dealer quotes for marketable securities or similar instruments. Certain equity securities included in investments have no readily determinable public market value and it is not practicable to estimate their fair values.

Derivatives

The fair value of derivatives generally reflects the estimated amounts that the Companies would receive or pay to terminate the contracts at the reporting date, thereby taking into account the current unrealized gains or losses of open contracts. Dealer quotes are available for most of the Companies' derivatives. For the rest of the Companies' derivatives, valuation models are applied to current market information to estimate fair value. The Companies do not use derivatives for trading purposes.

18. DERIVATIVES AND HEDGING ACTIVITIES

The Companies enter into foreign exchange forward contracts and combined purchased and written foreign currency swaps to hedge changes in foreign currency rates (primarily the U.S. dollar and the Euro). The Companies enter into commodities swaps to hedge changes in prices of commodities, including copper and silver used in the manufacturing of various products. The Companies do not use derivatives for trading purposes. The Companies are exposed to credit risk in the event of nonperformance by counterparties to derivatives, but management considers the exposure to such risk to be minimal since the counterparties maintain good credit ratings.

Changes in the fair value of foreign exchange forward contracts, foreign currency swaps, and commodity swaps designated and qualifying as cash flow hedges are reported in accumulated other comprehensive income (loss). Foreign exchange forward contracts, and foreign currency swaps are subsequently reclassified into other expenses, net, and commodity swaps are subsequently reclassified into cost of sales, net, in the same period as and when the hedged items affect earnings. Substantially all of the accumulated other comprehensive income (loss) in relation to derivatives at March 31, 2014, is expected to be reclassified into earnings within 12 months.

The notional amounts of outstanding contracts to exchange foreign currencies at March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Forward exchange contracts	¥ 88,738	¥ 84,498	$ 861,534
Foreign currency swaps	-	1,200	-

The fair values of derivatives at March 31, 2014 and 2013, were as follows:

Derivatives designated as hedges

Assets

		Millions of Yen		Thousands of U.S. Dollars
	Account	2014	2013	2014
Forward exchange contracts	Other current assets	¥1,376	¥2,197	$13,359

Liabilities

		Millions of Yen		Thousands of U.S. Dollars
	Account	2014	2013	2014
Forward exchange contracts	Other current liabilities	¥ (1,524)	¥ (2,233)	$ (14,796)
Foreign currency swaps	Other current liabilities	-	(22)	-

The effects on consolidated statements of operations for the years ended March 31, 2014, 2013 and 2012, were as follows:

Derivatives designated as hedges

Cash flow hedge

	Profit and Loss of Other Comprehensive Income (Loss) (Hedge Effective Portion)				Transfer from Other Comprehensive Income (Loss) to Profit and Loss (Hedge Effective Portion)			
	Millions of Yen			Thousands of U.S. Dollars	Millions of Yen			Thousands of U.S. Dollars
	2014	2013	2012	2014	2014	2013	2012	2014
Forward exchange contracts	¥ (1,588)	¥ (472)	¥ 6	$ (15,417)	¥ 1,404	¥ 584	¥ 89	$ 13,631
Foreign currency swaps	0	(5)	8	0	(17)	0	0	(165)
Commodities swaps	179	22	(11)	1,738	(138)	(35)	(146)	(1,340)

The amount of hedge ineffectiveness was not material.

19. COMMITMENTS AND CONTINGENT LIABILITIES

Commitment

The Companies have non-cancelable contracts with outside service providers to receive certain information technology related services. The amount of outstanding contracts is ¥1,542 million ($14,971 thousand) as of March 31, 2014.

Concentration of Credit Risk

Financial instruments that potentially subject the Companies to concentrations of credit risk consist principally of short-term cash investments and trade receivables. The Companies place their short-term cash investments with high credit quality financial institutions. Concentrations of credit risk with respect to trade receivables, as approximately 45% of total sales are concentrated in Japan, are limited due to the large number of well-established customers and their dispersion across many industries. The Company normally requires customers to deposit funds to serve as security for ongoing credit sales.

