



May 14, 2014

Consolidated Financial Results for the Fiscal Year Ended March 31, 2014

[Japanese GAAP]

Company name: **C. Uyemura & Co., Ltd.** Listing: Second Section of the Tokyo Stock Exchange
 Stock code: 4966 URL: <http://www.uyemura.co.jp>
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 Scheduled date of annual general meeting of shareholders: June 27, 2014
 Scheduled date of filing of annual securities report: June 27, 2014
 Starting date of dividend payment: June 30, 2014
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on May 14, 2014 at 13:20 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(1) Results of operations (Percentages for sales and incomes represent year-over-year changes)

	Sales		Operating income		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2014	42,049	10.9	5,443	26.3	5,867	26.8	1,705	(40.7)
Fiscal year ended Mar. 31, 2013	37,905	(5.9)	4,310	(10.0)	4,627	(5.6)	2,875	27.3

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2014: 5,713 (down 1.3%)

Fiscal year ended Mar. 31, 2013: 5,789 (up 288.6%)

	Net income per share (basic)	Net income per share (diluted)	ROE	Ordinary profit on total assets	Operating income to sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2014	187.38	-	4.3	10.5	12.9
Fiscal year ended Mar. 31, 2013	315.85	-	8.3	9.4	11.4

Reference: Equity in earnings of unconsolidated subsidiaries (million yen) Fiscal year ended Mar. 31, 2014: -

Fiscal year ended Mar. 31, 2013: -

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2014	59,189	43,286	70.8	4,605.64
As of Mar. 31, 2013	52,348	38,157	70.8	4,068.54

Reference: Shareholders' equity (million yen) As of Mar. 31, 2014: 41,929 As of Mar. 31, 2013: 37,040

(3) Cash flows

	Net cash provided by (used in)			Cash and cash equivalents at the end of period
	operating activities	investing activities	financing activities	
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2014	5,603	(3,241)	(225)	16,511
Fiscal year ended Mar. 31, 2013	4,007	(4,920)	(783)	13,344

2. Dividends

	Dividend per share					Total dividends	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2013	-	0.00	-	55.00	55.00	500	17.4	1.4
Fiscal year ended Mar. 31, 2014	-	0.00	-	90.00	90.00	819	48.0	2.1
Fiscal year ending Mar. 31, 2015 (forecast)	-	0.00	-	90.00	90.00		19.4	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(Percentages represent year-over-year changes)

	Sales		Operating income		Ordinary profit		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	22,520	11.2	3,200	21.7	3,280	13.9	2,290	684.8	251.54
Full year	48,620	15.6	6,780	24.5	6,910	17.8	4,230	148.0	464.63

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

Newly added: -

Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: Please refer to “4. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 20 of the attachments for further information.

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of period (including treasury stock shares)

As of Mar. 31, 2014: 9,878,040 shares As of Mar. 31, 2013: 9,878,040 shares

2) Number of treasury stock shares at the end of period

As of Mar. 31, 2014: 774,080 shares As of Mar. 31, 2013: 773,901 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2014: 9,104,052 shares Fiscal year ended Mar. 31, 2013: 9,104,190 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(1) Results of operations

(Percentages represent year-over-year changes)

	Sales		Operating income		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2014	22,306	(1.1)	1,984	(20.2)	3,698	0.3	1,067	(58.5)
Fiscal year ended Mar. 31, 2013	22,547	(11.3)	2,485	(7.1)	3,687	3.3	2,569	12.7

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Fiscal year ended Mar. 31, 2014	117.25	-
Fiscal year ended Mar. 31, 2013	282.20	-

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2014	33,979	25,761	75.8	2,829.70
As of Mar. 31, 2013	33,165	25,094	75.7	2,756.38

Reference: Shareholders' equity (million yen) As of Mar. 31, 2014: 25,761 As of Mar. 31, 2013: 25,094

***Indication of audit procedure implementation status**

This summary report is not subject to the audit procedures based on the Financial Instruments and Exchange Act. It is under the audit procedure process at the time of disclosure of this report.

*** Cautionary statement with respect to forward-looking statements and other special items**

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company, but are not promises by the Company regarding future performance. Actual results are affected by various factors and may differ substantially. For discussion of the assumptions and notes of caution for usage, please refer to “1. Analysis of Business Performance and Financial Position, (1) Analysis of Business Performance” on page 2 of the attachments.

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1. Analysis of Business Performance and Financial Position

(1) Analysis of Business Performance

Results Overview

1. Overall results

The Japanese economy during the fiscal year under review saw signs of turnaround as the correction of the strong yen and the recovery of stock prices continued as a result of the effects of the fiscal and monetary policies by the government and the Bank of Japan. However, there was concern over the influence of the weakening of consumer confidence due to the price hike of imported raw materials due to the weakened yen and the increased in the consumption tax. Looking at the overseas economies, uncertainty over the future has continued to prevail due to a number of downside risks such as the slowdown of the emerging economies and the increased tensions in Ukraine of Europe although the U.S. economy was on a path to recovery supported by solid consumption.

In the electronic devices market, which is the Group's main market area, growth of PCs, liquid crystal display TVs and other digital home appliances was weak due to a prolonged sluggish demand. However, the growth of smartphones and tablet terminals continued to be strong enough to drive the market.

In this management environment, the Group has focused its management efforts on thorough cost reductions, development of high value-added products and aggressive proposal and sales activities so as to make its operations more profitable.

As a result, consolidated sales in the current fiscal year amounted to 42,049 million yen (up 10.9% year-over-year), operating income 5,443 million yen (up 26.3%) and ordinary profit 5,867 million yen (up 26.8%). However, net income decreased 40.7% year-over-year to 1,705 million yen as a consequence of recognizing income tax penalty of 1,338 million yen due to the reassessment with respect to transfer pricing taxation.

Performance by business segment is shown as below.

1) Surface finishing materials business

As for the mainstay plating chemicals for printed wiring boards (PWBs) and package PWBs, shipment for smartphones and tablet terminals remained solid, while sales were affected by the prolonged sluggish demand for PCs. Among others, the strong mobile handset and semiconductor production in China and Taiwan helped boost our sales of plating chemicals for PWBs and package PWBs for customers in China and Taiwan.

Sales of conventional electroless nickel plating chemicals increased thanks to an increase in automobile production.

While sales of plating chemicals for hard disks was affected by the weakness in PC demand, it showed higher demand for servers caused by cloud computing.

As a result, sales in the surface finishing materials business increased 10.8% year-over-year to 33,643 million yen, and operating income increased 27.6% to 5,073 million yen.

2) Surface finishing machinery business

Regarding the overseas business, while sales of machinery to semiconductor and auto parts manufacturers contributed to the segment performance during the first half of the period under review, the cost of sales ratio was adversely impacted by additional costs incurred for some contracts near the end of the current fiscal year. Looking at the domestic business, we have yet to see the full-scale recovery of the order receiving environment despite the positive development of capital expenditure by some customers, which is driven by the government's economic stimulus package.

As a result, sales in the surface finishing machinery business decreased 7.8% year-over-year to 4,279 million yen, and there was an operating loss of 176 million yen (an operating loss of 58 million yen in the previous fiscal year).

3) Plating job business

While the consolidated subsidiary in Thailand, which is our main manufacturing base, suspended its factory operations due to immersion in flood water for the first quarter of its previous fiscal year (for January to March 2012), it saw the recovery in orders for plating job operations for exterior components and PWBs for automobiles thanks to an increase in automobile production in Thailand. Consequently, it saw its sales and operating income to increase year over year.

As a result, sales in the plating job business increased 48.9% year-over-year to 3,723 million yen, and there was an operating income of 167 million yen (an operating loss of 7 million yen in the previous fiscal year).

4) Real estate rental business

Due to a decline in the occupancy rate and rents of the office buildings located mainly in Shin-Osaka area given the market situation in Osaka city that has become more competitive with a wave of large-scale office buildings completed for a short period of time, sales and operating income decreased year over year.

As a result, sales in the real estate rental business decreased 3.2% year-over-year to 700 million yen, and operating income decreased 4.0% to 380 million yen.

Please note that intersegment sales and transfers are included in the above results for segment.

Forecast for the next fiscal year

Regarding the domestic economic prospects for the next fiscal year, corporate capital investment will recover modestly for the purpose of replacement and rationalization of facilities and public investment will also show an increasing trend due to an additional economic stimulus measures expected to be taken. However, the export industry is still not expected to be strong enough to drive the economy given the situation where the potential export demand itself is shrinking due to manufacturing bases having been shifted abroad. Furthermore, we expect a substantial slowdown of the private consumption mostly during the first half, which will be caused by an increase in the consumption tax rate.

On the other hand, there is an uncertainty over the prospects of the global economy as we cannot dismiss the potential risk of the Chinese economy posed by the shadow banking and other problems despite the expectation of continued growth of the U.S. economy that is supported by strong consumption.

In the electronic devices market which is the Group's main market area, despite the continued sluggish demand for PCs, we can assume a solid increase in demand for smartphones and tablet terminals.

In response, Uyemura will aim for continued growth in the 21st century. We will optimize the collective strength of our group in order to get well-prepared to take immediate proactive measures in response to business globalization, and we will improve our competitive position by emphasizing innovation at the factory level.

We will proactively engage in marketing and technological development by strengthening development and sales capabilities for the plating chemicals which are used in the semiconductor and car electronics industries and also for those which meet environmental regulations, and at the same time by establishing the machinery business that can deliver new functions to the customers and win the competition for lower cost.

By taking these measures, we forecast sales of 48,620 million yen (an increase of 15.6% year-over-year), operating income of 6,780 million yen (an increase of 24.5%), ordinary profit of 6,910 million yen (an increase of 17.8%), and net income of 4,230 million yen (an increase of 148.0%) for the fiscal year ending March 31, 2015.

(2) Analysis of Financial Position

Analysis of assets, liabilities, net assets and cash flows

Consolidated financial position

	As of Mar. 31, 2013	As of Mar. 31, 2014	Differences
Total assets (thousands of yen)	52,348,261	59,189,978	6,841,717
Net assets (thousands of yen)	38,157,496	43,286,203	5,128,707
Equity ratio (%)	70.8	70.8	-
Net assets per share (yen)	4,068.54	4,605.64	537.10

(Thousands of yen)

	FY3/2013	FY3/2014	Differences
Net cash provided by operating activities	4,007,485	5,603,225	1,595,739
Net cash used in investing activities	(4,920,470)	(3,241,733)	1,678,737
Net cash used in financing activities	(783,316)	(225,910)	557,406
Effect of exchange rate changes on cash and cash equivalents	690,486	1,031,669	341,183
Increase (decrease) in cash and cash equivalents	(1,005,815)	3,167,251	4,173,066
Cash and cash equivalents at the end of period	13,344,622	16,511,873	3,167,251

1) Balance sheet position

Total assets increased 6,841 million yen from the end of the previous fiscal year to 59,189 million yen at the end of the current fiscal year. This was primarily attributable to a 4,264 million yen increase in cash and deposits with banks, an 892 million yen increase in buildings and structures, net, and a 657 million yen increase in construction in progress. On the other hand, we posted a 380 million yen decrease in notes and accounts receivable-trade, and a 334 million yen decrease in work in process.