Guarantees

The Company provides guarantees for bank loans of an unrelated company. The guarantees are provided to this company to ensure that it operates with suitable finance costs. The maximum payment in the event of default at March 31, 2014 and 2013 is ¥67 million ($650 thousand) and ¥121 million, respectively. The carrying amount of the liability recognized under those guarantees at March 31, 2013 is immaterial.

Cost for Environmental Remediation

The Companies record an environmental remediation accrual when it is probable that a liability had been incurred and the amount can reasonably be estimated. The environmental remediation accrual as of March 31, 2014 and 2013, is ¥1,456 million ($14,136 thousand) and ¥550 million, respectively.

Product Warranties

The Companies issue contractual product warranties under which they generally guarantee the performance of products delivered and services rendered for a certain period or term. Changes in accrued product warranty cost for the years ended March 31, 2014 and 2013, are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Balance at beginning of year	¥ 1,976	¥ 2,932	$ 19,184
Additions	1,706	1,379	16,563
Utilizations	(1,555)	(2,335)	(15,097)
Balance at end of year	¥ 2,127	¥ 1,976	$ 20,650

The Company and certain of its subsidiaries are facing several petitions and lawsuits arising from the normal course of business. However, based upon the information currently available to both the Company and its legal counsel, management of the Company believes that damages from such lawsuits, if any, would not have a material effect on the consolidated financial statements.

20. FAIR VALUE MEASUREMENTS

ASC No. 820, "Fair Value Measurements and Disclosures", defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC No. 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value as follows:

Level 1 - Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs are significant to measure fair value of assets or liabilities and unobservable.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The assets and liabilities that are measured at fair value on a recurring basis at March 31, 2014 and 2013 are as follows:

	Amount of Fair Value Measurements Millions of Yen 2014			
	Level 1	Level 2	Level 3	Total
Assets				
Investment securities:				
Debt securities	¥ 7	¥ -	¥ -	¥ 7
Equity securities	46,216	-	-	46,216
Derivative:				
Foreign exchange forward contracts	-	1,376	-	1,376
Liabilities				
Derivative:				
Foreign exchange forward contracts	¥ -	¥1,524	¥ -	¥1,524

	Amount of Fair Value Measurements Millions of Yen 2013			
	Level 1	Level 2	Level 3	Total
Assets				
Investment securities:				
Debt securities	¥ 6	¥ -	¥ -	¥ 6
Equity securities	33,660	-	-	36,660
Derivative:				
Foreign exchange forward contracts	-	2,197	-	2,197
Liabilities				
Derivative:				
Foreign exchange forward contracts	¥ -	¥2,233	¥ -	¥2,233
Foreign currency swaps	-	22	-	22

	Amount of Fair Value Measurements			
	Thousands of U.S. Dollars			
	2014			
	Level 1	Level 2	Level 3	Total
Assets				
Investment securities:				
Debt securities	$ 68	$ -	$ -	$ 68
Equity securities	448,699	-	-	448,699
Derivative:				
Foreign exchange forward contracts	-	13,359	-	13,359
Liabilities				
Derivative:				
Foreign exchange forward contracts	$ -	$14,796	$ -	$14,796

Investment Securities

Investment securities mainly consist of publicly listed stocks. Since fair value of the investment securities is valued using a quoted market price in active markets for identical assets and can be observed, these are classified as Level 1.

Derivatives

Derivatives consist of foreign exchange forward contracts and foreign currency swaps. Since fair value of derivatives is determined using the observable market data, such as foreign exchange rates or interest rates, these are classified as Level 2.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The assets and liabilities that are measured at fair value on a nonrecurring basis at March 31, 2014 and 2013, are as follows:

	Amount of Fair Value Measurements				
	Millions of Yen				
	2014				
	Total Amount of Gain (Loss)	Level 1	Level 2	Level 3	Total
Assets					
Investment securities	¥ (501)	¥ -	¥ -	¥ 33	¥ 33
Long-lived assets	(804)	-	-	277	277

	Amount of Fair Value Measurements				
	Millions of Yen				
	2013				
	Total Amount of Gain (Loss)	Level 1	Level 2	Level 3	Total
Assets					
Investment securities	¥ (3)	¥ -	¥ -	¥ 0	¥ 0
Long-lived assets	(3,265)	-	-	251	251
Goodwill	(153)	-	-	105	105

	Amount of Fair Value Measurements				
	Thousands of U.S. Dollars				
	2014				
	Total Amount of Gain (Loss)	Level 1	Level 2	Level 3	Total
Assets					
Investment securities	$ (4,864)	$ -	$ -	$ 320	$ 320
Long-lived assets	(7,806)	-	-	2,689	2,689

During the years ended March 31, 2014 and 2013, the Company classified most of the assets described above as Level 3 as the Company used unobservable inputs to value these assets when recognizing impairment losses related to the assets. The fair value for the major assets was measured through discounted future cash flows.

21. SEGMENT INFORMATION

Operating Segment Information

ASC No. 280, "Segment Reporting" establishes the disclosure of information about operating segments in financial statements. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company discloses five operating segments: "Industrial Automation Business", "Electronic and Mechanical Components Business", "Automotive Electronic Components Business", "Social Systems Solution and Service Business", and "Healthcare Business". These segments are mainly separated based on the Companies' consideration of their lines of business and size within the consolidation. The Company presents operating segments other than the above five segments in "Other".

The primary products included in each segment are as follows:

(1) Industrial Automation Business (IAB): Programmable controllers, motion controllers, sensing devices, inspection systems, safety devices, precision laser processing equipment, and control devices.

(2) Electronic and Mechanical Components Business (EMC): Relays, switches, connectors, amusement components and units, sensors for consumers, and face recognition software.

(3) Automotive Electronic Components Business (AEC): Automotive body electronics controllers, electric power steering controllers, passive entry and push engine start systems, keyless entry systems and other wireless devices, multi-function controllers, power window switches, and various automotive switches.

(4) Social Systems Solution and Service Business (SSB): Railway station service systems, traffic and road management systems, card payment services, security and safety solutions, environment solutions, and related maintenance business.

(5) Healthcare Business (HCB): Digital blood pressure monitors, digital thermometers, body composition monitors, pedometers and activity meters, walking posture meters, electric toothbrushes, sleep time monitors, sleep monitors, blood glucose monitors, biometric monitors, spot check monitors, inpatient blood pressure monitoring devices, nebulizers, ECGs, vascular screening devices, visceral fat monitors, WellnessLINK services, and Medical Link services.

(6) Other: Solar power conditioners, electrical power measuring and energy saving and management devices, power protection devices, uninterruptible power supplies, embedded computers for manufacturing industries, OEM development and manufacturing of electronic equipment, MEMS microphones, flow sensors, thermal sensors, pressure sensors, analog ICs, contract chip manufacturing services, and LED backlight units for small and medium-sized LCD modules.

The segment information is presented in accordance with accounting principles generally accepted in the United States of America. Revenues and expenses directly associated with specific segments are disclosed in the figures of each segment's operating results. Based on the Company's allocation method used by management to evaluate results of each segment, revenues and expenses not directly associated with specific segments are allocated to each segment or included in "Eliminations and Others". Segment profit (loss) is presented by subtracting cost of sales, selling general and administrative expenses, and research and development expenses from net sales.

Operating segment information as of and for the years ended March 31, 2014, 2013 and 2012, was as follows:

	Millions of Yen								
2014	Industrial Automation Business	Electronic and Mechanical Components Business	Automotive Electronic Components Business	Social Systems Solution and Service Business	Healthcare Business	Other	Total	Eliminations and Others	Consolidated
I. Sales and segment profit (loss)									
1. Sales to external customers	¥ 291,739	¥ 97,699	¥ 126,620	¥ 82,695	¥ 89,275	¥ 78,949	¥ 766,977	¥ 5,989	¥ 772,966
2. Intersegment sales	7,540	48,972	195	4,598	127	27,089	88,521	(88,521)	-
Total	¥ 299,279	¥ 146,671	¥ 126,815	¥ 87,293	¥ 89,402	¥ 106,038	¥ 855,498	¥ (82,532)	¥ 772,966
Segment profit (loss)	¥38,755	¥8,655	¥9,084	¥5,552	¥7,545	¥8,676	¥78,267	¥(10,212)	¥68,055
II. Assets, depreciation, and capital expenditures									
Assets	¥261,779	¥120,128	¥68,485	¥72,877	¥61,157	¥46,141	¥630,567	¥24,137	¥654,704
Depreciation and amortization	3,558	7,838	3,362	1,226	2,328	1,968	20,280	4,809	25,089
Capital expenditures	3,324	10,943	6,695	1,469	3,945	4,042	30,418	3,235	33,653