Liabilities increased 1,713 million yen to 15,903 million yen. This was primarily attributable to a 527 million yen increase in deferred tax liabilities (non-current), and a 466 million yen increase in income taxes payable. On the other hand, we posted a 319 million yen decrease in notes and accounts payable-trade.

Net assets increased 5,128 million yen to 43,286 million yen. This was primarily attributable to a 3,622 million yen increase in foreign currency translation adjustments and a 1,205 million yen increase in retained earnings.

As a result, equity ratio was 70.8%, same as the end of the previous fiscal year.

2) Cash flows

Cash and cash equivalents at the end of the current fiscal year increased 3,167 million yen from the end of the previous fiscal year to 16,511 million yen.

A summary of cash flows is as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was 5,603 million yen (4,007 million yen in the previous fiscal year). Positive factors included net income before income taxes and minority interests of 5,873 million yen, and depreciation and amortization of 1,629 million yen, while negative factors included income taxes paid of 1,908 million yen, income taxes for prior periods paid of 1,338 million yen, and a 793 million yen decrease in notes and accounts payable.

(Cash flows from investing activities)

Net cash used in investing activities was 3,241 million yen (4,920 million yen in the previous fiscal year). Positive factors included 295 million yen in proceeds from withdrawal of time deposits, while negative factors included 2,533 million yen in payment for acquisition of fixed assets, and 540 million yen in payments into time deposits.

(Cash flows from financing activities)

Net cash used in financing activities was 225 million yen (783 million yen in the previous fiscal year). Positive factors included 578 million yen in proceeds from long-term loans payable, while negative factors included cash dividends paid of 500 million yen and 198 million yen in repayment for long-term loans payable.

The following table illustrates the movements of cash flow-related indicators

	FY3/2010	FY3/2011	FY3/2012	FY3/2013	FY3/2014
Shareholders' equity ratio (%)	69.2	70.0	69.7	70.8	70.8
Shareholders' equity ratio based on market prices (%)	83.3	80.9	64.0	60.9	78.4
Cash flows to debt ratio (years)	0.3	0.3	0.3	0.4	0.4
Interest coverage ratio (x)	84.2	135.4	109.4	110.0	177.1

Notes: Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market prices: Market capitalization / Total assets

Cash flows to debt ratio: Interest-bearing liabilities / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

1. These indicators are calculated on a consolidated basis.
2. Market capitalization: Closing price of stock on the balance sheet date x Number of shares outstanding (deduction treasury stock) on the balance sheet date.
3. Net cash provided by operating activities on the consolidated statements of cash flows is used as operating cash flow. Interest-bearing liabilities include all liabilities on the consolidated balance sheets that incur interest. Interests paid on the consolidated statements of cash flows are used as interest payments.

(3) Profit Allocation Policy and Dividends for the Current and Next Fiscal Years

As we recognize profit distribution to our shareholders as an important management issue, we will continue stable payment of dividends with the amount linked to operating results as our basic policy while striving to establish a solid management foundation and to increase return on equity.

In accordance with the policy above, we have set the medium to long-term dividend payout target of at least 25% on a consolidated basis after considering various financial ratios in a comprehensive manner.

We plan to pay a year-end dividend of 90 yen per share (consolidated dividend payout ratio of 48.0%) for the current fiscal year in line with initial plan.

Regarding the dividend policy, at this moment we plan to pay a regular dividend of 90 yen per share for the fiscal year ending March 31, 2015. However, the final decision will be made based on an overall consideration of financial position and operating results.

(4) Business Risks

We list below those risks that could impact our group's business development. Note that future risks are based on management's judgment as of the end of the fiscal year under review.

1) Technological innovation

Our group's products are constantly affected by technological innovation in demand industries. A reduction in the weight of surface finishing processes due to the development of new technologies, the adoption of new production methods, or the emergence of new competing products, could decrease demand for our group's products.

2) Securing a stable supply of rare raw materials

Some of our group's products use rare raw materials to maintain an advantage over competitors. Our group's competitiveness would be impacted if production of these rare raw materials were to be halted due to a change in strategy at raw materials makers, or legal restrictions, and we were unable to find suitable substitutes.

3) Restrictions on certain raw materials use

The raw materials used in our products, or plating film applications using our group's products, may be restricted by some companies or the government for environmental reasons. This would impact our product sales.

4) Surging materials prices

The prices of all kinds of materials, including raw materials, continue to rise due in large part to growth of the Chinese economy. We may not be able to increase prices to fully match sharp or long-term rises in the prices of mainstay raw materials used in our mainstay products, and this would impact the profitability of these products.

5) Foreign exchange rate fluctuation

Some of our group's transactions, and assets and liabilities, are denominated in foreign currencies. Foreign exchange rate volatility could adversely impact our group's earnings. We are trying to minimize foreign exchange risks by using forward foreign exchange contracts. However, it is not possible to completely eliminate foreign exchange risks.

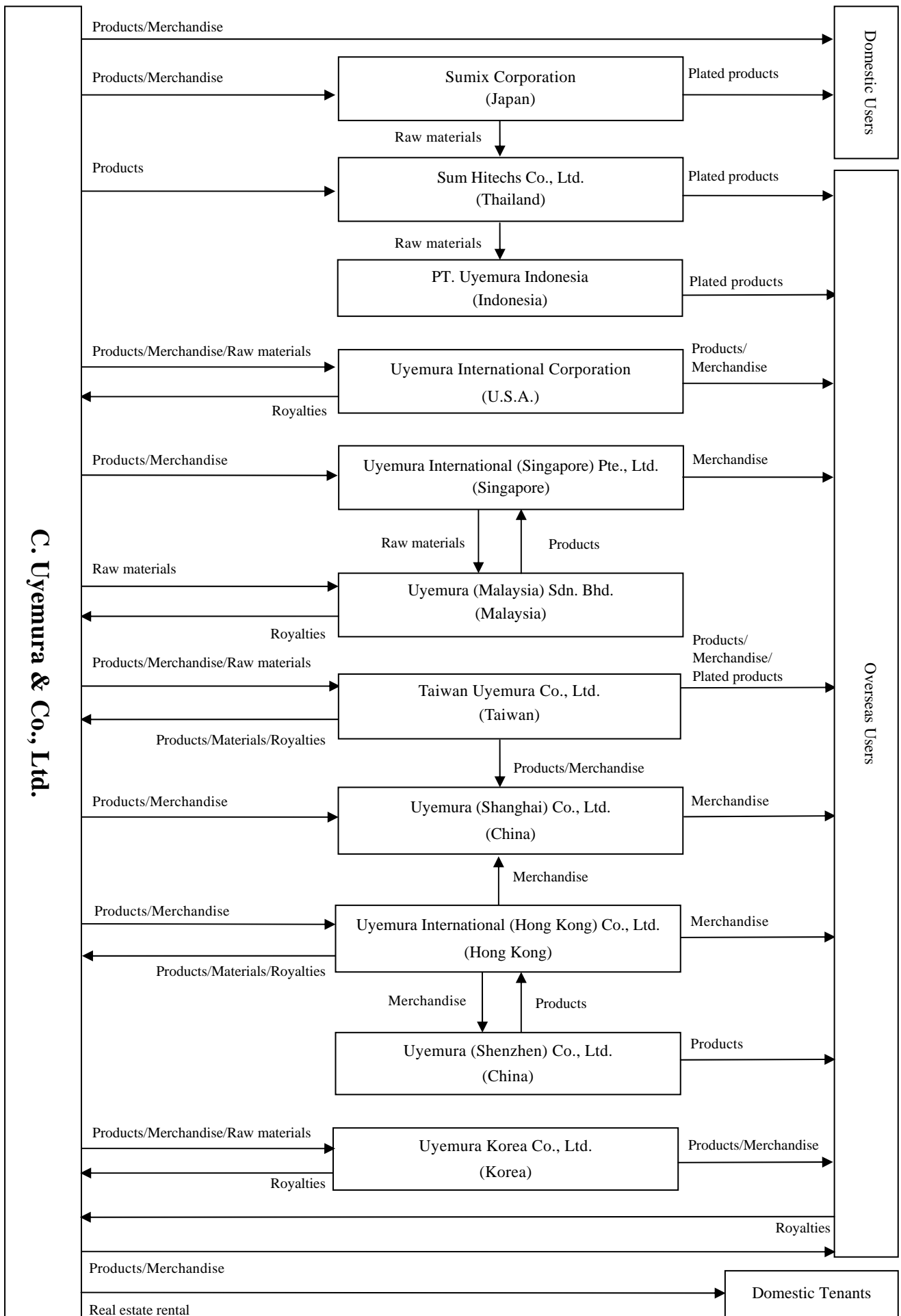
2. Corporate Group

Our group consists of C. Uyemura & Co., Ltd. and 11 subsidiaries which are engaged primarily in the surface finishing materials business (manufacture and marketing of plating chemicals; procurement and marketing of industrial chemicals and non-ferrous metals), the surface finishing machinery business (manufacture and marketing of surface finishing machinery as well as procurement and marketing of surface finishing machinery), the plating job business, and the real estate rental business.

The nature of each business, the positioning of our company and related companies in each particular business, and segmentation of business by category are as follows.

Category	Major products and merchandise	Major company
Surface finishing materials business	Plating chemicals for PWBs (printed wiring boards), plating chemicals for aluminum magnetic disks, industrial chemicals, non-ferrous metals, and others	C. Uyemura & Co., Ltd. Uyemura International Corporation Uyemura International (Singapore) Pte., Ltd. Taiwan Uyemura Co., Ltd. Uyemura (Malaysia) Sdn. Bhd. Uyemura International (Hong Kong) Co., Ltd. Uyemura (Shenzhen) Co., Ltd. Uyemura (Shanghai) Co., Ltd. Uyemura Korea Co., Ltd. PT. Uyemura Indonesia (Total 10 companies)
Surface finishing machinery business	Plating machinery for PWBs, plating machinery for aluminum magnetic disks, and others	C. Uyemura & Co., Ltd. Uyemura International Corporation Uyemura International (Singapore) Pte., Ltd. Taiwan Uyemura Co., Ltd. Uyemura International (Hong Kong) Co., Ltd. Uyemura (Shenzhen) Co., Ltd. Uyemura (Shanghai) Co., Ltd. (Total 7 companies)
Plating job business	Plastic plating services and PWB plating services	Sumix Corporation Sum Hitechs Co., Ltd. Taiwan Uyemura Co., Ltd. PT. Uyemura Indonesia (Total 4 companies)
Real estate rental business	Rental of office buildings and apartment houses	C. Uyemura & Co., Ltd. (Total 1 company)

The following chart depicts in visual form the business relationships outlined in the table above.