	Millions of Yen								
2013	Industrial Automation Business	Electronic and Mechanical Components Business	Automotive Electronic Components Business	Social Systems Solution and Service Business	Healthcare Business	Other	Total	Eliminations and Others	Consolidated
I. Sales and segment profit (loss)									
1. Sales to external customers	¥ 262,983	¥ 84,107	¥ 97,643	¥ 68,754	¥ 71,520	¥ 59,240	¥ 644,247	¥ 6,214	¥ 650,461
2. Intersegment sales	5,566	44,502	228	3,849	106	18,995	73,246	(73,246)	-
Total	¥ 268,549	¥ 128,609	¥ 97,871	¥ 72,603	¥ 71,626	¥ 78,235	¥ 717,493	¥ (67,032)	¥ 650,461
Segment profit (loss)	¥31,349	¥4,351	¥5,009	¥2,915	¥4,407	¥2,526	¥50,557	¥(5,214)	¥45,343
II. Assets, depreciation, and capital expenditures									
Assets	¥232,021	¥110,125	¥58,858	¥64,703	¥51,091	¥44,326	¥561,124	¥12,513	¥573,637
Depreciation and amortization	3,452	7,433	2,418	1,061	1,884	1,406	17,654	4,798	22,452
Capital expenditures	2,761	8,915	5,521	1,491	3,100	2,532	24,320	3,965	28,285

2012	Industrial Automation Business	Electronic and Mechanical Components Business	Automotive Electronic Components Business	Social Systems Solution and Service Business	Healthcare Business	Other	Total	Eliminations and Others	Consolidated
	Millions of Yen								
I. Sales and segment profit (loss)									
1. Sales to external customers	¥ 270,835	¥ 83,002	¥ 85,027	¥ 57,200	¥ 62,446	¥ 53,535	¥ 612,045	¥ 7,416	¥ 619,461
2. Intersegment sales	6,054	47,120	296	3,980	69	15,417	72,936	(72,936)	-
Total	¥ 276,889	¥ 130,122	¥ 85,323	¥ 61,180	¥ 62,515	¥ 68,952	¥ 684,981	¥ (65,520)	¥ 619,461
Segment profit (loss)	¥35,454	¥5,114	¥2,691	¥98	¥2,918	¥(3,553)	¥42,722	¥(2,586)	¥40,136
II. Assets, depreciation, and capital expenditures									
Assets	¥211,356	¥106,011	¥55,452	¥57,423	¥46,436	¥38,756	¥515,434	¥21,889	¥537,323
Depreciation and amortization	4,186	7,169	2,105	1,125	1,533	939	17,057	5,560	22,617
Capital expenditures	3,758	9,908	5,196	856	3,752	2,096	25,566	2,775	28,341

2014	Industrial Automation Business	Electronic and Mechanical Components Business	Automotive Electronic Components Business	Social Systems Solution and Service Business	Healthcare Business	Other	Total	Eliminations and Others	Consolidated
	Thousands of U.S. Dollars								
I. Sales and segment profit (loss)									
1. Sales to external customers	$ 2,832,417	$ 948,534	$ 1,229,320	$ 802,864	$ 866,748	$ 766,495	$ 7,446,378	$ 58,146	$ 7,504,524
2. Intersegment sales	73,204	475,456	1,893	44,641	1,233	263,000	859,427	(859,427)	-
Total	$ 2,905,621	$ 1,423,990	$ 1,231,213	$ 847,505	$ 867,981	$ 1,029,495	$ 8,305,805	$ (801,281)	$ 7,504,524
Segment profit (loss)	$376,262	$84,029	$88,194	$53,903	$73,252	$84,233	$759,873	$(99,146)	$660,727
II. Assets, depreciation, and capital expenditures									
Assets	$2,541,544	$1,166,291	$664,903	$707,544	$593,757	$447,971	$6,122,010	$234,340	$6,356,350
Depreciation and amortization	34,544	76,097	32,641	11,903	22,602	19,107	196,894	46,689	243,583
Capital expenditures	32,272	106,243	65,000	14,262	38,301	39,243	295,321	31,408	326,729