3. Management Policies

(1) Fundamental Management Policies

Our group aims to grow along with customers, and this is reflected in our slogan “Growing together with U,” which also emphasizes our intent to carry out a coordinated business strategy on a consolidated basis. To achieve this goal, we aim to leverage the comprehensive strength of our group by establishing a corporate structure that enables us to swiftly and efficiently meet our customers’ needs, and we provide total solutions both hardware and software through development of surface finishing technologies for the latest technology applications. Furthermore, through transparent management, it is an important policy of ours to contribute to society and return profits to shareholders.

(2) Management Benchmarks

Our group will strive to make further efforts to build a globally integrated structure of production, sales and development to create and deliver products that suit market needs, and to ultimately establish the Uyemura Group brand as an internationally recognized group of companies. Also as a leading company in the surface finishing industry we will further expand our business through improving earnings, strengthening efforts to address environmental problems and allocating management resources in a more efficient and concentrated manner.

(3) Mid-Term to Long-Term Business Strategies

We aim for continued growth in the 21st century as a leading company in the surface finishing industry. With emphasis on ‘Selection, concentration, and speed’, we plan to aggressively develop new products, and increase our presence in new markets, particularly in China. Furthermore, we will work on reconstruction of the Central Research Laboratory, our technology development core.

In our business divisions such as chemicals, machinery, controllers, plating job and overseas business development, we will focus on improvement of our collective strength.

On the other hand, we will continue to make efforts to improve operational efficiency and thoroughly reduce costs in each business segment.

We plan to unify the entire Uyemura group, including consolidated subsidiaries, under one vision for the direction of our company, and to solve the various obstacles that lie before us.

(4) Challenges

As technology demanded by the electronic devices market is advancing day by day, it is essential for us to develop new technologies continuously and provide our products in the timing that the market requires. We are resolute in keeping pace with the speed of technological innovation, taking on our business with a forward thinking attitude, while exploring a new growth strategy with a new perspective in mind. The growing importance of plating technology is widely recognized in the cutting-edge technology sectors, the electronics industry and the industry sectors to support the automotive industry. As a member of companies in these industries, we will provide customers in Japan and overseas with advanced total solutions both hardware and software for plating technologies, and develop our business globally.

Under these circumstances, we are now working on following challenges.

- 1) Ensure thorough safety and eco-friendliness
- 2) Ensure thorough compliance
- 3) Put a better research and development environment in place to accelerate its progress
- 4) Implement the initiatives over the next ten and twenty years
- 5) Establish a total solutions business model
- 6) Improve synergies among group companies and divisions
- 7) Explore and examine new overseas manufacturing and sales bases with an eye to the future
- 8) Ensure a quick response to changes in business environment

(5) Other Important Management Items

Not applicable.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Thousands of yen)	
	FY3/2013 (As of Mar. 31, 2013)	FY3/2014 (As of Mar. 31, 2014)
Assets		
Current assets		
Cash and deposits with banks	18,063,056	22,327,138
Notes and accounts receivable-trade	11,021,117	10,640,322
Marketable securities	25,190	35,215
Merchandise and finished goods	1,634,092	1,726,327
Work in process	1,078,516	744,462
Raw materials and supplies	1,016,575	1,214,591
Deferred tax assets	302,699	442,628
Other current assets	1,578,393	2,049,651
Allowance for doubtful accounts	(40,827)	(41,943)
Total current assets	34,678,815	39,138,392
Fixed assets		
Tangible fixed assets		
Buildings and structures	17,530,021	19,372,418
Accumulated depreciation	(8,125,455)	(9,075,537)
Buildings and structures, net	9,404,566	10,296,880
Machinery and vehicles	6,767,573	7,647,824
Accumulated depreciation	(4,819,765)	(5,737,184)
Machinery and vehicles, net	1,947,807	1,910,640
Land	3,346,650	3,538,183
Lease assets	289,616	298,502
Accumulated depreciation	(68,308)	(124,404)
Lease assets, net	221,308	174,098
Construction in progress	269,650	927,399
Other tangible fixed assets	3,133,211	3,454,768
Accumulated depreciation	(2,331,813)	(2,657,091)
Other tangible fixed assets, net	801,397	797,677
Total tangible fixed assets	15,991,381	17,644,879
Intangible assets	261,680	353,565
Investments and other assets		
Investment securities	936,468	1,105,867
Deferred tax assets	93,224	47,079
Other investments and other assets	414,488	927,989
Allowance for doubtful accounts	(27,796)	(27,796)
Total investments and other assets	1,416,384	2,053,140
Total fixed assets	17,669,446	20,051,585
Total assets	52,348,261	59,189,978

	(Thousands of yen)	
	FY3/2013	FY3/2014
	(As of Mar. 31, 2013)	(As of Mar. 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,011,217	4,691,806
Short-term loans payable	729,909	776,934
Current portion of long-term loans payable	186,600	291,819
Lease obligations	54,909	60,175
Income taxes payable	884,479	1,351,034
Accrued bonuses	138,474	144,966
Allowance for directors' bonuses	94,600	94,600
Deferred tax liabilities	4,205	-
Other current liabilities	2,857,780	3,268,556
Total current liabilities	9,962,176	10,679,894
Long-term liabilities		
Long-term loans payable	578,604	899,157
Long-term guarantee deposit	586,753	527,812
Lease obligations	166,963	160,357
Deferred tax liabilities	2,376,315	2,903,798
Allowance for employees' retirement benefits	306,414	-
Net defined benefit liability	-	497,357
Allowance for directors' retirement benefits	160,687	163,867
Other long-term liabilities	52,849	71,530
Total long-term liabilities	4,228,588	5,223,881
Total liabilities	14,190,765	15,903,775
Net assets		
Shareholders' equity		
Common stock	1,336,936	1,336,936
Capital surplus	1,644,653	1,644,653
Retained earnings	38,132,977	39,338,168
Treasury stock	(2,825,400)	(2,826,190)
Total shareholders' equity	38,289,167	39,493,568
Accumulated other comprehensive income		
Cumulative securities holding gain	259,033	363,908
Foreign currency translation adjustments	(1,507,629)	2,114,541
Remeasurements of defined benefit plans	-	(42,488)
Total accumulated other comprehensive income	(1,248,596)	2,435,961
Minority interests	1,116,925	1,356,673
Total net assets	38,157,496	43,286,203
Total liabilities and net assets	52,348,261	59,189,978

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Thousands of yen)

	FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)
Sales	37,905,890	42,049,829
Cost of goods sold	*1 26,178,969	*1 27,918,377
Gross profit	11,726,921	14,131,452
Selling, general and administrative expenses		
Packing and transportation	381,647	437,219
Provision of allowance for doubtful accounts	2,796	6,787
Salaries and wages	1,967,099	2,244,915
Bonuses	301,306	448,425
Provision of accrued bonuses	84,093	68,774
Provision of allowance for directors' bonuses	94,600	94,600
Retirement benefit expenses	169,972	180,002
Provision for directors' retirement benefits	13,350	13,880
Telecommunication and traveling expenses	325,055	379,085
Depreciation	324,563	354,490
Tax and public charges	79,989	110,515
R&D expenses	*2 1,652,984	*2 1,947,027
Others	2,018,506	2,401,976
Total selling, general and administrative expenses	7,415,964	8,687,699
Operating income	4,310,956	5,443,752
Non-operating income		
Interests received	100,669	124,007
Dividends received	14,768	22,446
Gains on valuable resources recovery	46,355	86,702
Exchange gains	139,795	141,156
Other non-operating income	93,391	114,974
Total non-operating income	394,981	489,287
Non-operating expenses		
Interest expense	34,697	31,240
Sales discounts	6,768	6,263
Commission fee	14,520	14,742
Other non-operating expenses	22,263	13,667
Total non-operating expenses	78,249	65,913
Ordinary profit	4,627,689	5,867,127

	(Thousands of yen)	
	FY3/2013	FY3/2014
	(Apr. 1, 2012 – Mar. 31, 2013)	(Apr. 1, 2013 – Mar. 31, 2014)
Extraordinary income		
Gains on sales of fixed assets	*3 35,723	*3 15,177
Gains on sales of investment securities	16,903	-
Insurance income	*5 1,038,933	*5 34,932
Total extraordinary income	<u>1,091,560</u>	<u>50,110</u>
Extraordinary loss		
Loss on disposal and sales of fixed assets	*4 162,904	*4 9,792
Loss on disaster	*6 391,773	*6 29,609
Loss on dissolution of employees' pension fund	27,629	-
Other extraordinary losses	-	4,144
Total extraordinary losses	<u>582,307</u>	<u>43,547</u>
Net income before income taxes and minority interests	<u>5,136,941</u>	<u>5,873,690</u>
Income taxes-current	1,676,701	2,285,307
Income taxes for prior periods	-	1,338,522
Income taxes-deferred	384,671	405,202
Total income taxes	<u>2,061,372</u>	<u>4,029,031</u>
Income before minority interests	<u>3,075,569</u>	<u>1,844,659</u>
Minority interests in income	<u>200,021</u>	<u>138,740</u>
Net income	<u>2,875,547</u>	<u>1,705,918</u>
Minority interests in income	<u>200,021</u>	<u>138,740</u>
Income before minority interests	<u>3,075,569</u>	<u>1,844,659</u>
Other comprehensive income		
Cumulative securities holding gain	40,455	104,875
Foreign currency translation adjustments	2,673,892	3,806,789
Remeasurements of defined benefit plans, net of tax	-	(42,488)
Total other comprehensive income	*7 <u>2,714,347</u>	*7 <u>3,869,175</u>
Comprehensive income	<u>5,789,917</u>	<u>5,713,834</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,415,868	5,390,476
Comprehensive income attributable to minority interests	374,049	323,358

(3) Consolidated Statements of Change in Shareholders' Equity

FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	1,336,936	1,644,653	35,758,167	(2,824,876)	35,914,881
Changes of items during period					
Dividends of surplus			(500,737)		(500,737)
Net income			2,875,547		2,875,547
Purchase of treasury stock				(524)	(524)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,374,810	(524)	2,374,285
Balance at end of current period	1,336,936	1,644,653	38,132,977	(2,825,400)	38,289,167

	Accumulated other comprehensive income			Minority interests	Total net assets
	Cumulative securities holding gain	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance at beginning of current period	218,577	(4,007,494)	(3,788,916)	1,537,410	33,663,374
Changes of items during period					
Dividends of surplus					(500,737)
Net income					2,875,547
Purchase of treasury stock					(524)
Net changes of items other than shareholders' equity	40,455	2,499,864	2,540,320	(420,484)	2,119,835
Total changes of items during period	40,455	2,499,864	2,540,320	(420,484)	4,494,121
Balance at end of current period	259,033	(1,507,629)	(1,248,596)	1,116,925	38,157,496

FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	1,336,936	1,644,653	38,132,977	(2,825,400)	38,289,167
Changes of items during period					
Dividends of surplus			(500,727)		(500,727)
Net income			1,705,918		1,705,918
Purchase of treasury stock				(789)	(789)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,205,190	(789)	1,204,401
Balance at end of current period	1,336,936	1,644,653	39,338,168	(2,826,190)	39,493,568

	Accumulated other comprehensive income				Minority interests	Total net assets
	Cumulative securities holding gain	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	259,033	(1,507,629)	-	(1,248,596)	1,116,925	38,157,496
Changes of items during period						
Dividends of surplus				-		(500,727)
Net income				-		1,705,918
Purchase of treasury stock				-		(789)
Net changes of items other than shareholders' equity	104,875	3,622,171	(42,488)	3,684,557	239,747	3,924,305
Total changes of items during period	104,875	3,622,171	(42,488)	3,684,557	239,747	5,128,707
Balance at end of current period	363,908	2,114,541	(42,488)	2,435,961	1,356,673	43,286,203

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)
Cash flows from operating activities		
Net income before income taxes and minority interests	5,136,941	5,873,690
Depreciation and amortization	1,258,858	1,629,684
Increase (decrease) in allowance for doubtful accounts	2,796	6,787
Increase (decrease) in allowance for directors' bonuses	8,600	-
Increase (decrease) in allowance for employees' retirement benefits	37,300	-
Increase (decrease) in net defined benefit liability	-	87,571
Increase (decrease) in allowance for directors' retirement benefits	13,350	3,180
Interests and dividends income	(115,438)	(146,454)
Interest expense	34,697	31,240
Losses (gains) on sales of investment securities	(16,903)	-
Losses (gains) on disposal and sales of fixed assets	127,180	(5,385)
Insurance income	(1,038,933)	(34,932)
Loss on disaster	391,773	29,609
Loss on dissolution of employees' pension fund	27,629	-
Decrease (increase) in notes and accounts receivable	(546,986)	1,524,205
Decrease (increase) in inventories	9,201	673,732
Increase (decrease) in notes and accounts payable	(96,378)	(793,012)
Others	4,584	(146,883)
Subtotal	5,238,275	8,733,034
Interests and dividends received	116,614	143,424
Interests paid	(36,431)	(31,635)
Proceeds from insurance income	1,038,933	34,932
Payments for loss on disaster	(611,218)	(29,609)
Payments for loss on dissolution of employees' pension fund	(27,629)	-
Income taxes paid	(1,711,056)	(1,908,492)
Income taxes for prior periods paid	-	(1,338,428)
Net cash provided by operating activities	4,007,485	5,603,225
Cash flows from investing activities		
Payments into time deposits	(1,507,964)	(540,482)
Proceeds from withdrawal of time deposits	362,313	295,118
Payments into long-term deposits with banks	-	(500,000)
Proceeds from withdrawal of long-term deposits with banks	600,000	-
Payment for acquisition of fixed assets	(3,620,557)	(2,533,953)
Proceeds from sales of fixed assets	101,921	43,095
Payment for acquisition of investment securities	(160,609)	(7,454)
Proceeds from sales of investment securities	71,947	-
Payment for purchase of investments in subsidiaries	(743,400)	-
Others	(24,122)	1,943
Net cash used in investing activities	(4,920,470)	(3,241,733)

	(Thousands of yen)	
	FY3/2013	FY3/2014
	(Apr. 1, 2012 – Mar. 31, 2013)	(Apr. 1, 2013 – Mar. 31, 2014)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(23,525)	37,581
Proceeds from long-term loans payable	300,000	578,977
Repayment for long-term loans payable	(344,670)	(198,360)
Repayments for lease obligations	(40,445)	(56,204)
Payment for acquisition of treasury stock	(524)	(789)
Payment for acquisition of treasury stock of subsidiaries	(123,843)	(27,952)
Proceeds from payments by minority shareholders	941	-
Cash dividends paid	(500,737)	(500,727)
Payment for dividends to minority shareholders	(50,511)	(58,436)
Net cash used in financing activities	(783,316)	(225,910)
Effect of exchange rate changes on cash and cash equivalents	690,486	1,031,669
Increase (decrease) in cash and cash equivalents	(1,005,815)	3,167,251
Cash and cash equivalents at beginning of period	14,350,437	13,344,622
Cash and cash equivalents at end of period	13,344,622	16,511,873

(5) Notes to Consolidated Financial Statements

Basis for Presentation of the Consolidated Financial Statements

1. Scope of consolidation

The number of consolidated subsidiaries: 11

Names of consolidated subsidiaries

Sumix Corporation
Taiwan Uyemura Co., Ltd.
Uyemura International Corporation
Uyemura (Shanghai) Co., Ltd.
Sum Hitech Co., Ltd.
Uyemura (Malaysia) Sdn. Bhd.
Uyemura International (Singapore) Pte., Ltd.
Uyemura International (Hong Kong) Co., Ltd.
Uyemura (Shenzhen) Co., Ltd.
Uyemura Korea Co., Ltd.
PT. Uyemura Indonesia

2. Application of equity method

The Company has no subsidiaries and affiliates accounted for by the equity method.

3. Closing date of consolidated subsidiaries

At the consolidated subsidiaries, overseas subsidiaries' fiscal year end on December 31. Therefore, the financial statements of the overseas subsidiaries as of their closing date are used herein with necessary adjustments applied for consolidation purposes regarding the important transactions that have occurred between the said closing date, December 31 and the consolidation closing date, March 31.

4. Accounting standards

(1) Valuation standards and method for major assets

1. Marketable securities

1) Trading securities

Valued at the market price, cost of sales being determined by the moving average method.

2) Other securities

Securities with market quotations

Valued at the market price, using a market value at the end of the fiscal year, differences in valuation to be included in net assets, and cost of securities sold being determined by the moving average method.

Securities without market quotations

Valued at cost being determined by the moving average method.

2. Inventories

1) Merchandise

Primarily valued at cost being determined by the periodic average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

2) Finished goods and work in process

Plating chemicals

Primarily valued at cost being determined by the periodic average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

Surface finishing machinery

Primarily valued at cost being determined by the identification method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

3) Raw materials and supplies

Primarily valued at cost being determined by the periodic average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

(2) Depreciation method for major depreciable assets

1) Tangible fixed assets (excluding lease assets)

The declining balance method is used in the Company and its domestic consolidated subsidiary, while the straight-line method is primarily used in overseas consolidated subsidiaries.

Useful life of principle assets is as follows.

Buildings and structures: 15-50 years

Machinery and vehicles: 2-15 years

2) Lease assets

Lease assets associated with finance lease transactions where there is no transfer of ownership

The straight-line method with no residual value is applied with the lease period used as the useful life of the asset.

For finance lease transaction where there is no transfer of ownership that started on or before March 31, 2008, the Company uses an accounting method that is based on the method used for ordinary lease transactions.

(3) Recognition of major reserves

1) Allowance for doubtful accounts

To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are accounted for based on historical write-off ratio for general receivables, and based on case-by-case determination of collectibility for bad receivables and claims in bankruptcy.

2) Accrued bonuses

In the Company and its domestic consolidated subsidiary, to prepare for the payment of bonus to employees, an allowance is accounted for a portion accrued for the current fiscal year of the estimated amount of future payment.

3) Allowance for directors' bonuses

In the Company and its domestic consolidated subsidiary, to prepare for the payment of bonus to directors, an allowance is accounted for the estimated bonus obligations in the current fiscal year.

4) Allowance for directors' retirement benefits

In the Company and its domestic consolidated subsidiary, to prepare for the payment of retirement benefits to directors, an allowance is accounted for in the aggregate amount payable at the end of the fiscal year pursuant to the company's rules on directors' retirement benefits.

(4) Accounting method for retirement benefit obligations

i. Method of attributing estimated retirement benefit obligations to periods

In calculation of retirement benefit obligations, the Company uses the straight-line method for attributing estimated retirement benefit obligations to periods.

ii. Amortization of actuarial differences

The actuarial differences are mainly amortized and charged to expense in the year following the fiscal year in which such actuarial differences are recognized by the straight-line method over a certain period (12 years) which is within the average length of remaining work period of employees.

(5) Translation of the important assets or liabilities in foreign currency into Japanese currency

The monetary assets and liabilities in foreign currency are translated into Japanese currency based on the spot exchange rate as of the closing date of the current fiscal year, with the conversion difference to be accounted for as profit or loss. The assets and liabilities of overseas subsidiaries are translated into Japanese currency based on the spot exchange rate as of their closing date respectively, and revenue and expenses into Japanese currency based on the average conversion rate throughout the entire period, with the conversion difference to be accounted for so as to be included in foreign currency translation adjustments and minority interests in the net assets section.

(6) Amortization method and amortization period of goodwill

Goodwill is amortized by the straight-line method over a period of five years. Negative goodwill recorded on or before March 31, 2010 is amortized by the straight-line method over a period of five years.

(7) Definition of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows is composed of 1) cash on hand, 2) bank deposit payable on demand, and 3) short-term investments readily redeemable within six months from the acquisition that has little risk on changes in valuation.

(8) Other important principles for presentation of consolidated financial statements

Consumption taxes

All amounts stated are exclusive of consumption taxes.

Changes in Accounting Policies

Application of the accounting standard for retirement benefits

Following the application of the “Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012; excluding the provisions set forth in Clause 35)” and “Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012; excluding the provisions set forth in Clause 67),” the Company has changed its accounting treatment to record the retirement benefit obligations as a net defined benefit liability after deducting plan assets, and recorded the unrecognized actuarial differences as a net defined benefit liability from the current fiscal year.