Annotations about the above segment information:

- Intersegment sales are recorded at the same prices used in transactions with third parties.
- Eliminations and Others include unclassifiable expenses and eliminations of intersegment transactions.
- Depreciation and amortization and capital expenditures include expenses and expenditures arising from intangible assets.
- According to a revised structure of internal organization in 2014, a portion of the Electronic and Mechanical Components Business was moved to the Industrial Automation Business. Accordingly, the segment information figures as of March 31, 2013 and 2012 have been restated to conform with the current year presentation.

Reconciliation between segment profit (loss) and income before income taxes and equity in loss (earnings) of affiliates for the years ended March 31, 2014, 2013 and 2012, is as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2014	2013	2012	2014
Total amount of segment profit	¥ 78,267	¥ 50,557	¥ 42,722	$ 759,874
Other expenses, net	6,048	4,106	6,589	58,718
Eliminations and others	(10,212)	(5,214)	(2,586)	(99,146)
Income before income taxes and equity in loss (earnings) of affiliates	¥ 62,007	¥ 41,237	¥ 33,547	$ 602,010

Geographic Information

Information of the Companies' sales to external customers and property, plant, and equipment by major geographic area as of and for the years ended March 31, 2014, 2013 and 2012, is as follows:

	Millions of Yen					
	2014					
	Japan	Americas	Europe	Greater China	Southeast Asia and Others	Consolidated
Sales to external customers	¥356,342	¥100,992	¥100,929	¥142,444	¥72,259	¥772,966
Property, plant, and equipment	71,083	8,295	4,895	38,828	12,465	135,566

	Millions of Yen					
	2013					
	Japan	Americas	Europe	Greater China	Southeast Asia and Others	Consolidated
Sales to external customers	¥328,470	¥80,427	¥80,453	¥106,283	¥54,828	¥650,461
Property, plant, and equipment	73,295	6,553	4,303	32,133	10,551	126,835

	Millions of Yen					
	2012					
	Japan	Americas	Europe	Greater China	Southeast Asia and Others	Consolidated
Sales to external customers	¥307,649	¥74,820	¥83,561	¥101,074	¥52,357	¥619,461
Property, plant, and equipment	79,548	4,166	4,290	24,572	8,130	120,706

	Thousands of U.S. Dollars					
	2014					
	Japan	Americas	Europe	Greater China	Southeast Asia and Others	Consolidated
Sales to external customers	$3,459,631	$980,505	$979,893	$1,382,951	$701,544	$7,504,524
Property, plant, and equipment	690,126	80,534	47,524	376,971	121,020	1,316,175

Annotations about the above geographic information:

- Classification of country or area is based upon physical geographic proximity.

- Major countries or areas belonging to segments other than Japan are as follows:

  (1) Americas: United States of America, Canada and Brazil

  (2) Europe: Netherlands, Great Britain, Germany, France, Italy and Spain

  (3) Greater China: China, Hong Kong and Taiwan

  (4) Southeast Asia and Others: Singapore, Republic of Korea, India and Australia

- For sales and property, plant, and equipment, there were no material amounts specific to a particular country, except for Japan, that will have required separate disclosure as of and for the years ended March 31, 2014, 2013 and 2012.

- For sales to external customers, there were no amounts specific to particular customers that will have required separate disclosure for the years ended March 31, 2014, 2013, and 2012.

22. ACQUISITION

There have not been any significant acquisitions for the years ended 2014, 2013 and 2012.

23. SUBSEQUENT EVENTS

The Companies have evaluated subsequent events in accordance with ASC No. 855, "Subsequent Events".

No significant event took place from March 31, 2014 through June 25, 2014, the date when the Yukashouken-Houkokusho (Annual Securities Report filed under the Financial Instruments and Exchange Act of Japan) for the year ended March 31, 2014 was available to be issued.

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