For the application of this accounting standard, in accordance with the transitional accounting treatments set forth in Clause 37 of the Accounting Standard for Retirement Benefits, the monetary effect of this change has been included in the remeasurements of defined benefit plans of accumulated other comprehensive income at the end of the current fiscal year.

The result was a net defined benefit liability of 66,017 thousand yen, and a decrease of 42,488 thousand yen in accumulated other comprehensive income at the end of the current fiscal year.

Notes to Consolidated Balance Sheets***1. Assets pledged as collateral and liabilities with collateral**

Assets pledged as collateral	(Thousands of yen)	
	FY3/2013 (As of Mar. 31, 2013)	FY3/2014 (As of Mar. 31, 2014)
Buildings and structures	1,864,434	1,768,541
Land	47,200	47,200
Total	1,911,634	1,815,741

Liabilities with collateral	(Thousands of yen)	
	FY3/2013 (As of Mar. 31, 2013)	FY3/2014 (As of Mar. 31, 2014)
Short-term loans payable	400,000	400,000

***2. Accumulated depreciation**

Amounts of accumulated depreciation include accumulated impairment losses.

Notes to Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

*1. The ending inventory is the amount written down to reflect the effect of lower profit margins. The following loss on valuation of inventories is included in cost of sales.

	(Thousands of yen)	
	FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)
	64,945	274,390

***2. R&D expenses included in selling, general and administrative expenses**

	(Thousands of yen)	
	FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)
	1,652,984	1,947,027

***3. Gains on sales of fixed assets**

	(Thousands of yen)	
	FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)
Buildings and structures	2,340	-
Machinery and vehicles	4,289	14,329
Land	29,030	-
Others	62	848
Total	35,723	15,177

***4. Losses on disposal and sales of fixed assets**

	(Thousands of yen)	
	FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)
Buildings and structures	97,942	320
Machinery and vehicles	11,377	6,431
Retirement cost	26,862	260
Others	26,721	2,780
Total	162,904	9,792

*5. Insurance income

FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)

It is the amount we received as insurance proceeds to cover the loss from the Thai floods that occurred in October 2011 and includes the proceeds from the pecuniary loss insurance during the period of operation suspension.

FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)

It is the amount we received as insurance proceeds to cover the loss from the gas explosion occurred at the Hirakata factory in March 2013.

*6. Loss on disaster

FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)

It is the amount of extraordinary repair expenses of the items of fixed assets that were damaged by the Thai floods that occurred in October 2011.

FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)

It is the amount including extraordinary repair expenses of the items of fixed assets that were damaged by the gas explosion occurred at the Hirakata factory in March 2013.

*7. Re-classification adjustments and tax effect with respect to other comprehensive income

	(Thousands of yen)	
	FY3/2013	FY3/2014
	(Apr. 1, 2012 – Mar. 31, 2013)	(Apr. 1, 2013 – Mar. 31, 2014)
Cumulative securities holding gain		
Amount incurred during the year	79,829	163,039
Re-classification adjustments	(16,903)	-
Before tax effect adjustments	62,925	163,039
Tax effect	(22,470)	(58,163)
Cumulative securities holding gain	40,455	104,875
Foreign currency translation adjustments		
Amount incurred during the year	2,673,892	3,806,789
Remeasurements of defined benefit plans, net of tax		
Amount incurred during the year	-	(66,017)
Re-classification adjustments	-	-
Before tax effect adjustments	-	(66,017)
Tax effect	-	23,258
Remeasurements of defined benefit plans, net of tax	-	(42,488)
Total other comprehensive income	2,714,347	3,869,175

Notes to Consolidated Statements of Changes in Shareholders' Equity

FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)

1. Types and total number of outstanding shares and treasury stock

	Number of shares as of Apr. 1, 2012 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares as of Mar. 31, 2013 (Shares)
Outstanding shares				
Common shares	9,878,040	-	-	9,878,040
Total	9,878,040	-	-	9,878,040
Treasury stock				
Common shares	773,720	181	-	773,901
Total	773,720	181	-	773,901

Note: The number of common shares of treasury stock was increased due to the purchase of odd-lot share (181 shares).

2. Dividends

(1) Dividend payment

Resolution	Type of share	Total amount of dividend (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
Annual general meeting of shareholders on Jun. 28, 2012	Common shares	500,737	55	Mar. 31, 2012	Jun. 29, 2012

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend (Thousands of yen)	Source of dividend	Dividend per share (Yen)	Record date	Effective date
Annual general meeting of shareholders on Jun. 27, 2013	Common shares	500,727	Retained earnings	55	Mar. 31, 2013	Jun. 28, 2013

FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)

1. Types and total number of outstanding shares and treasury stock

	Number of shares as of Apr. 1, 2013 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares as of Mar. 31, 2014 (Shares)
Outstanding shares				
Common shares	9,878,040	-	-	9,878,040
Total	9,878,040	-	-	9,878,040
Treasury stock				
Common shares	773,901	179	-	774,080
Total	773,901	179	-	774,080

Note: The number of common shares of treasury stock was increased due to the purchase of odd-lot share (179 shares).

2. Dividends

(1) Dividend payment

Resolution	Type of share	Total amount of dividend (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
Annual general meeting of shareholders on Jun. 27, 2013	Common shares	500,727	55	Mar. 31, 2013	Jun. 28, 2013

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend (Thousands of yen)	Source of dividend	Dividend per share (Yen)	Record date	Effective date
Annual general meeting of shareholders on Jun. 27, 2014	Common shares	819,356	Retained earnings	90	Mar. 31, 2014	Jun. 30, 2014

Notes to Consolidated Statements of Cash Flows

*1. Reconciliation of the balance of cash and cash equivalents at the end of the fiscal year and the amount of each period stated in the consolidated balance sheets

(Thousands of yen)

	FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)
Cash and deposits with banks	18,063,056	22,327,138
Time deposits maturing with deposit period of more than 6 months	(4,718,434)	(5,815,264)
Cash and cash equivalents	13,344,622	16,511,873

Lease Transactions

1. Finance lease transaction

Finance leases where there is no transfer of ownership

1) Breakdown of lease assets

Machinery and vehicles

Other tangible fixed assets

2) The depreciation method of lease assets

As described in the section "Basis for Presentation of the Consolidated Financial Statements, 4. Accounting standards, (2)

Depreciation method for major depreciable assets."

For finance lease transaction where there is no transfer of ownership that started on or before March 31, 2008, the Company uses an accounting method that is based on the method used for ordinary lease transactions. Details are as follows.

(1) Acquisition costs, accumulated depreciation, impairment loss, and the balance at the end of the fiscal year

(Thousands of yen)

	FY3/2013 (As of Mar. 31, 2013)		
	Acquisition costs	Accumulated depreciation	Year-end balance
Machinery and vehicles	4,757	3,700	1,057
Others	293	275	17
Total	5,051	3,976	1,075

(Thousands of yen)

	FY3/2014 (As of Mar. 31, 2014)		
	Acquisition costs	Accumulated depreciation	Year-end balance
Machinery and vehicles	-	-	-
Others	-	-	-
Total	-	-	-

(2) Future lease payments as of the end of the fiscal year

(Thousands of yen)

	FY3/2013 (As of Mar. 31, 2013)	FY3/2014 (As of Mar. 31, 2014)
Future lease payments as of the end of the fiscal year		
Due within one year	1,075	-
Due after one year	-	-
Total	1,075	-

(3) Lease payments, reversal from lease asset impairment, depreciation, interest equivalents and impairment loss

(Thousands of yen)

	FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)
Lease payments	15,766	1,213
Depreciation equivalents	14,910	1,213
Interest equivalents	140	-

(4) Method of calculating depreciation equivalents

Depreciation is based on the straight-line method, assuming the lease period to be the useful life and no residual value.

(5) Method of calculating interest equivalents

Interest represents the difference between the total lease payments and the acquisition cost equivalents, and is allocated for each fiscal year using the simple-interest method.

(Impairment loss)

There is no impairment loss on lease asset-impairment account.

2. Operating lease transactions

Future lease payments of non-cancelable outstanding commitments

(Thousands of yen)

	FY3/2013 (As of Mar. 31, 2013)	FY3/2014 (As of Mar. 31, 2014)
Due within one year	12,525	18,890
Due after one year	-	6,808
Total	12,525	25,698

Financial Instruments

1. Conditions of financial instruments

(1) Management policy for financial instruments

It is the Group's policy that investments of funds are limited to bank deposits and other equivalents, and financing is obtained through bank borrowings. Derivatives are used only for the purpose of avoiding risks of certain assets and liabilities exposed to market fluctuations, and speculative transactions are not carried out.

(2) Details of financial instruments and their risks

Notes and accounts receivable-trade ("operating receivables") are exposed to the credit risk of clients, while foreign currency denominated operating receivables at foreign operations are exposed also to the foreign exchange risk.

Marketable securities and investment securities are primarily stock shares of companies with which the Group has a business relationship, and are exposed to the risk of fluctuating market prices. Most long-term loans are extended mainly to employees of the Company.

Notes and accounts payable-trade ("operating debt") are due for payment within one year. Some of this operating debt are denominated in foreign currencies associated with importing raw materials, etc., and exposed to the risk of fluctuations in exchange rates. However, outstanding balance always remains not more than that of accounts receivable-trade denominated in the same foreign currencies.

Short-term loans payable are undertaken primarily to finance working capital, and long-term loans payable primarily to finance capital investment.

Derivatives transactions consist of forward exchange contracts to avoid the risk of future exchange rate fluctuations related to foreign denominated operating receivables and payable that arise during the course of regular operations. They are subject to market risks of fluctuations in exchange rates and interest rates, and also credit risks of non-performance by a counterparty of a transaction.

(3) Risk management system

1) Management of credit risk (risk of default by customers)

Operating receivables are regularly monitored by the Sales Department and Accounting Department in accordance with Credit Control Rules and Sales Control Rules. Specifically, the both departments control the customer-specific payment dates and credit balance, through which the departments can detect and reduce the concern over collectability caused by deterioration of certain customers' financial position at the earliest possible time. Consolidated subsidiaries also manage risks in a similar way and in reference to the Company's Receivables Control Rules and Sales Control Rules.

Regarding the derivatives transactions, we consider that there is no significant credit risk arising from the transactions because we have a policy to deal with highly-rated banks only.

2) Management of market risk (risks associated with fluctuations in foreign exchange and interest rates)

The Company tracks exchange gains and losses on foreign currency denominated operating receivables and payables on a monthly basis, and estimate possible gains and losses based on various foreign exchange scenarios. And thereby preparing for changes in the markets, we manage market risks of foreign exchange fluctuations. Furthermore, an update on market risks is reported, as necessary, to the Board of Directors in order to minimize impacts of fluctuations in exchange rates, interest rates and commodity prices on the performance of the entire group or a specific segment.

Regarding market risks inherent in marketable securities and investment securities, we regularly monitor the securities for the

market prices, and issuers, which are our customers, for their financial position.

Derivatives transactions are controlled by the Accounting Department of the Company based on regular reporting from the departments that involve in relevant transactions.

3) Management of liquidity risk associated with financing activities (risk of failing to meet payment obligation on the maturity date)

The Company effectively manages liquidity risk by having the Accounting Department prepare and update cash flow projections on a timely manner based on reports from other operating divisions of the Company and consolidated subsidiaries as well as by maintaining a certain level of liquidity on hand.

(4) Supplemental explanation concerning fair value of financial instruments

Fair value of the financial instrument is measured at a quoted market price, if available, or reasonably assessed value if a quoted market price is not available. As the calculation of the reasonably assessed value incorporates varying factors, the amount may vary if different assumptions are used.

2. Fair value of financial instruments

The carrying value, fair value, and their differences are shown as follows. However, financial instruments, whose fair value is deemed to be extremely difficult to measure, are not included. (Please refer to Note 2 below.)

FY3/2013 (As of Mar. 31, 2013)

(Thousands of yen)

	Carrying value	Fair value	Unrealized gain (loss)
(1) Cash and deposits with banks	18,063,056	18,063,056	-
(2) Notes and accounts receivable-trade	11,021,117	11,021,117	-
(3) Marketable securities and investment securities	950,160	950,160	-
Assets total	30,034,335	30,034,335	-
(1) Notes and accounts payable-trade	5,011,217	5,011,217	-
(2) Short-term loans payable	729,909	729,909	-
(3) Income taxes payable	884,479	884,479	-
(4) Long-term loans payable*	765,204	767,820	2,616
(5) Long-term guarantee deposit	586,753	414,150	(172,603)
Liabilities total	7,977,564	7,807,577	(169,987)

*“(4) Long-term loans payable” include current portions of long-term loans payable.

FY3/2014 (As of Mar. 31, 2014)

(Thousands of yen)

	Carrying value	Fair value	Unrealized gain (loss)
(1) Cash and deposits with banks	22,327,138	22,327,138	-
(2) Notes and accounts receivable-trade	10,640,322	10,640,322	-
(3) Marketable securities and investment securities	1,130,549	1,130,549	-
Assets total	34,098,009	34,098,009	-
(1) Notes and accounts payable-trade	4,691,806	4,691,806	-
(2) Short-term loans payable	776,934	776,934	-
(3) Income taxes payable	1,351,034	1,351,034	-
(4) Long-term loans payable*	1,190,977	1,223,615	32,638
(5) Long-term guarantee deposit	527,812	355,579	(172,233)
Liabilities total	8,538,566	8,398,971	(139,594)

*“(4) Long-term loans payable” include current portions of long-term loans payable.

Note 1: Matters concerning determination of fair value of financial instruments and marketable securities

Assets

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

Fair value of the financial instruments in these categories is deemed to be equal to their carrying amount because they are settled within a short period of time.

(3) Marketable securities and investment securities

For fair value of the financial instruments in these categories, stocks are valued based on their prices on securities exchanges.

Liabilities

(1) Notes and accounts payable-trade, (2) Short-term loans payable, (3) Income taxes payable

Fair value of the financial instruments in this category is deemed to be equal to their carrying amount because they are settled within a short period of time.

(4) Long-term loans payable, (5) Long-term guarantee deposit

Fair value of the financial instruments in these categories is determined by calculating present value obtained by discounting the combined value of principal and interest by the interest rate assumed were the Company to borrow new money.

Note 2: Financial instruments whose fair value is deemed to be extremely difficult to measure.

(Thousands of yen)

Item	FY3/2013 (As of Mar. 31, 2013)	FY3/2014 (As of Mar. 31, 2014)
Unlisted stock	11,497	10,533

These instruments are not included in “(3) Marketable securities and investment securities” because there is no market price and the fair value is deemed to be extremely difficult to determine.

3. The amount of money claims and marketable securities with maturity scheduled to be redeemed in the subsequent years

FY3/2013 (As of Mar. 31, 2013)

(Thousands of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits with banks	18,063,056	-	-	-
Notes and accounts receivable-trade	11,021,117	-	-	-
Total	29,084,174	-	-	-

Note: There were no securities with maturity under the line item of marketable securities and investment securities.

FY3/2014 (As of Mar. 31, 2014)

(Thousands of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits with banks	22,327,138	-	-	-
Notes and accounts receivable-trade	10,640,322	-	-	-
Total	32,967,460	-	-	-

Note: There were no securities with maturity under the line item of marketable securities and investment securities.

4. The amounts of long-term loans payable and lease obligations scheduled to be redeemed in the subsequent years

FY3/2013 (As of Mar. 31, 2013)

(Thousands of yen)

	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term loans payable	729,909	-	-	-	-	-
Long-term loans payable	186,600	186,600	186,600	169,400	36,004	-
Lease obligations	54,909	53,325	80,379	19,094	12,442	1,721
Total	971,419	239,925	266,979	188,494	48,447	1,721

FY3/2014 (As of Mar. 31, 2014)

(Thousands of yen)

	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term loans payable	776,934	-	-	-	-	-
Long-term loans payable	291,819	318,590	301,390	149,840	105,390	23,947
Lease obligations	60,175	91,552	30,267	22,708	11,254	4,572
Total	1,128,929	410,142	331,657	172,548	116,644	28,520

Securities

1. Securities for trade purposes

(Thousands of yen)

	FY3/2013 (As of Mar. 31, 2013)	FY3/2014 (As of Mar. 31, 2014)
Unrealized gain (loss) included in profit/loss	1,828	4,221

2. Other securities

FY3/2013 (As of Mar. 31, 2013)

(Thousands of yen)

	Type	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities with carrying value exceeds acquisition costs	(1) Shares	801,065	395,507	405,558
	(2) Bonds			
	1) Government bonds, municipal bonds, etc.	-	-	-
	2) Corporate bonds	-	-	-
	3) Others	-	-	-
	(3) Others	71,148	63,315	7,833
	Subtotal	872,213	458,822	413,391
Securities with carrying value not exceeding acquisition costs	(1) Shares	52,757	63,555	(10,797)
	(2) Bonds			
	1) Government bonds, municipal bonds, etc.	-	-	-
	2) Corporate bonds	-	-	-
	3) Others	-	-	-
	(3) Others	-	-	-
	Subtotal	52,757	63,555	(10,797)
Total		924,970	522,377	402,593

FY3/2014 (As of Mar. 31, 2014)		(Thousands of yen)		
	Type	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities with carrying value exceeds acquisition costs	(1) Shares	968,234	417,575	550,658
	(2) Bonds			
	1) Government bonds, municipal bonds, etc.	-	-	-
	2) Corporate bonds	-	-	-
	3) Others	-	-	-
	(3) Others	85,480	63,185	22,295
	Subtotal	1,053,714	480,760	572,953
Securities with carrying value not exceeding acquisition costs	(1) Shares	41,620	48,941	(7,321)
	(2) Bonds			
	1) Government bonds, municipal bonds, etc.	-	-	-
	2) Corporate bonds	-	-	-
	3) Others	-	-	-
	(3) Others	-	-	-
	Subtotal	41,620	48,941	(7,321)
Total		1,095,334	529,702	565,632

Note: Acquisition costs in the table represent book values after impairment.

Unlisted stocks (carrying value of 10,533 thousand yen) are not included in the above table reporting the status of other securities because there is no market price and the fair value is deemed to be extremely difficult to determine.

3. Securities written down due to impairment

Securities were written down at 964 thousand yen in the current fiscal year.

In the case of securities with market quotations as of the end of the fiscal year is 50% or more lower than their acquisition costs, the whole difference is impaired, and in the case of securities with market quotations as of the end of the fiscal year is 30 - 50% lower than their acquisition costs, the amount regarded as necessary is impaired, considering the possibility of recovery.

Retirement Benefit

FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)

1. Retirement benefit plans

The Company has a defined benefit pension plan and a defined contribution pension plan, and other than those plans, Welfare Pension Fund is adopted, too. One of the domestic consolidated subsidiaries has a funded pension plan entrusted to an outside third party. Retirement lump sum plan is also applicable to certain employees. Also, some overseas consolidated subsidiaries have adopted a pension plan that complies with their country's social retirement benefit plan.

Following is the information regarding the multi-employer pension plan under which the amount to be contributed to plan assets is accounted for as retirement benefit expenses. The most recent date as of which funding status of the plan as a whole is available is March 31, 2012.

(1) Information regarding funding status of the plan as a whole (Millions of yen)

Amount of plan assets	231,281
Amount of actuarially computed benefit obligation	338,375
Difference	(107,094)

(2) The percentage of contribution by the Company out of the total contribution to the plan

0.97% (Apr. 1, 2011 – Mar. 31, 2012)

(3) Supplemental information

The difference shown in the above information (1) was caused by 53,231 million yen of actuarially computed value of present value of special contributions and 53,862 million yen of deficit carryforward.

The present value of special contributions represents the amount of expected cash inflows to amortize the past actuarial deficit over the future periods, and the Company has already made necessary fund arrangements for special contribution based on the contribution rate predetermined by the employees' pension fund regulation.

In addition, the amortization method under the plan is equal installments of principal and interest, and the remaining amortization period of special contributions was 19 years. The Company accounted for the special contribution of 18,003 thousand yen as expense in the consolidated financial statements.

The percentage shown in the above information (2) does not correspond to the actual percentage borne by the Company because the amount of special contribution is computed by multiplying the amount of standard salary at the time of contribution by the predetermined contribution rate.

2. Retirement benefit obligations (Thousands of yen)

(1) Retirement benefit obligation	(1,614,741)
(2) Plan assets at fair value	1,186,821
(3) Unfunded retirement benefit obligation	(427,920)
(4) Unrecognized actuarial differences	121,505
(5) Allowance for employees' retirement benefit obligation (3)+(4)	(306,414)

3. Retirement benefit expenses (Thousands of yen)

Retirement benefit expenses	
(1) Service cost	143,166
(2) Interest cost	16,070
(3) Expected return on plan assets (subtraction)	(251)
(4) Amortization of actuarial differences	23,961
Total	182,946
(5) Defined contribution pension fund	32,296
(6) Contribution of employees' pension fund	96,215
(7) Retirement benefit expenses	311,458

4. Assumptions used in accounting for retirement benefit obligations

- (1) Distribution of estimated retirement benefit obligations: Periodic straight-line
 (2) Discount rate: Mainly 0.8%
 (3) Expected return on assets: Mainly 0.0%
 (4) Amortization of actuarial differences:

12 years (The actuarial differences are amortized and charged to expense in the year following the fiscal year in which such actuarial differences are recognized by the straight-line method over a certain period which is within the average length of remaining work period of employees.)

FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)

1. Retirement benefit plans

The Company has a defined benefit pension plan and a defined contribution pension plan, and other than those plans, Welfare Pension Fund is adopted, too. One of the domestic consolidated subsidiaries has a funded pension plan entrusted to an outside third party. Retirement lump sum plan is also applicable to certain employees. Also, some overseas consolidated subsidiaries have adopted a pension plan that complies with their country's social retirement benefit plan.

Following is the information regarding the multi-employer pension plan under which the amount to be contributed to plan assets is accounted for as retirement benefit expenses. The most recent date as of which funding status of the plan as a whole is available is March 31, 2013.

(1) Information regarding funding status of the plan as a whole (Millions of yen)

Amount of plan assets	257,829
Amount of actuarially computed benefit obligation	354,524
Difference	(96,695)

(2) The percentage of contribution by the Company out of the total contribution to the plan

1.00% (Apr. 1, 2012 – Mar. 31, 2013)

(3) Supplemental information

The difference shown in the above information (1) was caused by 51,990 million yen of actuarially computed value of present value of special contributions and 44,704 million yen of deficit carryforward.

The present value of special contributions represents the amount of expected cash inflows to amortize the past actuarial deficit over the future periods, and the Company has already made necessary fund arrangements for special contribution based on the contribution rate predetermined by the employees' pension fund regulation.

In addition, the amortization method under the plan is equal installments of principal and interest, and the remaining amortization period of special contributions was 18 years. The Company accounted for the special contribution of 36,221 thousand yen as expense in the consolidated financial statements.

The percentage shown in the above information (2) does not correspond to the actual percentage borne by the Company because the amount of special contribution is computed by multiplying the amount of standard salary at the time of contribution by the predetermined contribution rate.

2. Defined benefit plan

(1) Reconciliation of beginning and ending balances of retirement benefit obligation

	(Thousands of yen)
Retirement benefit obligation at beginning of period	1,614,741
Service cost	146,291
Interest cost	17,614
Actuarial differences	12,877
Benefits paid	(89,992)
Others	84,314
<hr/>	
Retirement benefit obligation at end of period	1,785,847

(2) Reconciliation of beginning and ending balances of fair value of plan assets

	(Thousands of yen)
Fair value of plan assets at beginning of period	1,186,821
Expected return on plan assets	4,801
Actuarial differences	48,676
Contributions by the employer	85,875
Benefits paid	(84,534)
Others	46,849
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Fair value of plan assets at end of period	1,288,489

(3) Reconciliation of ending balances of retirement benefit obligation and plan assets against net defined benefit liability and net defined benefit asset recognized in the consolidated financial statements

	(Thousands of yen)
Retirement benefit obligation of contributory plan	1,747,029
Plan assets at fair value	(1,288,489)
<hr/>	
	458,539
Retirement benefit obligation of non-contributory plan	38,817
<hr/>	
Net liability / asset recognized in the consolidated balance sheet	497,357
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Net defined benefit liability	497,357
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Net liability / asset recognized in the consolidated balance sheet	497,357

(4) Components of retirement benefit expenses

	(Thousands of yen)
Service cost	146,291
Interest cost	17,614
Expected return on plan assets	(4,801)
Amortization of actuarial differences	19,689
<hr/>	
Retirement benefit expenses for defined benefit plan	178,794

(5) Remeasurements of defined benefit plans

	(Thousands of yen)
Unrecognized actuarial differences	66,017
<hr/>	
Total	66,017

(6) Relevant information on plan assets

1) Portfolio structure of plan assets

The allocation percentage by major investment category to the total amount of plan assets is presented as follows.

	(%)
Insurance assets	40
Domestic receivables	16
Domestic stocks	7
Foreign receivables	6
Foreign stocks	17
Cash and deposits with banks	7
Others	7
Total	100

2) Method of determining expected long-term return on plan assets

The expected long-term return on plan assets is determined by considering the current and expected portfolio structure of the plan assets as well as the current and expected future long-term rate of return on various investments that comprise the plan assets.

(7) Assumptions for actuarial calculation

Principal assumptions for actuarial calculation at the end of the current fiscal year

Discount rate: Mainly 0.8%

Expected long-term return on plan assets: Mainly 0.0%

3. Other relevant information on retirement benefits

	(Thousands of yen)
Defined contribution pension fund	30,304
Contribution of Welfare Pension Fund	96,871

Stock Options

Not applicable.

Deferred Income Taxes

1. Significant components of deferred tax assets and liabilities

	(Thousands of yen)	
	FY3/2013 (As of Mar. 31, 2013)	FY3/2014 (As of Mar. 31, 2014)
Deferred tax assets		
Accrued enterprise tax	41,922	34,689
Unrealized income	101,344	121,462
Accrued bonuses	52,688	51,732
Others	130,997	266,958
Subtotal	326,953	474,842
Valuation allowance	(17,610)	(17,117)
Internal offset to deferred tax liabilities (current)	(6,644)	(15,096)
Total deferred tax assets (current)	302,699	442,628
Deficit carried forward	319,780	250,076
Allowance for employees' retirement benefits	76,325	-
Net defined benefit liability	-	127,091
Allowance for directors' retirement benefits	57,395	58,535
Investment securities	131,778	131,778
Tangible fixed assets	127,669	152,786
Others	22,369	27,342
Subtotal	735,318	747,610
Valuation allowance	(278,744)	(276,850)
Internal offset to deferred tax liabilities (non-current)	(363,350)	(423,680)
Total deferred tax assets (non-current)	93,224	47,079
Deferred tax liabilities		
Others	(10,849)	(15,096)
Internal offset to deferred tax assets (current)	6,644	15,096
Total deferred tax liabilities (current)	(4,205)	-
Undistributed earnings of consolidated subsidiaries	(2,434,304)	(2,952,561)
Cumulative securities holding gain	(143,560)	(201,724)
Deferred gain on sale of investments in subsidiaries and affiliates under the group taxation system	(90,120)	(90,120)
Others	(71,681)	(83,073)
Subtotal	(2,739,666)	(3,327,479)
Internal offset to deferred tax assets (non-current)	363,350	423,680
Total deferred tax liabilities (non-current)	(2,376,315)	(2,903,798)

2. Significant components of differences between the statutory tax and effective tax rate

(%)

	FY3/2013 (As of Mar. 31, 2013)	FY3/2014 (As of Mar. 31, 2014)
Statutory tax rate	38.0	38.0
Adjustments		
Permanent difference	(0.6)	1.5
Differences in tax rates at subsidiaries	(8.9)	(11.3)
R&D tax credit	(2.3)	(2.7)
Increase (decrease) in valuation allowance	(0.1)	(0.2)
Foreign withholding taxes	3.8	3.2
Undistributed earnings of consolidated subsidiaries	8.7	8.8
Reductions of deferred tax assets at year end for adjustment due to tax rate change	-	0.3
Transfer pricing taxation	-	29.4
Others	1.5	1.5
Effective tax rate	40.1	68.6

3. Revised amount of deferred tax assets and deferred tax liabilities following the change in the corporate tax rate, etc.

Following the promulgation on March 31, 2014 of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 10 of 2014), special corporate tax for reconstruction will be no longer imposed for the fiscal years beginning on or after April 1, 2014. Consequently, the statutory tax rate for the calculation of deferred tax assets and deferred tax liabilities is lowered from 38.0% to 35.6% for temporary differences expected to be covered for the fiscal year beginning from April 1, 2014.

Due to this change, there was a decrease of 17,761 thousand yen in deferred tax assets (after deducting deferred tax liabilities) and an increase in income taxes-deferred by the same amount.

Investment and Rental Property

The Company owns office buildings for rent and apartment houses (including land) for rent. In the fiscal year ended March 31, 2013, the Company’s net profit on investment and rental property was 396,257 thousand yen (723,601 thousand yen rent revenue was posted to sales while 327,344 thousand yen rent expenses to cost of sales.) In the fiscal year ended March 31, 2014, the Company’s net profit on investment and rental property was 380,239 thousand yen (700,140 thousand yen rent revenue was posted to sales while 319,900 thousand yen rent expenses to cost of sales.)

Carrying value, differences and fair value of investment and rental property are as follows.

(Thousands of yen)

		FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)
Carrying value	Balance at beginning of period	2,659,117	2,470,329
	Differences	(188,788)	(99,572)
	Balance at end of period	2,470,329	2,370,756
Fair value at end of period		7,538,087	7,534,075

Notes: 1. The carrying value is the amount of acquisition costs, net of accumulated depreciation.

2. The fair value for major properties at end of period is based on the amount determined by inspection reports prepared by an independent, external real-estate appraiser.

However, if there has been no significant change in appraised amounts or indicators that are deemed to reflect the market price appropriately since the most recent date of appraisal, those appraised amounts or amounts adjusted in accordance with the indicators are used as the fair value.

Segment and Other Information

Segment information

1. Overview of reportable segment

Segments used for financial reporting are the Company's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Company has established individual sales divisions that oversee specific product, merchandise and service categories. Each division conducts its business in line with the comprehensive strategy it has devised for products, merchandise and services in both domestic and overseas markets.

The Company's business activities thus comprise of four reportable business segments classified by type and nature of the products, merchandise and services; the surface finishing materials business, the surface finishing machinery business, the plating job business and the real estate rental business.

The surface finishing materials business handles the sale of plating chemicals for PWBs, plating chemicals for aluminum magnetic disks, industrial chemicals, non-ferrous metals and others. The surface finishing machinery business mainly deals with plating machinery for PWBs and plating machinery for aluminum magnetic disks. The plating job business is mainly engaged in plastic plating services and PWB plating services. The real estate rental business generates revenue by renting out office buildings and apartment houses.

2. Calculation method for sales, profit or loss, assets or liabilities, and other items for each reportable segment

The accounting method used for reportable business segments is same as the methods listed in "Basis for Presentation of the Consolidated Financial Statements."

Intersegment sales and transfer sum are based on market prices.

3. Information related to sales, profit or loss, assets or liabilities, and other items for each reportable segment

FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)

(Thousands of yen)

	Reportable segment					Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Surface Finishing Materials	Surface Finishing Machinery	Plating Job	Real Estate Rental	Subtotal				
Sales									
Sales to third parties	30,201,148	4,524,637	2,449,553	723,601	37,898,940	6,949	37,905,890	-	37,905,890
Intersegment sales and transfers	163,464	116,387	51,510	-	331,363	-	331,363	(331,363)	-
Total	30,364,613	4,641,024	2,501,064	723,601	38,230,304	6,949	38,237,254	(331,363)	37,905,890
Segment profit (loss)	3,974,824	(58,328)	(7,558)	396,257	4,305,194	5,762	4,310,956	-	4,310,956
Segment assets	29,023,793	5,662,249	5,803,932	2,202,591	42,692,567	-	42,692,567	9,655,694	52,348,261
Other items									
Depreciation	784,528	99,918	242,132	132,279	1,258,858	-	1,258,858	-	1,258,858
Amortization of goodwill	8,800	1,927	419	-	11,147	-	11,147	-	11,147
Increase in tangible fixed assets and intangible assets	2,511,560	170,775	1,082,398	-	3,764,734	-	3,764,734	-	3,764,734

Notes: 1. The "Other" business segment consists of activities that are not included in any of the four reportable segments, and its sales include loyalty revenues.

2. The 9,655,694 thousand yen adjustment of segment assets includes -117,093 thousand yen in elimination of inter-segment transactions and corporate assets of 9,772,788 thousand yen. Corporate assets mainly include excess funds (cash and deposits

with banks), and long-term invested assets (investment securities) of the parent company.

3. Segment profit (loss) is adjusted to be consistent with operating income shown on the consolidated financial statements.

FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)

(Thousands of yen)

	Reportable segment					Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Surface Finishing Materials	Surface Finishing Machinery	Plating Job	Real Estate Rental	Subtotal				
Sales									
Sales to third parties	33,425,878	4,243,242	3,674,021	700,140	42,043,282	6,547	42,049,829	-	42,049,829
Intersegment sales and transfers	217,174	35,831	49,007	-	302,012	-	302,012	(302,012)	-
Total	33,643,052	4,279,073	3,723,029	700,140	42,345,295	6,547	42,351,842	(302,012)	42,049,829
Segment profit (loss)	5,073,056	(176,896)	167,942	380,239	5,444,342	5,241	5,449,583	(5,831)	5,443,752
Segment assets	33,170,117	5,862,367	7,414,782	2,107,310	48,554,577	-	48,554,577	10,635,400	59,189,978
Other items									
Depreciation	1,038,010	100,977	362,321	128,374	1,629,684	-	1,629,684	-	1,629,684
Amortization of goodwill	16,472	6,484	121	-	23,077	-	23,077	-	23,077
Increase in tangible fixed assets and intangible assets	770,516	377,530	1,130,503	29,172	2,307,721	-	2,307,721	-	2,307,721

Notes: 1. The "Other" business segment consists of activities that are not included in any of the four reportable segments, and its sales include loyalty revenues.

2. The 10,635,400 thousand yen adjustment of segment assets includes -115,739 thousand yen in elimination of inter-segment transactions and corporate assets of 10,751,140 thousand yen. Corporate assets mainly include excess funds (cash and deposits with banks), and long-term invested assets (investment securities) of the parent company.

3. Segment profit (loss) is adjusted to be consistent with operating income shown on the consolidated financial statements.

Related information

FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)

1. Information by product or service

Omitted because the same information is presented in the segment information section.

2. Information by region

(1) Sales

(Thousands of yen)

Japan	China	Taiwan	Other	Total
16,346,950	5,048,193	5,009,194	11,501,552	37,905,890

(2) Tangible fixed assets

(Thousands of yen)

Japan	Taiwan	Thailand	Other	Total
9,235,631	2,502,053	1,845,147	2,408,548	15,991,381

3. Information about specific customers

Omitted because no single external customer accounts for 10% or more of sales shown on the consolidated statements of income and consolidated statements of comprehensive income.

FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)

1. Information by product or service

Omitted because the same information is presented in the segment information section.

2. Information by region

(1) Sales

(Thousands of yen)

Japan	Taiwan	China	Other	Total
15,840,067	6,829,832	6,599,300	12,780,629	42,049,829

(2) Tangible fixed assets

(Thousands of yen)

Japan	Taiwan	Thailand	Other	Total
8,890,856	3,150,353	1,937,574	3,666,094	17,644,879

3. Information about specific customers

Omitted because no single external customer accounts for 10% or more of sales shown on the consolidated statements of income and consolidated statements of comprehensive income.

Information related to impairment losses of fixed assets for each reportable segment

Not applicable.

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)

(Thousands of yen)

	Surface Finishing Materials	Surface Finishing Machinery	Plating Job	Real Estate Rental	Other (Note)	Elimination or Corporate	Total
Amortization for the period	8,800	1,927	419	-	-	-	11,147
Balance at the end of period	63,370	27,158	-	-	-	-	90,528

Note: The "Other" business segment consists of activities that are not included in any of the four reportable segments and its sales include loyalty revenues.

Amortization and the unamortized balance of negative goodwill as a result of the additional acquisition of shares of subsidiaries that completed before April 1, 2010 are as follows.

(Thousands of yen)

	Surface Finishing Materials	Surface Finishing Machinery	Plating Job	Real Estate Rental	Other (Note)	Elimination or Corporate	Total
Amortization for the period	-	-	2,304	-	-	-	2,304
Balance at the end of period	-	-	4,609	-	-	-	4,609

Note: The "Other" business segment consists of activities that are not included in any of the four reportable segments and its sales include loyalty revenues.

FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)

(Thousands of yen)

	Surface Finishing Materials	Surface Finishing Machinery	Plating Job	Real Estate Rental	Other (Note)	Elimination or Corporate	Total
Amortization for the period	16,472	6,484	121	-	-	-	23,077
Balance at the end of period	60,867	26,086	-	-	-	-	86,954

Note: The "Other" business segment consists of activities that are not included in any of the four reportable segments and its sales include loyalty revenues.

Amortization and the unamortized balance of negative goodwill as a result of the additional acquisition of shares of subsidiaries that completed before April 1, 2010 are as follows.

(Thousands of yen)

	Surface Finishing Materials	Surface Finishing Machinery	Plating Job	Real Estate Rental	Other (Note)	Elimination or Corporate	Total
Amortization for the period	-	-	2,304	-	-	-	2,304
Balance at the end of period	-	-	2,304	-	-	-	2,304

Note: The "Other" business segment consists of activities that are not included in any of the four reportable segments and its sales include loyalty revenues.

Information related to negative goodwill profits for each reportable segment

Not applicable.

Related Party Information

Transaction with related parties

Transaction between the Company and related parties

Directors of the Company, major individual shareholders, etc.

FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)

Type	Name	Address	Capital contribution (Thousands of yen)	Business or occupation	Voting power	Relationships	Type of transaction	Transaction amount (Thousands of yen)	Account	Year-end balance (Thousands of yen)
Company, etc. with majority voting rights owned by director or his immediate relatives	Naniwa Shokusan Co., Ltd. (Note 1)	Tennouji-ku, Osaka	40,000	Casualty insurance service	(Owned) Direct 21.12%	Payment of casualty insurance, receipt of real estate leasing, concurrent directors	Payment of casualty insurance (Note 2)	84,823	Prepaid expenses	62,355
							Income from real estate leasing (Note 2)	881	Advances received	77
							Other (Note 2)	240	-	-

Notes: Transaction conditions and policies regarding transaction conditions

1. Naniwa Shokusan Co., Ltd. is a company wholly and directly owned by the Company's director Hiroya Uyemura and his immediate relatives.
2. Refer to market price.

FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)

Type	Name	Address	Capital contribution (Thousands of yen)	Business or occupation	Voting power	Relationships	Type of transaction	Transaction amount (Thousands of yen)	Account	Year-end balance (Thousands of yen)
Company, etc. with majority voting rights owned by director or his immediate relatives	Naniwa Shokusan Co., Ltd. (Note 1)	Tennouji-ku, Osaka	40,000	Casualty insurance service	(Owned) Direct 25.00%	Payment of casualty insurance, receipt of real estate leasing, concurrent directors	Payment of casualty insurance (Note 2)	87,313	Prepaid expenses	60,784
							Income from real estate leasing (Note 2)	887	Advances received	79
							Other (Note 2)	240	-	-
Director or his immediate relatives	Kazuyo Uyemura	-	-	-	(Owned) Direct 0.00%	Immediate relative of the President of the Company	Purchase of real estate (Note 3)	12,700	Land	10,340
									Buildings	2,288
Director or his immediate relatives	Akemi Uyemura	-	-	-	(Owned) Direct 1.26%	Immediate relative of the President of the Company	Purchase of real estate (Note 3)	16,400	Land	13,352
									Buildings	2,954

Notes: Transaction conditions and policies regarding transaction conditions

1. Naniwa Shokusan Co., Ltd. is a company wholly and directly owned by the Company's director Hiroya Uyemura and his immediate relatives.
2. Refer to market price.
3. Regarding the real estate purchased from immediate relative of the President of the Company, the acquisition cost is based on the appraisal value determined by a real-estate appraiser.

Per Share Data

(Yen)

	FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)
Net assets per share	4,068.54	4,605.64
Net income per share (basic)	315.85	187.38

Notes: 1. Net income per share (diluted) is not disclosed since there is no dilutive share.

2. Basis for calculation of net assets per share

(Thousands of yen)

	FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)
Total net assets on balance sheets	38,157,496	43,286,203
Deduction from total net assets	1,116,925	1,356,673
[Minority interests]	[1,116,925]	[1,356,673]
Net assets applicable to common stock	37,040,570	41,929,529
Number of shares outstanding (common stock)	9,878,040 shares	9,878,040 shares
Number of treasury stock (common stock)	773,901 shares	774,080 shares
Number of common stock used in calculation of net assets per share	9,104,139 shares	9,103,960 shares

3. Basis for calculation of net income per share (basic)

(Thousands of yen)

	FY3/2013 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/2014 (Apr. 1, 2013 – Mar. 31, 2014)
Net income	2,875,547	1,705,918
Amount not available to common shareholders	-	-
Net income applicable to common stock	2,875,547	1,705,918
Average number of shares outstanding during period	9,104,190 shares	9,104,052 shares

Material Subsequent Events

Not applicable.

5. Others**Changes in Directors**

1) Changes in Representative

Not applicable.

2) Changes in other directors (Effective June 27, 2014)

1. Retiring Director

Director: Wang Chengshun

Note: This report of consolidated financial results is solely a translation of summary of Japanese “Kessan Tanshin” (including the attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer English translation. All readers are recommended to refer to the original version in Japanese of the report for complete information.